

ISBN: 978-88-96951-00-2

PECOB'S VOLUMES

MA Theses selected for publication

volume 1

PECOB

Portal on Central Eastern and Balkan Europe
University of Bologna - 1, San Giovanni Bosco - Faenza - Italy

www.pecob.eu

PECOB's Main Scientific Board

is an interdisciplinary board of directors, responsible for reviewing proposals and accepting international high quality scientific pieces of research with the assistance of the Europe and the Balkans International Network and the Association of Italian Slavists.

Only the scientific papers accepted after a blind review process will be published in the portal.

Members of the Scientific Board of Directors are:

- Stefano Bianchini (IECOB)
- Francesco Privitera (IECOB)
- Marcello Garzaniti (AIS)
- Stefano Garzonio (AIS)

PECOB's Editorial Staff

selects and brings together the thinking of distinguished scholars, experts, researchers and generic users on Central-Eastern Europe, the Balkan region and the Post-Soviet space, by collecting scientific and information documents.

Ms Aurora Domeniconi

is coordinator of the Editorial Staff. You can contact her for general requests, communications concerning conferences and events, courses, academic calls and contents for the Informative Area, proposals and submission of scientific contributions for the Scientific Library. aurora.domeniconi@unibo.it

Mr Michele Tempera

is responsible of the Section Business Guide. You can contact him for communications concerning the economic and business section. michele.tempera@unibo.it

Mr Massimiliano Del Gatto

is the webmaster and head of graphic design and programming. You can contact him for communications related to PECOBS graphic layout, breakdowns in visualizing pages or incorrect functioning, as well as for technical details and requirements of contributions. massimiliano.delgatto@unibo.it



www.pecob.eu

In this volume...

| | |
|--|-----|
| The Process of Change of Power in the Countries of the CIS <i>by Giorgio Comai</i> | 5 |
| Queer Theatrical Performance and Social Action in Belgrade <i>by Irene Dioli</i> | 103 |
| Is the Purpose of Business only to Do “Business”? Corporate Social Responsibility in 'elected, Publicly Listed Companies in Hungary and Macedonia <i>by Tatjana Warner</i> | 199 |
| PECOB's Papers Series | |
| <i>Forthcoming papers</i> | 331 |
| <i>Published papers</i> | 332 |



The Process of Change of Power in the Countries of the CIS

by **Giorgio Comai**

This thesis was defended in October 2006 under the international Master's program MIREES: Master of Arts in Interdisciplinary Research and Studies on Eastern Europe. At present the program is a second cycle Joint Degree conferred by the University of Bologna (Forlì Campus), the Vytautas Magnus University at Kaunas, the Corvinus University of Budapest, and the Saint-Petersburg State University. The program is jointly carried out with the cooperation of the University of Ljubljana.

Table of contents

| | | |
|---|---|-----------|
| Chapter 1 | | |
| Introduction | | 9 |
| Chapter 2 | | |
| Ukraine before the “orange revolution” | | 15 |
| 2.1 | Where does Ukraine come from? | 15 |
| 2.2 | Independent Ukraine | 17 |
| 2.3 | Prime Minister Yushchenko | 21 |
| 2.4 | The Gongadze case and the “Cassette Scandal” | 22 |
| 2.5 | Ukraine’s 2002 parliamentary elections | 24 |
| 2.6 | Key Players | 30 |
| 2.6.1 | Viktor Yushchenko | 30 |
| 2.6.2 | Viktor Yanukovych | 31 |
| 2.6.3 | Yulia Tymoshenko | 32 |
| 2.7 | Poisoning the campaign | 33 |
| 2.8 | Waiting for the revolution | 34 |
| Chapter 3 | | |
| The “orange revolution” | | 35 |
| 3.1 | Chronicle of the events | 35 |
| 3.1.1 | First round of elections | 35 |
| 3.1.2 | The “orange revolution” | 36 |
| 3.2 | Determinant elements of the change of power in Ukraine, 2004 | 39 |
| 3.2.1 | Electoral campaign and PR strategies | 39 |
| 3.2.2 | Kyiv | 41 |
| 3.2.3 | Security services and police | 42 |
| 3.2.4 | Role of political leaders and field commanders | 44 |
| 3.2.5 | The media | 45 |
| 3.2.6 | External influence | 47 |
| 3.2.7 | Youth activism: Pora (“It’s time”) | 50 |
| 3.2.8 | Clash among clans | 52 |
| 3.2.9 | Electoral monitoring and falsifications | 56 |
| 3.2.10 | Constitutional rights and illegality in the “orange revolution” | 58 |
| 3.3 | Ukraine 2004, a long story | 59 |

Chapter 4**Post-Soviet groups of influence61**

- 4.1 Clans and groups of influence in Kazakhstan68**
 - 4.1.1 *Recent developments*71
- 4.2 Azerbaijan73**

Chapter 5**Youth movements in CIS countries75**

- 5.1 Russia77**
 - 5.1.1 *Extreme and leftist opposition organisations*77
 - 5.1.2 *Liberal-democratic opposition organisations*78
 - 5.1.3 *Pro-presidential organisations*80
- 5.2 Kazakhstan84**

Chapter 6**By way of conclusion89****Bibliography91**

- Occasional papers and lectures91**
- Volumes92**
- Essays94**
- Internet resources95**

Si ringrazia cordialmente il Forum Trentino per la Pace
per il sostegno economico fornito a questa ricerca.

Chapter 1

Introduction

In the fifteen years of post-Soviet history, leaders of the countries of the Commonwealth of Independent States have generally showed a particular reluctance to leave office. Preponderance of the president in all of these political systems,¹ and general weakness of the parties, gave to people in charge of this office a particularly important role in the shaping of democracy in the region.

The presidents of Soviet successor states left their office in the most different ways and the way they did it (or refused to do so) has been undoubtedly a determinant factor in the democratisation process of these countries. This is particularly true for the first and second presidents of these countries, at the very beginning of their life as independent states. Such presidents could accept to be challenged in free and fair democratic elections and then be ready to step down in case they lose them; in this case, they would set a precedent of correct democratic conduct and create expectations in the wider public that such a pattern of behaviour will be observed also in following electoral competitions.

Unluckily, as is well known, this has not always been the case in this region.

Actually, for what concerns first post-Soviet presidents this happened only with Kravchuk in Ukraine and Snegur in Moldova. First acting president of Belarus Shushkevich left office as a result of a non-confidence vote by its parliament, and its successor Kebich did the same after a competitive election, which seemed to bode well for democracy in this country. But for some reason, things went wrong in Belarus, and since then popularly elected president Lukashenka has not given any sign of readiness to give up power.

This seems to be anyway more the rule than an exception in the CIS area, where also in the cases when the first president was successfully ousted from power, his successor stuck relentlessly to his office, using both legal and illegal means. It is not easy to group together considerably dissimilar situations that have taken or are taking place in very different countries scattered around two continents, but presidents unwilling to leave office at due time, and ready to keep it also through a strong control of the media, harassment of oppositions parties and organisations and electoral frauds seem to be a rather common feature of post-Soviet successor states (Baltic republics excluded).

This has definitely been the case of Lukashenka in Belarus, Shevardnadze in Georgia,

¹ With the partial exception of Moldova and possibly Ukraine after 2006, if its recent constitutional changes will hold.

Heidar Aliev in Azerbaijan, Nazarbayev in Kazakhstan, Karimov in Uzbekistan, Rakhmonov in Tajikistan, Akayev in Kyrgyzstan, while Turkmenistan's Niyazov (or Turkmenbashi, "leader of all Ethnic Turkmens", as he likes to be referred to) is running the most dictatorial regime of the area with strong elements of cult of his person.² The situation is less defined in Russia and Armenia where the first presidents Yeltsin and Ter-Petrosian both won a second mandate in 1996 with elections that did not satisfy all observers, and both resigned in advance, in February 1998 and December 1999 respectively, leaving their office to their prime ministers in their own terms and not at due time, which of course bore some consequences.³ Their successors, Vladimir Putin and Robert Kocharyan, already acting presidents at the moment of their first elections, are serving their second mandate, and there is a widespread understanding that they will leave their office at their own conditions. Ukrainian president Kuchma, tried to do the same, but without resigning in advance; as we will see in details later, in spite of all their efforts, his prime minister and favourite heir Yanukovych did not manage to get it through to the presidential office.

Understanding that free and fair elections are difficult to have in their countries, the peoples of the area that Russians like to call their 'near abroad' are now finding new means for ousting presidents reluctant to leave office, i.e. through so called "colour revolutions". This happened first toward the end of 2003 in Georgia, where peaceful mass demonstrations, claiming November parliamentary elections to be rigged, forced president Shevardnadze to resign in favour of the soon to be elected Mikhail Saakashvili. Something similar happened in late 2004 when Ukrainians took the streets to protests against the allegedly flawed presidential election that took place in November and December 2004 managing to put in office the opposition leader Viktor Yushchenko. In March 2005, mass protests following parliamentary elections forced long-standing Kyrgyz president Akayev to resign, giving up power to the opposition.

Change of presidents and "colour revolutions", however important, are only the tip of the iceberg of the very complex struggle for power in CIS countries. Power, as that mixture of influence on politics and economics in a country held by one or more people, is not simply shifting to a group of people to another, but it is *changing* in shape and substance.

It is still early to tell if this rather unconventional way of toppling presidents means a real step forward on the way to stable democracy and it is too early to tell if the new "post-revolutionary" governments will bring effective changes to their respective political systems, especially given the fact that the leaders of these successful protests come from the same elite that ruled the country before them. What is clear, is that we witnessed a new wave of popular engagement both in the European and in the Asian post-Soviet republics, showing that also post-Soviet presidents must seek some kind of popular legitimization and try to find alternative ways to defend their leadership.

The new strategies to keep or obtain power being worked out in the last few years in CIS countries, as well as other factors determinant in shaping the processes of change of power

² First presidents of Georgia and Tajikistan, Gamsakhurdia and Nabiyev, had to give up their place because of the civil wars that were ravaging their countries. It must be recognised that in a first phase Akayev showed more respect for democracy.

³ Anyway, Yeltsin basically handed over the presidency to Putin, while Ter-Petrosian somehow had to resign and was actually in conflict with then Prime Minister Kocharian. See Stephan H. Astourian, "From Ter-Petrosian to Kocharian: Leadership change in Armenia", in *Berkeley Program in Soviet and Post-Soviet studies – Working Paper Series*, Winter 2000-2001.

throughout the region are the issues being discussed in the present study.

In the last few years, a new definition has become popular to refer to all the cases when the former ruling group had to give up power to the opposition after prolonged peaceful street demonstrations that contested the fairness of recently held elections: “colour revolutions”. Unmistakably, this course of events has been (sometimes awkwardly) opposed by Russia because of the alleged Western leaning views of the “revolutionaries”.

“Colour revolutions” seem to be the nightmare hunting all the authoritarian leaders of the post-Soviet space, and the sweetest dream caressing the nights of opposition leaders and activists. If there is some agreement about the element that characterise such “revolutions”, there is much less accord about their essence and their meaning for the people of the region.

Trying to understand this phenomenon that involves both state and non-state entities in the CIS area, I will outline some of the most important factors determining the outcome of struggle for power in the semi-authoritarian regimes of this region; in other words, I will consider the elements that permit us to understand why a “colour revolution” took place in a particular occasion, and why it failed in another.

In the following two chapters, I will examine more thoroughly the Ukrainian “orange revolution”. Firstly, I will recollect the parts of Ukrainian ancient and recent history important for the events of 2004, then I will sum up the events of the hectic days of the “revolution”, and thereafter I will analyse in details the most important factors that determine the struggle for power in that country in general, and the ones that characterised the “orange revolution” in particular.

I will deal at length with the “orange revolution” because its history is very helpful in understanding how politics work in the post-Soviet space, how business and politics might be connected, how close collaborators may become in a short lapse of time sworn enemies, and how external influences can influence domestic politics.

In successive chapters, I will take in consideration some specific elements that seem to be determinant for the outcome of the struggle for power in the CIS countries. Needless to say, countless factors influence the process of shift of power among competing elites and even more determine its shaping in countries where a stabile power structure has not been established, yet.

In particular, I will deal with post-Soviet groups of interest and “clans” (considering the different understanding this word has in the countries of the region) and political youth organisations.

Since this choice might seem arbitrary, or awkward, I want to clarify on what it is based.

A new post-Soviet brand of “clan politics” is present in different ways in all CIS countries. As we will see, even in the most traditionalist areas of the former Soviet Union (namely, the Caucasus and Central Asia), old clans, understood as kinship based social divisions, are losing importance in favour of new groups of interest. Such groups, based on common economical, political, and often criminal interests, tend to behave in a clan-like manner, even if their members do not have any real or imaginary blood ties. The most powerful groups of interest of a country tend to be co-opted by the ruling elite; in most CIS countries these groups play an important role in preserving the ruling elite, often taking part in the decision making process of

governments and parliaments.⁴ Groups of interest seem to be the main factor determining the nomination of a successor when power shift is meant to be consensual (e.g. Yelsin to Putin, Aliiev to Aliiev, Kuchma to Yanukovich). They are definitely elements to be considered also in the struggle between two (or more) competing elites or whenever reforms of the political and economic structure of a country try to be implemented.

In spite of the great relevance of post-Soviet groups of interest for the politics of CIS countries, there have been rare attempts to deal with them in details by scholars, not least because of their evolving structure and the fact that most of their activities are, by nature, not made public. Therefore, in chapter 4 I will try to explain how post-Soviet groups of interest share common features throughout the Commonwealth of Independent States, how they differ from traditional clans and Western style lobbies and how they evolved to their present day structure. I will dedicate more attention to the cases of Kazakhstan and Azerbaijan because they are the best examples of the dominant role that post-Soviet groups of interest have taken on traditional clans.

Youth and students played a key role in the 1989 wave of “velvet revolutions” that put an end to the Communist regime of Central Europe. Students did have a part in the pro-independence movements that characterised the last years of the Soviet Union (foremostly, in Ukraine and Georgia), and many people that were in their twenties while command economy was being dismantled took the chance that was offered them by *perestroika* and *komsomol* to establish the first post-Soviet enterprises. Nonetheless, the generation that ended school in late 1980s and 1990s, i.e. the bulk of the social group that now fits better the definition of post-Soviet youth, has been overwhelmingly passive and apathetic toward politics.⁵

The scarce attention young people gave to politics was met by reciprocal disinterest of governments, parties and other political institutions and movements in involving the youth in the political life of their countries. Things changed abruptly in 2003 and 2004; Georgian and Ukrainian opposition, having observed the determinant contribution of the youth movement *Otpor* during the protests that toppled Miloshević’s government in Serbia and Montenegro in 2000, dedicated large attention to the formation of similar movements. Once Georgian *Kmara* and Ukrainian *Pora* demonstrated the efficacy of such organisations in the post-Soviet space, both governmental and opposition forces in most CIS countries started hectically to try and forge large youth movements supportive of their positions.

I want to write more extensively about this new kind of youth movements because they represent a novelty in the post-Soviet political arena, and especially because the spreading of pro-governmental youth organisations has been the most shining example of the “anti-revolutionary” tactics being undertaken recently in some CIS countries. Moreover, they were apparently conceived as short term investments, but since the people involved in such projects have most of their life in front of them, it is highly likely they will have long lasting consequences.

As we will see in details, millions of dollars are being spent in forging the most ambitious part of Russia’s youth, and the very many people coming out of these profusely financed projects will most probably play an important role in Russian politics in a medium term perspective. The fact that a person like Vladislav Surkov, chief ideologist of *Edinaya Rossiya* and deputy

⁴ I will try to explain in due time how authoritarian presidents of the region acted in order to prevent the birth of alternative centres of power.

⁵ Such attitude is better described by the Russian slang word “*pofizizm*”.

director of the presidential administration, is personally involved in different initiatives to stimulate the formation of patriotic youth sharing the worldview of the current Kremlin leadership, and repeatedly supported larger inclusion of young people in the party structure suggests that perspectives of cooptation of the youth in the power structure are more and more realistic.⁶ At the same time, opposition youth movements have scarce financing and a restricted number of militants. I will also specifically deal with political youth movements in Kazakhstan; generally speaking, they have some common features with Russia's, and they present a good example of how interest in political youth movements is growing in most CIS countries, with the exception of the most authoritarian.⁷ Moreover, we will see how youth politics can be an instrument to funnel money of the state budget to support a specific party and presidential candidate during electoral campaigns.

Throughout the region analysed in this study, the president was often seen not as a variable, but as a constant of the domestic political scene, and elections, while partly fulfilling the need for legitimisation, did not really influence the distribution of power in a given country.

The consequent prevalence of hidden politics make it necessary to look for the key players of the power structure of a country out of the public arena. The implications of this study, as I will argue in the conclusions, is that when approaching the question of power change in a country of the CIS, we should go through its political history (as I briefly did with Ukraine in chapter 2), try to find out the mechanisms of its hidden politics (studying the groups of interest that dominate them; see chapter 4), and only then look at the short term strategies of government, opposition and foreign countries to influence the competition for power (of which the organisation of youth movements described in chapter 5 is just an example).

It might seem obvious or even unnecessary to suggest that the competition for power in a country is mostly determined by its history and present structure of power. Evidently, it is not so, since in the last couple of years newspapers and scholarly journals, both within and outside the area of our interest, have published countless articles arguing that change of power in the form of "colour revolution" was nothing but the result of short term investments by Western donors (direct contributions in cash to the opposition campaign, financing of summers schools and seminars teaching revolutionary techniques, public relations consulting or simply spreading Sharp's handbook for would-be revolutionaries "From dictatorship to democracy"⁸). Evidently, these are elements of political confrontation that have to be taken in consideration; nonetheless I am convinced that making of these factors the dominant elements of the process of change of power in CIS countries is fundamentally mistaken.

This line of thought implies some scepticism in the revolutionary nature of "colour revolutions". Revolutions are supposed to break with the past and dismantle the present social and power structure. Evidently, this is not what "colour revolutions" are about. The programmes

6 See for example the last section of Surkov's famous speech he gave to *Edinaya Rossiya* representatives in the party's "Centre for party studies and formation of the cadres" on February 7, 2006. <http://www.edinros.ru/news.html?id=111148>; <http://tinyurl.com/mngdr>.

7 Namely, Turkmenistan, Uzbekistan, and Tajikistan. There are of course great differences between these countries also for what concerns their youth. In particular, Tajikistan has its own problems with religious extremism. Uzbekistan might have the same problem, but undoubtedly Uzbekistan's leadership is exaggerating this menace to strengthen its power.

8 Gene Sharp, *From Dictatorship to Democracy: a Conceptual Framework for Liberation*, The Albert Einstein Institution, Boston, 2002.

of the leaders that roused the population to support their electoral victory were barely distinguishable from those of the pro-governmental parties. “Colour revolutions” are actually meant to be more than anything else *moral* revolutions, i.e. they are supposed to really carry out what they promise. Accordingly, the ruling elites that conquered power as a result of such revolutions should bring Western style democracy instead of “managed democracy”, actively fight against corruption instead of accepting systemic corruption, support actual freedom of the media instead of hidden state censorship and should stop selective use of justice structures for political or economic ends.

If “colour revolutions” will deliver according to their promises, they will complete the cycle of “velvet revolutions” that characterised the change of power in Central Europe, and bring about an end to the intrinsically post-Soviet politics of CIS countries. Otherwise, they will not be anything but a misnomer and a missed chance.

Chapter 2

Ukraine before the “orange revolution”

2.1 Where does Ukraine come from?

In spite of the fact that its land are considered to be the cradle of Russian culture and civilisation, “Ukraine” is a relatively new concept. The word, that in Russian means simply “borderland”, has apparently never been in widespread use to describe the people of that particular region before the nineteenth century.⁹ Before that, and still in the twentieth century, people from that region were generally referred to simply as Cossacks, South Russians, or Little Russians (“Malorussy”¹⁰).

Until late nineteenth century, when some poets and scholars tried to elevate Ukrainian to the level of a literary language, Ukrainian was just a spoken language, and Russian, Polish or Latin were used for bureaucracy, the press or any other publication. During the hectic years that followed the 1917 Bolshevik Revolution, the territory of nowadays Ukraine was divided in short-lived self-proclaimed independent republics, that eventually were united by Soviet troops to form the Ukrainian Soviet Socialist Republic.

Particularly interesting, and relevant for the contemporary political life of the country, is the way the borders of Soviet Ukraine changed since its establishment. The Ukrainian Soviet Socialist Republic was created in December 1917, but because of the ongoing civil war it is impossible to talk about definite borders until 1920. When in 1922 Ukraine became one of the constituent Republics of the Soviet Union, it included not only the territories that strictly speaking were considered part of Malorossiya, the traditional and official name used to refer to the lands inhabited by Ukrainians in imperial Russia, but also most of Novorossiya and the territories of Donetsk and Luhansk. The creation of Novorossiya is the result of the Russo-Turkish

9 According to the early twentieth century slavist Monchalovskij, the term was consciously publicised in 1863 by a Polish revolutionary working as a professor in Lviv. Earlier the term was used with the meaning of borderland, referred to Poland, when these territories were part of the grand duchy of Poland and Lithuania. See O.A. Monchalovskij, “O nazvaniyach ‘Ukraina’, Ukrainsky” in M.B. Smolin (ed.), *Ukrainskaya” bolezni’ russkoy natsii*”, Imperskaya Traditsiya, Moscow, 2004, pp. 187-189.

10 The term Little Russian, or *malorusskiy*, is in no way detractive, and on the contrary suggests that *Malorossiya* is the historical centre of Russia.

wars that took place from the seventeenth to the nineteenth century, and the annexation of the lands and cities that belonged to the Crimean Khanate, including Odessa, Kherson and Dnepropetrovsk. These long contested territories later became place of settlements for Great Russian (*velikorusskie*), and in lesser measure Ukrainian (*malorusskie*) peasants.¹¹

As it is clear, when the Soviet Union was created, these territories had little of strictly speaking “Ukrainian”. Nonetheless, these regions were included in the Ukrainian SSR, mostly to fight Great Russian nationalism and to balance the traditionally agricultural economy of Ukraine with these areas of growing industrialisation. Besides, it must not be forgotten that in 1920s, Kyiv laid very close to the borders with Poland, and the capital of the republic was Kharkiv until 1934.

In the following decades, Ukrainian SSR considerably increased in size at the expenses of its neighbours. In September 1939, the Red Army took control of the territories that until then were part of Eastern Poland, and in October formally included Galicia in the Ukrainian SSR. About one year later, in the summer of 1940, Bessarabia and Northern Bukovina passed from Rumania to Soviet Ukraine. In 1945, the region now known as Transcarpathian Ukraine, passed from Czechoslovakia to the Soviet Union. In 1954, in occasion of the 300th anniversary of the Union of Russia and Ukraine and “considering its territorial proximity and economic community”,¹² Crimea was transferred from the Russian to the Ukrainian Soviet Socialist Republic. Some suggest it might have been “some kind of retribution from Khrushchev to his comrades of the Ukrainian Central Committee [of the Communist Party] for their support in the struggle for the post of First Secretary of the KPSS”.¹³

Soviet ukrainisation in the 1920s and early 1930s has been determinant in spreading among the population the use of Ukrainian language which was already becoming less and less popular especially in bigger cities. In 1917, only 17% of the inhabitants of Kyiv considered Ukrainian to be their native language, while in 1897 that figure corresponded to 22 per cent and in 1874 to 60 per cent.¹⁴ The politics of “*korenizatsya*”, i.e. the effort to increase the number of people belonging to the titular nation in state and party structure, while supporting the spreading of the use of the local language in the education system, cultural environment and in work places, has been particularly intense in Ukraine, especially for what concerns language. As a consequence, already in 1927, 76 per cent of Ukrainian primary school pupils had their education in Ukrainian.¹⁵ It is difficult to underestimate the importance of this process: as former President Kuchma himself wrote, “however you might relate to what happened in the 1920s, it has to be recognised that if in those year ukrainisation of primary education had not been introduced, we might not have got independence to this day”.¹⁶

11 Egor Kholmogorov, *Zashchiti li Rossiya Ukrainu?*, Evropa, Moscow, 2006, p. 44.

12 Aleksandr Mikhailovich Prokhorov (ed.), *Bolshaya Sovetskaja Entsiklopedya*, “Ukrainskaya SSR”, Sovetskaja Entsiklopedya, Moscow, 1970-1981.

13 Elena Afanaseva, *Gosudarstvo ili Revolyutsiya?*, Evropa, Moscow, 2005, p. 28.

14 Leonid Kuchma, *Ukraina – ne Rossiya, Vremya*, Moscow, 2003, p.278. It is worth noting that in medium and big sized cities of Ukraine in early twentieth century, the population of Jews was in average close to 30 percent. See E. Yu. Borisenok, “Sovetskaya Ukrainizatsya v regional'nom izmerenii” in Boris Nikolaevich Florija (ed.), *Belorussiya i Ukraina*, Nauka, Moscow, 2003, p. 224.

15 E. Yu. Borisenok, *op. cit.*

16 Leonid Kuchma, *op. cit.*, p. 284.

When the Soviet Union ceased to exist, the borders of the Ukrainian Soviet republic, undoubtedly the results of all the wars and turmoil of the twentieth century, became permanent. In spite of the long lasting Soviet rule on the territories of Ukraine, it is reasonable to expect that some traits of their ancestors remained in modern days' Ukrainians. If this is true, it might be worth considering the historical elements of difference between Ukrainians and Russian, and consequently between nowadays western and eastern Ukrainians, proposed by the Slavist Budilovich in a speech he held in Saint Petersburg in 1907.¹⁷ Budilovich suggests that Russian society was based on *obshina* and *artel'*, which brought to a certain predisposition to collectivism, while in Ukrainians,¹⁸ who had their roots in a Cossack-individualist system and were influenced by "Poland and the steppe", prevailed individualistic tendencies.¹⁹

In any case, it is by no means surprising, then, that geographical and ethnic dimensions of such a composite country became relevant factors in the political life of independent Ukraine.

2.2 Independent Ukraine

In 1990 political activities and movements appeared in Soviet Ukraine, with popular rallies in favour of independence, or sustaining democratic reforms, taking place throughout the country. In some occasions, such protests have been successful, as when a hunger strike by Kyiv students in October 1990 led to the resignation of the prime minister. On December 1, 1991, an overwhelming majority of Ukrainians voted in a referendum to establish Ukraine as an independent country. On the same day, they elected president of Ukraine with absolute majority Leonid Kravchuk, a former leader of the Ukrainian Communist Party from western Ukraine who during his presidential campaign declared his support for democratic reforms and independent Ukraine, and could thus be accepted as a compromise solution by many. In December 1991 he was perceived as the most leftist candidate, and accordingly he received most of his votes in the east and south of the country, while in the west nationalist candidates fared better.

During his presidency, Leonid Kravchuk, tried to appease both the pro-Russian and leftist east, and the nationalist, liberalist and anti-Russian west. Thus, he put himself as a guarantor of the recently obtained independence, but at the same time offered some elements of continuity with the Communist past. The most relevant successes of his presidency can be considered the maintenance of unity and independence of the country and the balancing of Ukraine in international relations between Russia and the West. In 1994, even if inflation had by then been curbed, economy was still a disaster, most of the population was living under the official level of poverty, and corruption was widespread and characterised the privatisation process.

In Autumn 1992, Kravchuk nominated Leonid Kuchma Prime Minister, because of the wave

17 M. B. Smolin (ed.), *op. cit.*, p. 23-27.

18 He actually calls them Southern Russians, but there is no doubt he is referring to the people now known as Ukrainian.

19 Budilovich specifies soon thereafter that "it is dubious if it is possible to build something similar to a state structure on the basis of the dominance of individuality over community". See M.B. Smolin, *op. cit.*, p. 27.

of strikes that took place in the Donbass and other industrialised area,²⁰ as well as because of the relevant support he had by the Dnepropetrovsk industrial lobby, where in the 1980s he himself was director of one of the biggest military-industrial enterprises of the USSR.²¹ During his eleven months as head of the cabinet of ministers, he tried to defend big industries from privatisation, while mostly complaining about the lack of support of the parliament and scarcity of finances. He left his post in September 1993, when the Verkhovna Rada²² did not support his plan of reforms that would have increased the power of the Prime Minister. In December of the same year, Kuchma was elected president of the Ukrainian Union of Industrialists and Entrepreneurs.

When early presidential elections were called for June 1994, only two candidates appeared to have a chance of success: the incumbent Kravchuk, and the former Prime Minister Leonid Kuchma. This time, Kravchuk found himself to be the candidate more to the right, presenting himself as the defender of Ukrainian sovereignty, and the natural continuer of his international politics of “active neutrality” and balancing between Eurasia and Europe. Kuchma was an advocate of closer relations with Russia, as a necessary step for recovering Ukrainian economy, claimed to give the status of “official language” to Russian, and was generally perceived more credible in his promises for reforms and fight with corruption. At the same time, he had the support of the big industrial groups of the east and the already mentioned Dnepropetrovsk group.

Geographically speaking, Kravchuk’s electoral support in 1994 mirrored the results he obtained in 1991; this time he received the highest percentages of votes in the west (which had to accept him as the lesser evil supporting Ukrainian independence), but far less successful in the east, where Kuchma triumphed.²³ Kravchuk won the first round of the elections, but lost to Kuchma in the second and decisive round that took place on July 10, 1994. Kuchma, thanks also to some of the Socialists’ votes, received 52,1% of the ballots cast, thus becoming the second president of Ukraine.

Just months before the presidential elections, parliamentary elections took place in Ukraine, in March and April 1994. The electoral law provided that all 450 seats in the Verkhovna Rada were to be determined by majority vote in single mandate constituencies. Because of the lack of proportional representation on the base of party lists, and because of the complicate procedure for registering candidates by party, most of the candidates did not officially belong to any party.

Lack of information by the media, and weakness of all-national party campaigns led to the fact that voters often went to the polls without clear ideas about the positions of most candidates. Besides, the electoral law provided that a deputy had to be accorded an absolute majority of the ballots cast in his constituency with a turnout over 50 per cent to be elected; because

²⁰ Marko Bojkun, “The Ukrainian Parliamentary Elections in March-April 1994”, in *Europe-Asia Studies*, Vol. 47, No. 2, March 1995, p. 230.

²¹ Here and later, biographical details about Leonid Kuchma are taken from Vasyly’ Stojakin, *Vyshye dolzhnostnye litsa Ukrainy: kratky biografichesky spravochnik*, Panorama, Moscow, 1996, pp. 11-14.

²² The Ukrainian only chamber of the Parliament.

²³ In the second round of July 10 1994, Kravchuk received more than 90 per cent support in Lviv and Ivano-Frankivsk, and less than 10 per cent in Crimea.

of these severe rules, 112 constituencies out of 450 had to be disputed again in July.²⁴

According to a survey,²⁵ the most relevant issues for the voters were, in order of importance, economic situation, relations with Russia, and crime and corruption.

This confused situation, evidently not the best for a democratic competition, gave a certain predominance to leftist parties, because they were much better organised than other recently founded parties, and because often their candidates were already known to voters. The Communists thus became the biggest party represented in parliament, with 88 deputies, none of which elected in the west. In the first substantially free elections of independent Ukraine, the east-west divide has already been remarkable, with the east and south supporting strongly Communists and Socialist, while the west showed a widespread preference for rightist and nationalist candidate.

Generally speaking, if any conclusion can be drawn from 1994 parliamentary and presidential elections, we might notice that in both occasions recovery of the economy stood out as the most urgent preoccupation for Ukrainians, who possibly became more sceptic about capabilities of their country of making it out of the crisis by itself; rapprochement with Russia was apparently seen as an acceptable price to pay, if it was to help out in the recovery of the economy.²⁶

When Kuchma made his inauguration speech on July 19, 1994, he talked about the necessity of liberalising the economy, of giving to Russian the status of official language and of changing the foreign policy course.²⁷ During the first months of his presidency, Kuchma actually started to reform the economy according to the IMF prescriptions, which permitted to curb inflation but made life more difficult for the poorer strata of Ukrainian population.

Anyway, before the end of 1995 the reformist drive turned already in an unlikely “Ukrainian third way”, that mainly consisted in leaving things as they were, because any significant change would have meant loss of power and privileges for the current elite, and the groups of interest standing behind Kuchma’s power.²⁸

Being elected as a pro-Russian candidate with support in the East of the country, Kuchma soon turned West, which is basically the same that Kravchuk did. Relations with NATO, started in February 1994 under Kravchuk with the signature of the Partnership for Peace framework agreement, developed comparatively quickly with a number of agreements being signed and some joint training with NATO troops and marine taking place in the following years. In 1998, Kuchma nominated Boris Tarasyuk, a Western leaning diplomat already Ukrainian ambassador to NATO and the Benelux countries, Minister of Foreign Affairs.

The most politically significant act taken during the first Kuchma presidency was the long-awaited new Constitution, approved in June 1996, while the most successful moment in eco-

24 Marko Bojkun, *op. cit.*, p. 238.

25 State-wide survey conducted by the Kyiv International Institute of Sociology during the run-up to the elections Marko Bojkun, *op. cit.*, p. 234.

26 About Ukrainian Parliamentary and Presidential elections, see also Sarah Birch, *Elections and Democratization in Ukraine*, Macmillan, London, 2000; Sarah Birch, “The Ukrainian Parliamentary and Presidential Elections of 1994”. *Electoral Studies*, Vol. 14, Nu. 1, March 1995, pp. 93-99.

27 Vasil’ Stoyakin, *op. cit.*, p. 12.

28 Taras Kuzio, *Ukraine After the Elections: Domestic and Foreign Policy Considerations*, lecture given at the Harriman Institute, Columbia University, 19 April 2000, pp. 2-3.

nomics has been the September 1996 currency reform that finally introduced the *hryvnia* as a permanent national currency, replacing the much inflated *karbovanets*.²⁹

However true might it be that the left-dominated parliament did not give the space of manoeuvres needed to implement consistent economic reforms, it is a fact the status quo basically satisfied Kuchma and his entourage. Unsurprisingly, all of the prime ministers that have been in charge during the first Kuchma term were non-reformers.

After the 1998 parliamentary elections, Communists were still the biggest parliamentary fraction and even increased the number of their deputies, but altogether the Left could not reach an absolute majority. The rest of the parliament was mainly made of centre or centre right reformist, or so called national democrats.

Anyway, the reformists were clearly divided in pro- and anti-presidential factions; this division brought also to the splitting of some of the most important Ukrainian parties, such as Rukh and Hromada.

As 1999 Presidential elections drew closer, Kuchma's re-election was far from sure. The economic performance of the five year of his presidency has been very unsatisfying, and according to polls taken at the eve of the elections almost 65 per cent of the respondents felt their personal economic situation had declined in the last twelve months, while 86 per cent affirmed they were better off before perestroika.³⁰ Moreover, only 6 per cent thought Kuchma did a good job in dealing with corruption.³¹

For the centrist and reformist camp, which was deeply divided, the two main candidates were Kuchma and former Prime Minister Marchuk. The main leftist parties pushed forward the candidatures of their leader: Symonenko for Ukrainian Communist Party, Vitrenko for the Progressive Socialist Party and Moroz for the Ukrainian Socialist Party.

In the second round of the elections that took place on November 14, 1999, Kuchma won by a fair margin against Communist leader Symonenko, receiving 56,25 per cent of the ballots cast.

Interestingly, but not surprisingly, Kuchma this time had his stronghold in the west: his share of votes in the second round in the three western Galician regions was higher than 90 per cent, while in the same regions in 1994 it stood well below 10 per cent.

The main reason for this westward shift of Kuchma's support is that in 1999 he managed to present himself as an advocate of reforms, and as the only possible defender of Ukrainian statehood. During his electoral campaign, he consciously neglected to talk about the economic record of his first term, and pushed the idea that he was the only possible president able to keep the country independent and on the path of reforms. At the same time, Kuchma ran a negative campaign against the left, suggesting that voting for a leftist candidate would result in the return of command economy in Ukraine and loss of independence.

As Kuzio suggests, Kuchma tried to combine the positive aspects of Kravchuk's 1994 platform with elements of Yeltsin's victorious 1996 presidential campaign.³² As Yeltsin did with

²⁹ Robert S. Kravchuk, *Budget Deficits, Hyperinflation, and Stabilization in Ukraine: 1991-96*, Ukrainian Research Institute Working Paper, Harvard University, 1997.

³⁰ T.F. Klobukar, A.H. Miller and G. Erb, "The 1999 Ukrainian Presidential Elections: Personalities, Ideology, Partisanship and the Economy", *Slavic Review*, Vol. 61, No. 2, Summer 2002, pp. 320.

³¹ T.F. Klobukar et al., *op.cit.*, p. 326.

³² Taras Kuzio, *Ukraine after...*, *op. cit.*, pp. 8-9.

Lebed, Kuchma proposed to Marchuk the place of Secretary of the National Security and Defence Council in exchange for his backing during the second round of the elections.

It is worth mentioning that in spite of the Communists' enthusiastic pro-Russian stances, they did not receive the support of Russia's leadership, because the latter feared that a Communist victory in Ukraine might affect Russian presidential elections in 2000.

During 1999 presidential elections some infringements were reported and, generally speaking, they seemed to be less "clean" than 1994 or 1998 elections.³³ Moreover, Kuchma's use of state owned press and of the media controlled by people close to him has been more intense, which resulted in a diminished press freedom in comparison with 1994 elections.³⁴

2.3 Prime Minister Yushchenko

As provided by the constitution, prime minister Valerij Pustovoitenko and his cabinet resigned after Kuchma's inauguration for his second term, and the Verkhovna Rada had to appoint a new prime minister, voting on candidates proposed by the newly re-elected president. On December 14, 1999, the parliament rejected Kuchma's proposal to confirm Pustovoitenko in his post.³⁵

This is hardly surprising. Toward the end of 1999, the economic situation in Ukraine was nothing short of disastrous. The foreign debt was huge, and Ukraine was expected to pay back more than three billions dollars per year for 2000 and 2001, which would have been impossible if not by asking more and more foreign credit to an International Monetary Fund that was getting suspicious about the Ukrainian approach to reforms.³⁶ The risk of bankruptcy was real, as Kuchma himself admitted, if new talks were not held with the IMF by January of the following year.³⁷ Pustovoitenko's government had done nothing to implement reforms or fight corruption, and he was not trusted by international economic institutions.

Only at this point, president Kuchma proposed to the parliament the long-standing head of the National Bank of Ukraine Viktor Yushchenko for the post of prime minister, as ten centrist and rightist fractions asked him to do. On December 22, 1999, Yushchenko was overwhelmingly approved by the Verkhovna Rada, with the support of 296 deputies and only twelve contrary votes.

The new government had a clearly reform oriented look, and it featured some characters that will have a prominent role in Ukrainian political life of the following year, including first deputy prime minister Yury Yekhanurov and deputy prime minister Yulia Tymoshenko.³⁸

At the end of year 2000 the government could boast a number of positive results, including a 6 per cent GDP growth and the first year of economic growth since Ukraine became inde-

33 Taras Kuzio "Dirty Election Tactics in Ukraine", *Eurasian Daily Monitor*, Vol. 1, Issue 4, 06 May 2004.

34 Olena Nikolayenko, "Press Freedom during the 1994 and 1999 Presidential Elections in Ukraine: A Reverse Wave?", in *Europe-Asia Studies*, Vol. 56, No. 5, July 2004, pp. 661–686.

35 Katya Gorchinskaya, "Rada rejects Pustovoitenko", 16 December 1999, *Kyiv Post*.

36 Gregory Bloom, "Second best again?", 25 November 1999, *Kyiv Post*.

37 Katya Gorchinskaya, "Rada rejects Pustovoitenko", 16 December 1999, *Kyiv Post*.

38 Peter Byrne, "Yushchenko to be", 23 December 1999, *Kyiv Post*.

pendent, the payment of all the arrears to pensioners and state workers, and a considerable increase in incomes to the state budget. Tymoshenko in particular managed to carry out fundamental reforms in the deeply troubled energy sector.³⁹ Nonetheless, in early 2001 the first cracks in the government stability were to be seen. Deputy prime minister Tymoshenko, after being sacked by Kuchma in January, was arrested after a few weeks with the charges of contraband, falsification of documents and tax evasion; numerous opposition politicians and commentators claimed the arrest was due to Tymoshenko's activity in anti-Kuchma campaigns.⁴⁰

The parliament was gathering consent to pass a non-confidence vote against Yushchenko: Ukrainian oligarchs could not be satisfied of the work of the government, since its reforms were taking away the traditional means these groupings had to increase their incomes and keep power, while the Communists were simply looking forward to get rid of a pro-Western and pro-market prime minister. Yushchenko was ousted by a non-confidence vote of the Verkhovna Rada on April 26. This choice was contested by a demonstration of about 15,000 people in support of the recently dismissed prime minister.⁴¹

On May 29, 2001, Anatoliy Kinakh, head of the Union of Industrialists and Entrepreneurs and friendly both to oligarchs and Kuchma, was appointed head of the government.⁴²

2.4 The Gongadze case and the “Cassette Scandal”

Kuchma's second term has been characterised by muddy scandals that till this day have not been cleared. It is necessary to get acquainted with them, because they are at the basis of early waves of indignation and unrest against Kuchma's rule that brought the opposition and its supporters on the streets and squares of Kyiv between December 2000 and March 2001. Those demonstrations featured many of the characteristics and elements later to be found in the “orange revolution”.

On September 16, 2000, opposition journalist Georgiy Gongadze disappeared. On November 2 of the same year, a beheaded body was found in Tarashcha region, about 60 km out of Kyiv; it was later recognised as being that of Gongadze.⁴³

As a journalist, Gongadze had been very critical of the government, and on the online newspaper he co-founded in year 2000, *Ukrainska Pravda*,⁴⁴ he hosted articles by him and other journalists that accused specifically numerous member of the ruling elite, including president Kuchma and his closest entourage, of corruption and other kinds of misbehaviour.

39 “Tymoshenko's bumpy road”, 12 October 2000, *Kyiv Post*.

40 “Kuchma fires Yulia Tymosheko”, 20 January 2001, *Kyiv Post*. Olga Kryzhanovska “Tymoshenko behind bars”, 15 February 2001, *Kyiv Post*.

41 “Yushchenko shuns opposition”, 4 May 2001, *Kyiv Post*.

42 “Ukraine's parliament confirms new prime minister”, 30 May 2001, *Kyiv Post*.

43 For an overview of Gongadze's activity and the circumstances of his death, see the informed Reporters Sans Frontières report “Mutilation of the truth: Inquiry into the murder of journalist Georgiy Gongadze”, January 2001, http://www.rsf.org/rsf/uk/html/europe/rapporto1/gongadze_Uk.html; <http://tinyurl.com/g27ve>.

For further details, see in particular the special section on the website of *Ukrainska Pravda*, the online news bulletin co-founded by Gongadze, <http://pravda.com.ua/news/2000/9/25/386.htm>; <http://tinyurl.com/mho76>.

44 <http://www.pravda.com.ua>

A huge scandal erupted when on November 28, Socialist leader Oleksander Moroz accused in Parliament Kuchma of involvement in the abduction and killing of Gongadze. He based his allegations on some tapes, allegedly secretly recorded by former Kuchma's chief of security major Mikola Mel'nychenko. On these tapes, it is possible to distinguish the voices of Kuchma and other prominent government figures, including Interior Minister Yuri Kravchenko, speaking in a vulgar and racist language, plotting to get rid of Gongadze.⁴⁵ The authenticity of these recordings, that altogether make up as much as five hundred hours of conversations that allegedly took place in the presidential cabinet, has been repeatedly cast into doubt. Nevertheless, there are hints that they must be at least partially true, as some of the people involved admitted recongising their own voices. Apparently, Kuchma admitted the voice is indeed his, but maintained it has been doctored.⁴⁶ Even more surprising, during a session of the Parliament, Interior Minister Kravchenko "was asked four times by four different deputies if it was his voice on the tape. Each time, he failed to answer."⁴⁷ Besides, on the basis of other parts of the tapes authenticated by the U.S. State Department containing suggestions that Ukraine might have illegally sold radars to Iraq, the United States have suspended an aid programme to Ukraine.⁴⁸

In mid December 2000 an action known as "Ukraine without Kuchma" started, and it continued until the following March. Activist groups, led by opposition parties, have set a tent camp on Independence Square (in Ukrainian, *Maidan Nezalezhnosti*), the central square of Kyiv, and began holding non-stop demonstrations that included marches to the parliament and presidential administration buildings. They demanded a fair inquiry into Gongadze's murder and Kuchma's resignation. A rival pro-Kuchma tent camp has also been set on Independence Square and has been demanding "a stop to the smear campaign against the President".⁴⁹

"Ukraine without Kuchma" was the common effort of both right- and left-wing factions; it included all the parties represented in parliament except the ones directly connected with Ukrainian oligarchs,⁵⁰ and it united parties as different as the Communist and the anti-Communist nationalist UNA-UNSO. The leaders of the protests were Volodymyr Chemeris, 1990 student hunger strikes veteran and member of the right wing Ukrainian Republican Party, and Yury Lutsenko, SPU member and editor of leftist opposition news website *Hrani Plyus*,⁵¹ allegedly harassed by the government for political purposes.⁵²

On March 9, 2001, birthday of Ukraine's most famous poet Taras Shevchenko, the movement had its biggest demonstration, with as much as 10,000 participants. Unluckily, as the demonstration reached the presidential administration buildings, it turned violent, with eggs and Molotov cocktails being thrown by protesters and policemen responding with tear gas

45 For more details, and English translation of part of the tapes mentioning Gongadze, see "Moroz says leaked audiotapes connect Kuchma with Gongadze disappearance", 28 November 2000, *Kyiv Post*.

46 Peter Byrne, "Kuchma under siege", 26 September 2002, *Kyiv Post*. „Kuchma: ‚It is true that I have been recorded‘ - Holovaty“, 05 February 2001, *Kyiv Post*.

47 Olga Kryzhanovska "Maverick's testimony fuels fury in rada", 14 December 2000, *Kyiv Post*.

48 Peter Byrne, "Kuchma under siege", 26 September 2002, *Kyiv Post*.

49 "Activist group to protest against president and demand his resignation", 18 December 2000, *Kyiv Post*.

50 i.e. Social Democratic Party of Ukraine (United), Regional Revival, Labour Ukraine and Green Party.

51 <http://www.grani.kiev.ua>

52 Roman Olearchyk "Ukraine Without Kuchma leader Yury Lutsenko", 21 December 2000, *Kyiv Post*. Khrustalev, S. "Yury Lutsenko: terminator vyshel iz teni", 14 March 2006, *Hrani Plyus*.

and batons.⁵³ The organisers declared that clashes started because of some provocateurs that joined the demonstration, but admitted to be partly responsible for what happened.⁵⁴ At the same time, they blamed the police for inappropriate response, needless violence and unjustified arrests. According to the Ministry of Interior, 217 people have been arrested. Injuries were reported by both policemen and demonstrators.

As it is clear, there are a number of similarities between the action “Ukraine without Kuchma” and the events that followed the 2004 presidential elections. Most of the groupings and parties that organised the demonstration of the winter 2000-2001 participated also in the “orange revolution”. The most important parties that supported “Ukraine without Kuchma” were Moroz’s Socialists and the Tymoshenko Bloc. It must be stressed that the then Prime Minister Viktor Yushchenko repeatedly expressed his opposition to the protests, among other things undersigning together with president Leonid Kuchma and parliament speaker Ivan Plyushch, an open letter harshly condemning the protests.⁵⁵

2.5 Ukraine’s 2002 parliamentary elections⁵⁶

In July 2001, former prime minister Viktor Yushchenko declared he was going to create a new bloc, “Our Ukraine”, uniting all truly democratic and reformist political forces of Ukraine to challenge parliamentary elections in 2002.⁵⁷ There was much dissent concerning the parties and movements that were to be included in “Our Ukraine”: just days before Yushchenko’s announcement, anti-presidential parties, including Moroz’s Socialists and Tymoshenko’s Fatherland, created with a similar aim a National Salvation Forum, and were apparently ready to take the popular former prime minister as leader of their movement.

In the months that preceded the elections, Yushchenko has been very careful not to propose his coalition as anti-presidential. Therefore, he kept distance from the National Salvation Forum, and instead tried to appease some of Kuchma’s well known loyalists.⁵⁸ Yushchenko might have taken this course of action in order to be consistent with his former critic of that part of the opposition, avoid stronger attacks by the already unfriendly oligarch-owned media outlets and especially present itself as an alternative for the government and not merely an

53 Kryzhanovska, O. “Demonstrators get angry”, 15 March 2001, *Kyiv Post*.

54 “Opposition calls on authorities to share responsibility for March 9 melees”, 16 March 2001, *Kyiv Post*.

55 The statement said “We all see now the involvement of those Ukrainian politicians and those political forces who have nothing but personal interests and ambitions, egotistical aspirations and current expectations. [...] They are instigating an atmosphere of hysteria and psychosis, hoping to put out of balance the legitimate state institutions and to get to power at any cost.” Olga Kryzhanovska “Tymoshenko behind bars”, 15 February 2001, *Kyiv Post*. See also “Ukraine opposition leader arrested”, 14 February 2001, BBC, <http://news.bbc.co.uk/1/hi/world/europe/1168921.stm>, <http://tinyurl.com/mujq5>.

56 The bulk of information concerning the Ukrainian 2002 parliamentary elections has been taken from Taras Kuzio, “The 2002 Parliamentary elections in Ukraine: Democratization or Authoritarianism?”, in *Journal of Communist Studies and Transition Politics*, Vol. 19, No. 2, June 2003, pp. 24-54; and Diuk and Gongadze, “Post Election Blues in Ukraine”, in *Journal of Democracy*, Vol. 13, No. 4, October 2002.

57 “Ukrainian ex-prime minister announces creation of election bloc”, 17 July 2001, *Kyiv Post*.

58 Gregory Bloom “Yushchenko’s dilemma”, 8 November 2001, *Kyiv Post*. Taras Kuzio “Yushchenko’s bloc strives to be a ‘broad church’”, 20 December 2001, *Kyiv Post*.

other opposition bloc. The main shortcoming of this approach is self-evidently that of preventing a real union of the whole democratic camp, and leaving out its two fundamental wings: national democratic Yulia Tymoshenko's bloc and Moroz's Socialist Party of Ukraine.

More than a decade after Ukraine became independent, the issues at stake in elections changed considerably. Independence as such was not really at risk anymore, and was contested only by the Communists. Interestingly, for the first time in Ukraine, the division between pro- and anti-presidential parties and movements, became a determinant cleavage in the electorate, and it permitted to group somehow together leftists and rightist parties.⁵⁹

The main parties on the Left were, as in precedent elections, the Communists and the Socialists. The Ukrainian Communist Party had its last bright moment when it managed to bring its candidate to the second round of the 1999 presidential elections, but at the eve of the parliamentary elections it had already lost its predominance in parliament and could not present itself as having a real alternative project for Ukraine. Moreover, it has been far less than uncompromising with Kuchma's regime, and was thus perceived less of an opposition party. Clearly anti-presidential and anti-oligarchic opposition parties were instead Moroz's Socialists on the left, and Yulia Tymoshenko's bloc on the right. As it has already been mentioned, these two parties were the main political forces supporting uncompromisingly the "Ukraine Without Kuchma" movement, and could thus find support in that part of society which was most angry at Kuchma's authoritarian style of governing.

The most significant novelty of these elections has been moderate opposition's coalition "Our Ukraine", led by former prime minister Yushchenko. "Our Ukraine" bloc was made of both wings of Rukh, the Congress of Ukrainian Nationalists, Reforms and Order, Solidarity, Forward Ukraine Party, the Liberals and other minor anti-government parties. The two tendencies that were present within Rukh, statist versus anti-oligarchic or anti-Kuchma, became also features of the newly formed coalition.⁶⁰ The main factors that permitted Yushchenko's bloc to receive much wider support than the mere sum of the votes of its composing parties were the existence of well-defined economic programme, a clear reformist look, the presence of a popular leader and the inclusion in its high ranks of a number of well-known business and statesmen that significantly broadened its base of support, and definitely limited the number of its outspoken enemies.⁶¹

As an answer to the opposition blocs, groups connected with the president and the government tried to create a "party of power", i.e. a coalition without a real ideological basis supported by politicians, businessmen, oligarchs and groups of interest that unite to defend the existing system and thus, basically, their personal interests. Some of the people involved in the creation of this bloc saw how a transparent and coherent reformist path can be damaging for them while Yushchenko was prime minister, and thought that investing some money in friendly parties could be very important to keep their privileged status. The result of this effort was "For a United Ukraine" (FUU), a party led by then head of presidential administration Lytvyn

59 N. P. Rogozin, "Razvitie partiynoy systemy Ukrainy", *Polis*, Vol. 1, 2004, p. 99.

60 Kuzio, Taras, "The 2002 Parliamentary elections in Ukraine: Democratization or Authoritarianism?", in *Journal of Communist Studies and Transition Politics*, Vol. 19, No. 2, June 2003, p. 34.

61 Nonetheless, taking in former Kuchma's close collaborators as Roman Bezsmertny (former representative of the president in the parliament) or oligarch Petro Poroshenko may have sacrificed some disappointed voters to Tymoshenko's bloc.

featuring, among others, prime minister Kinkakh. FUU could benefit of all the possible administrative resources, and had privileged access to the media.

The party was made to attract the votes of people connected with regional centres of power and of all those who were scared of Ukrainian nationalism and pro-western liberalism. Moreover, some oligarchs took control of smaller parties, or simply created bogus parties, to gather some votes that might otherwise have gone to the opposition. Such parties were, for example, the Green Party of Ukraine and Women for the Future party, that were abundantly sponsored by Vasyl Khmelnytskyi, a businessman connected with Ukrainian first lady Lyudmyla Kuchma.⁶² None of these party passed the 4 per cent hurdle necessary to access to the distribution of proportional mandates.

The only oligarch-controlled party that received more than 4 per cent of ballots cast has been the Social Democratic Party of Ukraine–united (SDPU-u).

Figures concerning the costs of the electoral campaign of all Ukrainian parties gathered by some NGOs are revealing: already in March the three top spenders for the electoral campaign were the SDPU-u, Women for the Future and the Green Party. At the end, Social Democrats – united topped spending as much as 2,1 million dollars.⁶³

Most of the efforts to influence the vote by the executive took place in the run-up to the elections, since a growingly active network of NGOs and the attention of international institutions and observers made outright election rigging less feasible. Nonetheless, it seems that violations have not been uncommon, and apparently more widespread in the majority than in the proportional vote because of the different possibilities of control by international observers.⁶⁴

During the campaign, an “ongoing and widely recognised bias observable in virtually all national Ukrainian media”⁶⁵ was clearly perceived by monitoring organisations. Typically, observers found overt political bias, hidden advertising (both black and white),⁶⁶ and widespread conflicts of interest, with candidates being at the same time directors or otherwise influential figures in media outlets. In particular, state owned channel UT-1 gave 52 per cent of its news air-time to the party of power, FUU.⁶⁷ Very often private television channels and newspaper were

62 Taras Kuzio, “Gender Issue Hijacked by ‘Party of Power’ in Ukraine’s Election Campaign”, 26 February 2002, *FE/RL Newline*.

63 See Nadya Diuk and Myroslava Gongadze, *op. cit.*, p. 162. In spite of the fact that by law it was forbidden to spend more than 480,000 USD on the electoral campaign, four parties went well beyond that limit; according to the data recorded by Transparency International and the „Freedom of Choice” coalition of Ukrainian NGOs: SDP(u) spent 2,142,105 USD, Women for the Future - 1,246,727 USD, Green Party of Ukraine - 715,400 USD, „For United Ukraine!” - 635,513 USD. <http://www.vybory.org.ua/>

64 See James Sherr, “Ukraine’s Parliamentary Elections: The Limits of Manipulation”, Conflict Studies Research Centre, Occasional Brief No. 91, 2002, 3-5. For a more scientific approach to fraudulence during these elections, see Herron, and Paul Johnson, ‘It doesn’t matter who votes, but who counts the vote’: *Assessing fraud in Ukraine’s 2002 Parliamentary elections*, Paper presented at the Midwest Political Science Association Conference, Chicago Illinois, April, 2003.

65 EIM, European Institute for the Media, *Monitoring the media coverage of the March 2002 parliamentary elections in Ukraine: Final report*, August 2002, p. 27.

66 “Hidden advertising” is the practice of paying a media outlet to air or publish materials or interviews favourable to a political party or candidate (white hidden advertising) or to discredit a political competitor (black political advertising).

67 EIM, *op. cit.*, p. 70.

| Parties/Blocs that passed the 4% threshold | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|-------|-----------|----|----|----|-----|------|
| Our Ukraine | 23.52 | 6,108,088 | 70 | 42 | 5 | 118 | 26.2 |
| Communist Party of Ukraine | 19.98 | 5,178,074 | 59 | 6 | 0 | 64 | 14.2 |
| For a United Ukraine | 11.77 | 3,051,056 | 35 | 86 | 56 | 177 | 39.3 |
| Yulia Tymoshenko's bloc | 7.28 | 1,882,087 | 22 | 0 | 1 | 23 | 5.1 |
| Socialist Party of Ukraine | 6.87 | 1,780,642 | 20 | 2 | 0 | 22 | 4.9 |
| United Social Democratic Party of Ukraine | 6.27 | 1,626,721 | 19 | 8 | 4 | 31 | 6.9 |
| Independents without a faction | - | - | - | 11 | - | 11 | 2.4 |

1. Per cent of the proportional vote; 2. Actual votes for party lists; 3. Deputies voted in on proportional lists; 4. Deputies from single-mandate districts; 5. "Independents" joining the parliamentary faction; 6. Final total in the parliamentary faction; 7. Percentage of seats overall in parliament.

Table 1. Results of the 2002 elections to the Ukrainian Parliament.

Source: Nadia Diuk and Myroslava Gongadze, *op. cit.*

not less biased than state-owned ones. The considerable share of votes won by blocs that were hardly given air time and often had to suffer negative coverage, might be telling about the level of distrust the media have in Ukraine.

Another simple tactic employed by pro-governmental forces has been that of candidate/party/bloc cloning, i.e. presenting bogus candidatures of people, parties or even blocs that have the same name of an opposition correspondent.⁶⁸ Eventually, such candidatures received scant votes, which suggests that Ukrainian voters are more politically conscious than the executive maybe thought.

After the official results of the elections were given, "Our Ukraine" claimed it had won the elections. This was only partially true, as the election of the speaker of the Verkhovna Rada showed shortly after. Indeed, "Our Ukraine" came out as the first party in the proportional vote, gathering 23,52 per cent of the ballots cast, followed by the Communists (19,98 per cent, for the first time in independent Ukraine, only second most voted party) and, with far less preferences, For a United Ukraine (11,77 per cent). But single mandate constituencies told another story; the first-past-the-post system, together with a strong network of connections at local level gave to FUU 86 deputies, more than twice as much as "Our Ukraine"'s (42).

After weeks of repeated voting, negotiations and failures of the opposition to push together a single candidate, Volodymyr Lytvyn, former head of the presidential administration and close Kuchma ally, managed to be elected to the very influential position of speaker of the Verkhovna Rada on May 28, 2002. His successful nomination was the result of an agreement between FUU and Social Democrats United, plus the vote of seven "Our Ukraine"'s deputies, who were instantly kicked out of their fraction after the vote. Reportedly, opposition MPs have been threatened of possible legal action against them or their business, or have been offered important positions or financial compensations in exchange for their support of an ex-

⁶⁸ "The prominent pro-democracy politician Taras Stetskiiv found that the ballot for his Lviv constituency contained several other candidates who shared his surname. [...] There was 'bloc cloning' as well. For example, one coalition with no connection whatsoever to the former prime minister was nonetheless registered 'in the name of Viktor Yushchenko.'" Nadia Diuk and Myroslava Gongadze, *op. cit.*, p. 161),

ecutive-friendly candidate.⁶⁹ There were rumours that some MPs have been intimidated and were offered up to 300,000 dollars for their vote.⁷⁰

In September 2002, a new wave of protests against Kuchma started, organised by the main opposition parties (Symonenko's Communists, Moroz's Socialists and Yulia Tymoshenko's bloc) with the exception of "Our Ukraine", which was divided about the issue. Since September 2, a number of demonstrations took place in different cities around Ukraine to culminate on September 16, on the second anniversary of Gongadze's death.⁷¹ Eventually, after weeks of boggling about his participation to the demonstration and unclear stances, on September 15, Yushchenko declared he would participate in the unsanctioned protests in the town centre of Kyiv the following day.⁷² This suffered choice marked a fundamental change: for the first time Viktor Yushchenko, widely recognised as being the most popular politician in Ukraine and the most accredited opposition leader, sidelined with all other opposition parties and openly stood against Kuchma. Buoyed by Yushchenko's participation, the demonstrations of September 16, turned out to be the biggest since Independence, with as much as 15-20,000 people taking part.⁷³

In the autumn of the same year, it became clear that the approved budget could not stand up to its promises and that measures were to be taken to avoid default. The main reason behind budget shortfall was that privatisation of state assets brought 60 per cent less incomes than was expected. Since September, the opposition started a boycott of parliamentary voting as a form of protest against president Kuchma, hold responsible for the endemic corruption of the state structure.⁷⁴

Only at this point, Leonid Kuchma started to criticise the government, and talks concerning who might be the future prime minister began to take place intensively. The choice was considered to be of special relevance, given the fact that any prime minister would have had a privileged starting point for the not so far 2004 presidential elections.

After prolonged negotiations, Viktor Yanukovych, head of state administration in the Dontetsk region, on November 21, obtained a majority in the Verkhovna Rada that did not include any of the opposition parties. Other favourites for this post were incumbent prime minister Anatoliy Kinakh, head of the state taxation administration Mykola Azarov and first vice premier Oleh Dubyna.⁷⁵

Yanukovych was little known at national level, but was credited good managerial skills and had the staunch support of eastern Ukrainian industrial lobbies, of his own Donetsk clan, and was not disliked by Kuchma.

A pact between the new coalition government, the pro-presidential majority in the Verkhovna Rada and the president himself, was signed in order to guarantee stability and pre-

69 Davis, J. "Fruitless negotiations and bully-boy tactics over Rada leadership", 23 May 2002, *Kyiv Post*.

70 Nadia Diuk and Myroslava Gongadze, *op. cit.*, p. 164.

71 Peter Byrne "Protest rallies to roll across the nation", 2 September 2002, *Kyiv Post*.

72 "Ukraine's popular democratic leader to support opposition protest", 16 September 2002, *Kyiv Post*.

73 "Tens of thousands of Ukrainians protest nationwide to oust president", 17 September 2002, *Kyiv Post*.

74 "Ukraine's premier alarmed by budget shortfall", 10 October 2002, *Kyiv Post*.

75 Tyshchenko, Yu. "Elections of the Prime Minister: another round", Research Update No. 40/288, November 11, 2002, *Policy Documentation Center*, <http://pdc.ceu.hu/archive/00001097/01/15.pdf>; <http://tinyurl.com/n4vcw>. "Ukraine's parliament planning vote on new prime minister", 11 November 2002, *Kyiv Post*.

vent the opposition from having any influence in the ruling of the country.

In 2003, the two main would-be presidential candidates consolidated their position in their respective fields.

In February, Yushchenko addressed a letter to the highest officials of the country (namely Kuchma, Yanukovych, and Parliament speaker Lytvyn), raising worries about widespread intimidations and mysterious killings that had opposition activists and journalists as their victims.

During this year, opposition forces repeatedly held meetings and signed agreements of common actions to contest the present ruling elite, and all of them, Communists excepted, agreed on Yushchenko as their common candidate for the presidential elections of the following year.

In April, Viktor Yanukovych was elected chairman of the Party of the Regions, thus getting one step closer to become the main pro-presidential candidate in 2004.

In its foreign policy, Ukraine further tried to balance its eurasiatic and atlantist tendencies, approving the project to create an economic union together with Russia, Belarus and Kazakhstan while at the same time granting its military participation in post-war Iraq on United States' request.

The domestic political life has been defined, in 2003 and until the presidential elections of the following year by repeated attempts by president Kuchma to pass a constitutional reform bill through the parliament. Kuchma's main idea was apparently to change political system, giving Ukraine a "parliamentary-presidential" model. Trying to gather enough support in parliament to pass a constitutional reform, Kuchma considerably changed his draft bill. Different drafts included a combination of the following amendments: the introduction of a second chamber and the reduction of the number of deputies of the Verkhovna Rada; a proposal that the results of national referendums be applied directly, without seeking approval of any other branch of government; a proposal that presidential, parliamentary, and local elections be held in the same year; the introduction of a wholly proportional voting system for the Verkhovna Rada; the elimination of direct popular elections of the president, which would have been chosen by the Verkhovna Rada.

The amendment proposal that got the closest to receive parliamentary endorsement was the so called Medvedchuk-Symonenko bill, which would have introduced a completely proportional electoral system and allowed for the direct election in October 2004 of a president, who would have served until a new president was elected by the Verkhovna Rada in 2006.

The main opposition parties (Yulia Tymoshenko Bloc, Yushchenko's Our Ukraine and in some occasions Moroz's Socialists), declaring that democracy was at risk in Ukraine, made their protest in parliament more and more graphic, repeatedly blockading the parliamentary rostrum, breaking the electronic voting system on December 23 to prevent voting on the Medvedchuk-Symonenko amendment bill and destroying numerous microphones in the session hall, as well as throwing draft bills and bottles of water in the direction of the parliamentary presidium on February 3, 2004, a session that ended in fist fighting among deputies.⁷⁶

In January 2004, the Parliamentary Assembly of the Council of Europe adopted a resolution highly critical of the inappropriate timing of the constitutional reform, its non-compliance with recommendations by the European Commission for Democracy Through Law, and the way it

⁷⁶ Peter Byrne, "Rada rams through its reform plan: brawls and verbal abuse as reforms debated", 05 February 2004, *Kyiv Post*.

was being pushed through parliament.⁷⁷

The final version of the constitutional amendment bill was voted on April 8, 2004, but, thanks to the abstention of some majority deputies, failed to be approved.⁷⁸ In spite of clumsy attempts to propose other amendments to the constitution in the following months, April 8 was a fundamental victory for the opposition since it made basically impossible to have serious constitutional reforms before October 2004 presidential elections. The following battle between pro-government forces and opposition was to take place in national elections, and not anymore in a parliament where the opposition was comparatively weak.

2.6 Key Players

At this point, before getting into the details of the run-up to the 2004 presidential elections, and the well known events soon to be dubbed “orange revolution”, it is necessary to become familiar with some traits of the biography of the key players of the contested 2004 presidential elections, and its aftermath. In particular, I will take in consideration Viktor Yushchenko, Viktor Yanukovich and Yulia Tymoshenko.

We dedicated already a fair amount of attention to Leonid Kuchma and the long years of his presidency; let’s just shortly remember that in 2004 his support among the population was pretty low, and guaranteeing himself a retirement safe of judicial prosecutions seemed to be what mattered the most to him.

2.6.1 Viktor Yushchenko

Viktor Yushchenko was born on February 23, 1954, son of two schoolteachers, in the northern Ukrainian region of Sumy, and is Ukrainian by nationality. He graduated in economics at the Ternopil university, western Ukraine, in 1975, and in 1984 completed his PhD in the same subject. After working as accountant in a *kholkhoz* and being conscript in the army, Yushchenko started working in the banking sector in 1976, and made career in bank and credit institutions. In 1993, he was appointed head of the National Bank of Ukraine and remained in charge until 1999, when he was nominated for the post of prime minister by president Kuchma.

As head of the National Bank of Ukraine, Yushchenko was appreciated both at home and abroad. Among the main achievements attributed to him are the creation of the national currency, the *hryvnia*, and the control of the currency at the time of the 1998 rouble default in Russia.

In 1996, Yushchenko joined the National Democratic Party but left it a couple of years later when a new law about the National Bank of Ukraine made belonging to a party incompatible with his charge.

In late 1998-early 1999, the Reforms and Order Party repeatedly offered Yushchenko to push his candidature for the presidential elections, apparently with the support of Rukh and

⁷⁷ Kuzio, T. “Ukrainian President Backs Down in Wake of Harsh PACE Resolution”, 11 February 2004, *RFE/RL Newslines*, 11 February 2004.

⁷⁸ Peter Byrne, “11 votes short, reform dies”, 15 April 2004, *Kyiv Post*.

other parties, but he did not accept.

After Kuchma's successful re-election, and Pustovoytenko's failure to be confirmed in his post, a large coalition asked Kuchma to nominate Yushchenko as prime minister. The parliament approved his candidature with 296 votes in favour (national-democratic, centre-right and oligarchic parties), 12 against and 122 abstained (the left).

During his term as head of the cabinet of ministers he managed to push through a fair amount of reforms, increased considerably state incomes, paid all the arrears to pensioners and state workers and was a protagonist of the first year ever of economic growth of independent Ukraine.

In early 2001, just months before his removal from office by the parliament, Yushchenko has been harshly critic towards "Ukraine without Kuchma" demonstrators. In July 2001, he declared the creation of "Our Ukraine", a right of the centre reformist bloc.

Yushchenko never openly criticised Kuchma until late 2002.

2. 6. 2 Viktor Yanukovych

Viktor Yanukovych was born July 9, 1950, to a family of workers. His father was an ethnic Belarusian, but he defines himself Ukrainian. Yanukovych had a difficult youth, he was orphaned young and has been convicted for robbery and bodily injury in 1968 and 1970. He claims he has been acquitted of those crimes back in 1978, but doubts were cast about the authenticity of the documents he presented to support his allegations.

In 1980 he graduated at the Donetsk Polytechnic Institute, and in 2001 he became an MA in International Law completing his studies at the Ukrainian Academy of Foreign Trade. Viktor Yanukovych is a doctor of economics, professor and member of the Academy of Economics of Ukraine, and member of the Presidium of the National Academy of Sciences of Ukraine.

Yanukovych started working as a gas fitter in 1969, but after joining the Communist Party soon became a manager, and for over twenty years held that position in different companies.

In 1996 he was nominated vice-chairman of Donetsk Regional State Administration, and in 1997 chairman of Donetsk Regional State Administration.

He increasingly raised his status in the mid 1990s, when a harsh struggle for power was taking place among Donetsk businessmen, and especially between the Donetsk clan and Kyiv central power, and became an important reference for that group of interests.⁷⁹ Under his rule, and thanks also to the tax facilitation granted to his region, Donetsk became the quickest growing region in Ukraine.

Since the 1999 presidential elections, Donetsk apparently changed its political preferences; in a region once considered a communist stronghold, in 1999 Kuchma received more votes than Communist leader Symonenko, and in occasion of the 2002 parliamentary elections Donetsk was the only region where the pro-presidential bloc "For a United Ukraine" received more preferences than any other party. Such results are to be seen as evidence of the new relation between Donetsk and central power, which turned from antagonistic to collaborative.

As a result of the credit gained while heading Donetsk, he was nominated prime minister in late 2002, in spite of the fact that he was widely unknown at national level. His post, the wide-

⁷⁹ We will deal more appropriately with the relevance of clans and regional group of interests in Ukraine in chapter 4.

spread support he managed to gather by the most important economic and industrial groups of interests and oligarchs and his personal ties gave him a unique starting position to contest the presidency in 2004.

2.6.3 Yulia Tymoshenko

Yulia Tymoshenko was born on November 27, 1960 in Dnepropetrovsk. There are discordant rumours concerning her maiden name and family origins. In 1984 she graduated in cybernetic engineering at the Dnepropetrovsk State University and in 1999 received a PhD in economics.

Still a student, she married Oleksandr Tymoshenko in 1980 and in the same year became mother of a daughter.

Her business career started early, and already in 1988 she opened together with her husband a video-renting shop. The size of their business quickly grew, and in early 1990s they turned to the oil and gas sector. After directing the “Ukrainian Oil” corporation, in 1991 she became president of “United Energy Systems of Ukraine” (UESU) in 1995, a company soon to grow as to become the main importer of Russian gas into Ukraine. According to Tymoshenko’s official website, UESU was at that time “one of the top five most powerful business structures on the territory of CIS”.⁸⁰ In 1996, Tymoshenko was elected to the Verkhovna Rada. As a consequence of huge corruption scandals and accuses of mismanagement, she left her post at UESU in 1997, dedicating herself completely to her political career.

In 1997 she joined Hromada, and in 1999 she became the leader of the “Batkivschina” (“Fatherland”) parliamentary fraction.

From 1999 to 2001 she was deputy prime minister for the energy sector in Yushchenko’s government. It is widely recognized that during her thirteen months in the cabinet she managed to curb corruption in the energy sector, to establish cash payments instead of barter as a rule for payments to the state by supply companies, and to increase considerably tax revenues. Nonetheless, she was dismissed in January 2001, allegedly for crimes committed back in the mid 1990s as head of UESU, and incarcerated soon afterward in February 2001 for about one and a half month.⁸¹ Her arrest, preceded in 2000 by the arrest of her husband, was widely recognised to be politically motivated.

She participated actively to the “Ukraine Without Kuchma” movement, and later founded the “Yulia Tymoshenko bloc” together with many participants to the National Salvation Forum to compete in the 2002 parliamentary elections.

In spite of her past of oligarch and of numerous allegations of fraud and other crimes, her strong public figure, her populist rhetoric and her untiring activism make of her undoubtedly one of the most popular Ukrainian politicians, as well as one of the most hated.

⁸⁰ <http://www.tymoshenko.com.ua/eng/about/>

⁸¹ More details about her staying in prison in the long interview she gave to Andrey Kolesnikov in 2001. See Andrey Kolesnikov, *op. cit.*, p. 53-72.

2.7 Poisoning the campaign

The most tragic moment of the run-up to the presidential elections has undoubtedly been Yushchenko's poisoning on September 5, 2004. Even if the circumstances of this attempt to the opposition leader's life have not been cleared till this day, there are not doubts that the sudden illness that caught Yushchenko in September was the result of poisoning.

Yushchenko and his close collaborator Poroshenko told the details of the poisoning and of the first days that followed it in two long interviews to *Kommersant's* well known correspondent Andrey Kolesnikov.⁸² On the night of September 5, Viktor Yushchenko had a late dinner together with Igor Smeshko, the head of the Ukrainian security service, the SBU, and his deputy, Volodymyr Stasiuk, at the latter's *dacha*. That same night, Yushchenko started to feel growing pains. Only five days later, after failure by local doctors to explain the sudden illness, Yushchenko was brought to a private clinic in Vienna, where he started intense cures.⁸³ Back in Kyiv, on September 21, Yushchenko held a speech in Parliament, "appearing pale and haggard, with the left side of his face partially paralysed and his left eye tearing profusely",⁸⁴ outspokenly accusing the authorities of trying to kill him. A first parliamentary commission was soon established to investigate the case, but it was dominated by pro-government deputies, and it did not find any evidence of poisoning.⁸⁵ Later, on December 11, the director of the Austrian clinic where Yushchenko was cured stated that "there is no doubt about the fact that Yushchenko's disease has been caused poisoning by dioxin".⁸⁶ Investigations never found those responsible.

Prime minister Yanukovych has also been hospitalised for three days, from September 24 to September 27, after being hit by "a solid blunt object" during a rally in Ivano-Frankivsk. Repeatedly televised footage suggest that robust Yanukovych keeled over after being struck by a raw egg.⁸⁷

Given the great popularity of Putin in Ukraine, and the undisputed importance of good relations with Russia for Ukraine's economy, Yanukovych tried to be seen together with the Russian president as much as possible to boast his own popularity. Only in the month of October 2004, Putin met with Kuchma and Yanukovych in two occasions that seemed to be organised mostly to give on air time to the pro-Russian presidential candidate together with Putin. The first meeting was on October 9, in Putin's residence in Novo Ogaryovo, officially to celebrate Putin's 52th birthday. In the following press conference Putin declared that Russia "is not indifferent to the choice that the people of Ukraine will make in the presidential election", and that "a decision must be made about whether the positive tendencies in the development

82 Andrey Kolesnikov, *Pervyi Ukrainskii: Zapiski c peredovoi*, Vagrius, Moscow, 2005, pp. 150-166.

83 Peter Byrne, "Yushchenko ate with SBU chief before violent illness", 30 September 2004, *Kyiv Post*. See also Paton Walsh, N. "Fateful dinner party that brought disfigurement in its wake", 13 December 2004, *The Guardian*.

84 Peter Byrne and Yulianna Vilkos "Attempted murder?", 23 September 2004, *Kyiv Post*. There you can also find the complete English translation of Yushchenko's speech at the Verkhovna Rada.

85 Andrey Kolesnikov, *op. cit.*, p. 165. See also J. Page, "Who poisoned Yushchenko?" 08 December 2004, *The Times*.

86 Paton Walsh, N. "Doctors prove Yushchenko was victim of poisoning", 12 December 2004, *The Guardian*.

87 Peter Byrne, "Egg Controversy", 30 September 2004, *Kyiv Post*. The articles features detailed pictures of the event.

of the Ukrainian economy will be secured”.⁸⁸ On October 26, Putin went to Ukraine for a three days visit to commemorate the 60 years of the liberation of Kyiv (that actually took place on November 6), just days before the October 31 first round of the elections. He did not miss the chance to make clear what was Russia’s favourite choice in the upcoming elections.

2.8 Waiting for the revolution

Before recollecting what happened in those days of November and December 2004 on the streets and squares of Kyiv, I think it to be very important to recollect some points of the political life of independent Ukraine in order to cast some light on the background of the “orange revolution”.

- ▣ Street protests and tent camps in the town centre of Kyiv are no novelty for Ukrainians. In October 1990, student demonstrations and hunger strike, supported by mass demonstrations of up to 100,000 people outside the parliament building, brought to the resignation of anti-independence prime minister Masol and cancellation of the “leading role of the Communist Party”. Pro-independence protests repeatedly took place in late 1991. Since year 2000, in different occasions and in every single year until 2004 tent camps were built in downtown Kyiv or in neighbouring parks to support long-standing mass demonstrations against Kuchma and his regime. Ongoing scandals and mysterious killings that seemed to be orchestrated by the higher echelons of power aroused public indignation; if not everybody thought that the opposition could be any better, nobody doubted that the ruling elite was corrupt to the bone.
- ▣ The parliament did have some power and did not rubber stamp any decree proposed by the president, as is the case in most other CIS countries.
- ▣ Anti-governmental opposition had a considerable presence in Parliament, and had recognised leaders who already had some experience at cabinet level.
- ▣ Opposition was united around Viktor Yushchenko, a statesman that has constantly been rated the most popular politician in Ukraine since year 2000, could count on the charismatic presence of Yulia Tymoshenko and Moroz’s professionalism.
- ▣ The West of Ukraine was somehow forced to vote for Kuchma in the precedent elections, felt cheated, and was looking for its first real electoral victory since independence.

⁸⁸ Andrey Kolesnikov, *op. cit.*, p. 144-150. See also “Putin hosts Yanukovych, Kuchma; succession encouraged”, 14 October 2004, *Kyiv Post*.

Chapter 3

The “orange revolution”

3.1 Chronicle of the events⁸⁹

3.1.1 First round of elections

On October 31, 2004, the first round of the long awaited presidential elections took place. Journalists and international observers came numerous to follow the events of the day: the casting of the vote by the candidates and the press conferences organised by their teams.⁹⁰ During the day, both Yushchenko and Yanukovych denounced irregularities in the east and the west of the country, respectively. Most of the complaints concerned faults in the electoral lists, that, according to the Committee of Voters of Ukraine, prevented as much as 10 per cent of the population to vote.⁹¹

As soon as polling stations closed, the contrasting results of exit-polls were made public. An exit-poll organised by Razumkov Centre and KIIS, in which voters were asked to fill in anonymous questionnaires, gave Yushchenko 44,4 per cent and Yanukovych 38 per cent. The exit-poll organised by Socis and Ukrainian Monitoring offered quite different results, giving Yanukovych a four point lead.⁹²

The monitoring mission of OSCE, as well as of other organisations, harshly criticised the way the first round was carried out, and maintained that the polling did not stand up to European standards.⁹³ At the same time, CIS electoral observers declared they did not meet any serious violations.

89 Where not specifically indicated, information about the events is taken from the archive of the Russian news agency Regnum as collected by Mikhail Pogrebinsky or directly on the agency’s website at <http://www.regnum.ru>. See Mikhail B. Pogrebinsky (ed.), *Oranzhevaya Revolyutsya: Ukrainskaya versya*. Evropa, Moscow, 2005, pp. 399-461. For further details in an „orange” friendly perspective, see the chronicle narrating the events of the „revolution” almost minute by minute by Daniil Yasnevskiy; Daniil Yasnevskiy, *Khronika “Oranzhevoi” Revolyutsii*, Folio, Kharkiv, 2005.

90 Andrey Kolesnikov, *op. cit.*, p. 209-238.

91 Valentina Kolesnyk, “Observers see Election Day tricks”, 04 November 2004, *Kyiv Post*.

92 Roman Olearchyk, “Exit Poll Confusion”, 04 November 2004, *Kyiv Post*.

93 Valentina Kolesnyk “Observers see Election Day tricks, 04 November 2004, *Kyiv Post*.

Eventually, after days of complaints and uncertainties, the official results gave 39,87 per cent to Yushchenko and 39,32 per cent to Yanukovych, and the run-off was officially set for November 21.

In the weeks that led to the second round, a number of leaders of Western institutions, including European Union, United States and Nato, made public their discontent about violations recorded during the electoral process, suggested Ukrainian authorities to guarantee a free and fair second round, and advised they would not accept the results of rigged elections.

On November 6, a meeting in support of Yushchenko gathered as much as 100,000 people in downtown Kyiv, demanding fair elections under the slogan “The people won’t be defeated”.⁹⁴

On November 12, Yanukovych joined a meeting of Kuchma and Putin on the Kerchensky gulf. In this occasion, president Putin wished Yanukovych good luck for the elections.

Significantly, in the first weeks of November, Russian Duma approved a law allowing Ukrainian citizens to stay in Russia up to 90 days without need of registering.⁹⁵

After the first round of elections, some of the excluded candidates declared their endorsement for the run off vote. In particular, Socialist leader Moroz (who received 5,81 per cent of the ballots cast on October 31), former prime minister and leader of the Party of Industrialists and Entrepreneurs Kinakh (0,93 per cent) and the Greens suggested to vote for Yushchenko in the second round, while Vitrenko (1,53 per cent) decided to support Yanukovych. Communists’ leader Simonenko (4,97) told his comrades to vote “against all”; nonetheless, in the regions Communists often collaborated with Yanukovych’s staff.

On November 15, a television debate between the two presidential candidates took place; 43,3 per cent of Ukrainians of age declared they watched more than half of the broadcast on that night.

On November 19, Yushchenko’s coalition “People’s power” obtained a permit to have a meeting on Independence Square from November 21 at 8 p.m. until the following evening.

On November 21 elections took place with less problems concerning faulty electoral lists, but with more complaints concerning abuse of absentee ballots. Two different exit polls gave to Yushchenko a 5 to 10 point margin of victory over Yanukovych, while the latter was the winner according to his staff’s parallel vote counting.

After 8 p.m., about 25,000 Yushchenko supporters gathered in Independence Square.

3.1.2 The “orange revolution”

Already in the morning of November 22, a Monday, students and ordinary people started to muster at Independence Square in Kyiv, wearing orange clothing or bands to protest against falsification in the elections and to support Yushchenko. Rallies took place in other Ukrainian cities in support of one or the other candidate.⁹⁶ This was the beginning of the demonstrations

⁹⁴ Later on, a hip-hop song by the band GreenJolly bearing the title “Razom Nas Bahato, Nas Ne Podolaty” – “Together We Are Many, We Cannot Be Defeated” became the unofficial hymn of the revolution and in 2005 featured in the Eurovision Song contest (with modified lyrics). The song is freely downloadable in MP3 format at http://www.orangeukraine.squarespace.com/resource/000129_razom_nas_bahato__nas_ne_podolaty.mp3?fileId=47826; <http://tinyurl.com/6yxwa>.

⁹⁵ Even Russian citizens residing out of their capital cannot stay in Moscow for more than three days without registering.

⁹⁶ For example, as much as 50,000 people gathered to show their support for Yushchenko in Lviv, and about

that crowded the streets and squares of Kyiv for weeks to come, a wave of protests soon to be dubbed “orange revolution”.

At 11 a.m., the Central Electoral Commission (CEC) communicated that with more than 98 per cent of the bulletins counted, Yanukovich was having a three point lead over Yushchenko. In the afternoon, when less than 1 per cent of the votes still to count, the results were confirmed: Yanukovich 49,42 per cent, Yushchenko 46,7 per cent. Russian president Putin soon congratulated Yanukovich for his victory, while European Union asked for the results to be reviewed.

The first tents began to appear before dawn,⁹⁷ during the day the number of demonstrators in and around Independence Square kept on increasing, and in the evening demonstrators could be counted in hundreds of thousands.⁹⁸ Yushchenko, speaking in front of the crowd from a stage providentially set on Independence Square, asked his supporters to stay on the streets overnight and as long as the results of the elections were not reviewed.

On November 22 and 23, a number of western Ukrainian city councils declared they recognised Yushchenko as the democratically elected president of Ukraine, and stated their readiness to follow his orders.⁹⁹

On November 23, 150 diplomats undersigned a common declaration in favour of Yushchenko, while numerous television journalists, especially from state-owned channel “1+1”, left their job in protest against their redactors pushing them to give reports flawed in Yanukovich’s favour.

With a strong political gesture lacking any juridical value, Yushchenko swore in as President in the Parliament in front of opposition deputies. Demonstrators blocked the town centre for most of the day, and protested in front of the parliament and presidential administration buildings. On the next day, blockaders of the presidential administration put flowers on the shields of the special forces defending the building and called them to join the demonstrations;¹⁰⁰ flowers opposed to special police forces with anti-riot equipment became one of the images-symbol of the revolution.

On November 24, a “Committee of National Salvation” was established by the opposition. The American Secretary of State Powell declared that the United States do not recognise the official outcome of the elections, and stated that relations between U.S.A. and Ukraine might suffer seriously if results were not reviewed. Head of the European Commission Barroso made similar comments.

In the meantime, hundreds of thousands of people, mostly from Western Ukraine, came from the provinces to Kyiv to support their favourite candidate. Information concerning the arrival of Russian *spetznaz* in Kyiv was made public by Yushchenko headquarters.¹⁰¹

30,000 people in Donetsk to support Yanukovich. See Mikhail B. Pogrebinsky (ed.), *op. cit.*, p. 421.

According to Yanevskiy, on November 23, about 150,000 people demonstrated in Lviv, while as much as 100,000 did the same in Zaporozhye. Daniil Yasnevsky, *Khronika “Oranzhevoi” Revolyutsii*, Folio, Kharkiv, 2005, p. 104-106.

97 Daniil Yasnevsky, *op. cit.*, p. 94.

98 About 200,000 thousands according to news agency Regnum. See Mikhail B. Pogrebinsky (ed.), *op. cit.*, p. 419.

99 Soon, the Public Prosecutor Office announced such declarations to be illegal.

100 Daniil Yanevskiy, *Khronika...*, *op. cit.*, p. 117.

101 *ibidem*. Also Yury Lutsenko, who would later become minister of interior, claimed to have seen “the Russians” next to the presidential administration in the following days. See Danilo Yanevskiy, *Oblichchya “pomaranchevoy” revolyutsii*, Folio, Kharkiv, 2005, p. 133. Until now, no indisputable evidence has been brought to confirm the presence of Russian *spetznaz* in Kyiv in the days of the “orange revolution”. Most likely, all such reports actually referred to a di-

On November 25, an high officer of the Security Service of Ukraine (SBU) publicly declared his support for the protests, as did Kyiv policemen.¹⁰² On the same day, television channel “1+1” accepted to change his news policy and its journalists came back to work.

On November 26, international intermediaries arrived in Kiev for “round table” talks; among them European Union foreign policy chief Solana, Secretary General of the OSCE Kubis, Polish and Lithuanian president Kwaśniewski and Adamkus and Russian Duma speaker Gryzlov.

On November 27, Ukrainian parliament passed a vote to declare the results of the second round of the elections not valid.

On November 28, at a conference of deputies from south-eastern Ukraine, the idea of autonomy for that part of the country came out; on December 1, Donetsk regional council set on January 9 a referendum on its status as an independent subject within Ukraine.

As days passed by, the huge and growing mass of protesters standing around the clock in Independence Square started to obtain some victories at official level.

On December 3, the Ukrainian Supreme Court annulled the results of the second round of election and set a repeated voting for December 26. Yushchenko declared victory to his supporters in Independence Square.

After days of negotiations, on December 8 Ukrainian Parliament approved by large majority (401 ‘yes’ out of 450 deputies, without the support of the Tymoshenko bloc) a package of electoral and constitutional reforms to end the crisis.¹⁰³ On the same day, the new composition of the Central Electoral Commission was approved. The agreement was perceived by many protesters as a sell out and were disappointed at seeing their leader shaking hands with the people they called criminals and usurpers during the weeks of protests. Others greeted it as an agreement that could eventually put an end to the political crisis in Ukraine. Basically, the agreement limited the use of absentee ballots for the incoming elections, and significantly increased the powers of the parliament at the expenses of the president, but only starting from January 2006.

This compromise had a very strong political significance, helped in softening the conflictual climate in Kyiv and all Ukraine, but made the victory of the orange team much less convincing, and somehow less “clean”: hidden negotiations took the upper hand over revolutionary rhetoric, and this could not satisfy completely people that for many days have dedicated all of themselves to the cause of the opposition. Victors of revolutions do not need compromises, but Ukraine badly needed such a solution to keep the country united and peaceful.

After the agreement on the re-run of the second round of elections, many demonstrators and dwellers of the tent camps in downtown Kyiv decided to return to their homes. Nonetheless, youth movement *Por*a declared its activists would keep the blockade to the presidential administration buildings until December 26.

On December 10, Yanukovich accused Kuchma of not having fulfilled his duties of defending the rights of citizens and the Constitution. Later, Yanukovich said he was very disappointed with the president because he thought about his own interests, and not those of the peo-

vision of troops brought in the capital from Crimea, and large groups of Russian-speaking soldiers not familiar with the Ukrainian capital were thought to be Russians.

¹⁰² Daniil Yanevskiy, *Khronika...*, op. cit., p. 129.

¹⁰³ Peter Byrne, “Compromise Brings End to Revolution: Revolution ends in classic political compromise”, 09 December 2004, *Kyiv Post*.

ple. On December 16, Yanukovich declared to be in opposition to acting president Kuchma.

The debate among presidential candidates broadcast on December 20 was watched by 89 per cent of Ukrainian television viewers that night.

Among protests concerning the restrictive electoral law, the vote on December 26 took place relatively quietly and was recognised legitimate and substantially better than earlier polls by most monitoring organisations. Both exit polls and early official results hinted at Yushchenko as the clear winner of this last round of elections; official final results gave to Yushchenko 51,99 per cent and to Yanukovich 44,2 per cent of the ballots cast. Yanukovich did not accept the results and filed a number of complaints to different instances, but without success. For some weeks, tent camps were installed in some south-eastern Ukrainian cities in support of Yanukovich.

On the evening of December 27, minister of transports Kipra died, apparently by suicide.

On December 31 Georgian president Saakashvili joined newly elected Yushchenko on Independence Square in Kyiv for new year's greetings. The two "revolutionary" leaders issued the so called "Carpathian declaration", in which they claimed that "the Ukrainian and Georgian revolutions represent a new wave in the liberation of Europe" and that the future would see a "complete victory of freedom and democracy on the European continent".¹⁰⁴

On January 23, Viktor Yushchenko's inauguration ceremony took place on Independence Square. On the following day, the last eleven tents in downtown Kyiv were dismantled.

3.2 Determinant elements of the change of power in Ukraine, 2004

It is not easy to characterise in a few words the events that took place in Ukraine in late 2004. World media have quickly picked up the captivating definition "orange revolution". Some just called it a putsch, or a counter-putsch,¹⁰⁵ possibly organised and financed outside Ukraine. Some other see it as a change of ruling elite resulting from a clash among Ukrainian clans.

In order to make things clearer, I will now consider some of the elements that determined the outcome of the struggle for power in Ukraine in late 2004, consciously abstaining from giving a definite label to these events, while using the definition of "orange revolution" in inverted commas for practicality.

3.2.1 Electoral campaign and PR strategies

During the months that preceded the elections, opposition leaders never got tired of telling Ukrainians that Kuchma and Yanukovich's government were involved in murky scandals, that they are criminals corrupt to the bone, and that for sure they will try to rig the elections to remain in power. Already before the elections they convinced their supporters that casting their ballot on election day was not enough, if they wanted themselves and their children to live in a free and democratic state. Opposition leaders successfully imprinted in the mind of their fol-

¹⁰⁴ "Ukraine as player", 07 April 2005, Kyiv Post.

¹⁰⁵ The primary putsch would then be Yanukovich's, when he tried to take office as president rigging elections.

lowers, at least in the west and centre of Ukraine, that they represent the people in the fight against a corrupt regime and that demonstrating in favour of Yushchenko was just the same as demonstrating for people's power, democracy and freedom.

For this reason, when after the second round Yushchenko declared himself winner of the elections, and said that people must come to the streets to defend their rights, hundreds of thousands of protesters mustered spontaneously in Kyiv to demonstrate. All these people knew that Yushchenko was the people's candidate, and as such he just *had* to be the winner. Accordingly, Yanukovych was the corrupt regime's candidate, and as such he *obviously* rigged the elections.

Independence Square in Kyiv, during the days of the "revolution", became the political centre of the state, or at least as such it was perceived. Participating in demonstrations in downtown Kyiv, people felt that for a change *they* were *subject* of the political life of the country, that they were *making* history, and not being its victims, as it so often happened in the past. Standing on Independence Square, people felt important.

Georgiy Pocheptsov described in details all the elements characterising modern velvet or colour revolutions.¹⁰⁶ In particular it stressed how important it is for such "revolutions" to conquer *physical*, *cognitive* and *information* spaces. Building a tent camp in downtown Kyiv, protesting on Independence Square and blockading governmental buildings, the opposition *physically* occupied the centres of power in Ukraine. Mass participation to the protests, and the extremely widespread showing of orange items¹⁰⁷ around Kyiv, convinced the public that there are many of them, that in spite of what television media say the opposition to the current government is vast; the *cognitive* space was thus taken.¹⁰⁸ The stage on Independence Square, *Channel 5*, and numerous journalists that after leaving their job in sign of protest got back to work being positively oriented toward the demonstrators covered the *information* space. It is important to stress that before the "revolution" all three spaces belonged to the government. It obviously controlled its own headquarters *physically*. According to polls, a considerable number of people thought that no matter whom the majority of Ukrainians chose in their bulletin, authorities would declare Yanukovych winner of the elections;¹⁰⁹ this means that consciously, or *cognitively*, people did not believe in the possibility that Yushchenko might win the elections. For what concerns the *information* space, all the reports concerning the media before the 2004 presidential election agree on the fact that they were strongly biased in favour

106 Georgiy Pocheptsov, *Revolutsiya.com: Osnovy protestnoi inzhenerii*, Evropa, Moscow, 2005, p. 249-252.

107 Symbols during the "orange revolution" have undoubtedly been very important. The Pora yellow flags, Our Ukraine's "Tak!" emblem and especially the colour orange made it easy and even fashionable to show one's support for the "revolution". Much less fortunate has been the choice of symbols by Belorussian opposition for the March 2006 presidential elections. There, the opposition tried to make of denim the brand of their own revolution, but it is difficult to think that a universally widespread clothing like jeans could be politicised, or how such an opaque colour could revive the enthusiasm of people that at the time seemed much less than prone to protests. See Beehner, L. "Belarus opposition undid revolution", 19 April 2006, *Kyiv Post*.

108 It might be of a certain relevance also the fact that the "revolutionaries" managed to associate positive values with the opposition: values such as freedom, justice and participation in politics became "orange" values. According to Irinia Zhadan, collaborator at the Institute of Social and Political Psychology of Ukraine, such values became more popular among the population during and after the "revolution". S. S. Zhil'tsov, *Neokonchennaya pesa dlya "oranzhevoi" Ukrainy: Po sledam sobytii*, Mezhdunarodnye otnosheniya, Moscow, 2005, p. 156.

109 "Various polls have found that 60-70 percent of Ukrainians do not believe that the election this year will be free and fair". Taras Kuzio "Poll Numbers Show Yanukovych Closing the Gap", 11 May 2004, *Eurasia Daily Monitor*.

of Yanukovich.¹¹⁰

Yushchenko's campaign was generally speaking more successful, even if in the east of the country the "orange" PR campaign was a complete failure, also because it did not manage to differentiate sufficiently its programme in those regions.¹¹¹ Zhil'tsov blames the choice of Yanukovich's PR consultants; in spite of the huge money spent for his campaign, Yanukovich did not take the best PR consultants he could take, preferring big names to other less famous but more competent Russian and Ukrainian experts.¹¹²

In any case, the fact that Kyiv, as the capital of Ukraine, had to be the main location of protests has been determinant in guaranteeing supremacy to Yushchenko's supporters.

- a long term campaign oversimplifying and inflating the contrast between government and opposition is determinant in installing in people's mind a number of positive association with the opposition, and negative ones with the government

3. 2. 2 Kyiv

In the final round of elections of December 26, Yushchenko won about 78 per cent of the votes in Kyiv, and about 82 per cent of the preferences in Kyiv region. Official results of the annulled November 21 vote, gave Yushchenko four and six points less, respectively.

At first, major Omelchenko was hesitant in supporting the "revolutionaries", and tried to keep a wait-and-see position, but as soon as he realised the proportion of what was going on, he declared his sustain to the demonstrators. On November 25, Kyiv city council issued a statement in support of the "orange revolution", and since November 26 demonstrators were allowed to use the toilettes and the canteen of the town hall. Without the active support of the local administration it would have been impossible to keep at least basic hygienic conditions in the tent camp.¹¹³

Kyiv was a perfect setting also because people coming from western Galician regions would have to stay on the streets overnight, giving thus continuity to the protests and defending the tent camp, while in daytime and especially in the evening residents of Kyiv and neighbouring regions could join the protests and boost the number of participants.

According to the organisers of the protests, as much as 35,000 inhabitants of Kyiv offered their home to host demonstrators from the regions and gave their address to the coordinators of the camp.

It is difficult to imagine how such massive protests could have taken place if dwellers of the

110 See for example the media monitoring report by the OSCE, http://www.memog8.sk/en/data/_media/ukraine_2004_pres_newspapers.pdf; <http://tinyurl.com/jazsr>.

111 Which Kotlyarevskii, a consultant based in Odessa working for Yushchenko's campaign, openly admits. Interestingly, Kotlyarevskii thinks that Yanukovich's staff, as long as Moscow experts were working there, was better financed and better organised than Yushchenko's; the latter was "unprofessional", and lacked competent collaborators, especially in the regions. Yuriy Leonidovich Kotlyarevskii, *Oranzhevaya Revolyutsiya: Glazami Konsultanta, Feniks*, Rostov na Donu, 2005, pp. 54-55.

112 S. S. Zhil'tsov, *op. cit.*, p. 160.

113 Danilo Yanevskiy, *Oblichchya...*, *op. cit.*, pp. 152-153. There is not unanimity about Omelchenko's position; in an interview, head of Kyiv's branch of Our Ukraine Bondarenko said: "We, unfortunately, did not feel any support from Oleksander Omelchenko in Kyiv. [...] We were on the side of Yushchenko, but Omelchenko was on the side of Kuchma", see Taras Kuzio "People's Union - Our Ukraine makes surprising choice to lead Kyiv branch", 03 July 2005, *Eurasia Daily Monitor*.

capital did not generally support it.

- the support of the capital for the “revolution” has been determinant.

3.2.3 Security services and police

Possibly even more determinant has been the position taken by Ukrainian Security forces. As Gene Sharp in his famous book “From Dictatorship to Democracy” wrote: “Defiance strategists should remember that it will be exceptionally difficult, or impossible, to disintegrate the dictatorship if the police, bureaucrats, and military forces remain fully supportive of the dictatorship and obedient in carrying out its commands”.¹¹⁴

In the Ukrainian case it seems that within the security apparatus substantially different attitude toward the demonstrators were to be found. In particular, especially after an article published on the *New York Times*¹¹⁵ credited the Security Services of Ukraine (SBU) of having prevented a bloodshed, the role of the security structure during the “orange revolution” was more and more discussed.

Even if the constitution forbids “the use of the armed forces of Ukraine or other army formations to limit the rights and freedoms of the citizens”, observers and protesters themselves did not have any guarantee that their demonstrations would not have been repressed by force.¹¹⁶

From the very beginning of the revolution, the different attitude of the Minister of Interior and the SBU became clear; on the evening of November 22, a joint communiqué by the prosecutor’s office, the Security Services of Ukraine and the Ministry of Interior was made public. The statement read: “We call the organiser of mass actions to recognise their personal responsibility for the possible consequences. We assure: in case of threats to the constitutional order and the safety of citizens, we are ready to put an end to whatsoever unlawful actions”. Just hours after its publication, the SBU expressed its extraneousness to the statement and urged politicians and the population to resolve peacefully their contrasts without involving security structures.¹¹⁷

On November 25, five SBU officers appeared on Independence Square next to Yushchenko and in a statement addressed to the police and the army they said: “Do not forget that you have to serve the people. SBU thinks that its main task is to defend the people, no matter who is threatening it. Be with us!”.¹¹⁸

According to a number of sources, including the already mentioned article of the *New York Times*, on November 28, at night, as much as 10,000 troops of the ministry of interior were already given the order to move to Kyiv and stop by force the blockade around the presidential

¹¹⁴ Gene Sharp, *op. cit.*

¹¹⁵ Chivers, C.J. “The untold story in Ukraine”, 17 January 2005, *New York Times*. Russian translation available for free at <http://www.inopressa.ru/nytimes/2005/01/17/17:00:21/ukraina>; <http://tinyurl.com/pcl93>.

¹¹⁶ This is especially true if we accept the thesis reported by Pirozhkov and Perepelitsa that suggests that Ukrainian army “by its soul, worldview and tradition remained a Soviet army”. S. Pirozhkov and N. Perepelitsa, “Voenno-grazhdanskii otnosheniya rol’ grazhdanskikh ekspertov v politike bezopasnosti”, in R. Domisevich and Yu. Nazarkin (ed.), *Grazhdansky kontrol natsionalnoy politiki bezopasnosti: opyt stran SNG, FRPZ*, Moscow, 2004, p. 316.

¹¹⁷ See Pogrebinskiy, *op. cit.*, p. 420. See also Sergey Kara-Murza, *Eksport Revolyutsii: Yushchenko, Saakashvili...*, Algoritm, Moscow, 2005, p.285.

¹¹⁸ Sergey Kara-Murza, *op. cit.*, p. 286.

administration and government buildings.¹¹⁹ Apparently, this order was then withdrawn thanks to the intervention of SBU leaders, who informed representatives of the opposition and of Western states' consulates, and contacted directly the commanders of these troops.

What is sure, is that after the meeting of the Council for National Security and Defence of Ukraine that took place at night on November 28, the possibility that the demonstrations would be crushed by the security forces was definitively excluded.¹²⁰ Kuchma's position has undoubtedly been fundamental; the outgoing president had long before promised not to use violent means to stop protests. Besides, at that point he was already trying to work out a safe "exit strategy" for himself and his family, and in any case did not want to take upon himself the responsibility of possible bloodshed only to pass the presidency to a successor whom he probably did not even really like.¹²¹

By all evidence, long before November events, Yushchenko camp had excellent contacts with the SBU,¹²² which among other things gave them internal documents from Yanukovych headquarters.¹²³ For example, elements apparently belonging to the SBU¹²⁴ taped manager of Yanukovych's campaign Levenets, head of presidential administration Mevdedchuk and others while outspokenly talking about falsification on the night after the elections. Soon thereafter, the recordings were handed over to the opposition and made public on the web site of *Ukrainska Pravda*.

Besides, former commander of Ukraine's air forces and deputy defence minister Volodymyr Antonets, has been working with Yushchenko's team since late 2002. His main tasks were "campaigning on behalf of Yushchenko among the 10 percent of the electorate connected with the armed forces; developing a network of informers and security personnel to use during mass protests that appeared inevitable if the regime tried to rig the election; and working out proposals for the armed forces under a president Yushchenko".¹²⁵

Generally speaking, the relation between protesters and security forces has been as quiet as possible, given the circumstances. Apparently, negotiations and agreements between the sides were far from uncommon.¹²⁶ Policemen kept distance from the demonstrators; they were ready to intervene, but they let organisers of the camp deal with the security on Independent

119 Chivers, C.J. "The untold story in Ukraine", 17 January 2005, *New York Times*. "Tajny 'oranzhevoj revolyutsii', *Pravda.ru*, <http://www.pravda.ru/world/former-ussr/ukraine/50103-sbu-0>; <http://tinyurl.com/p782s>.

120 See Pogrebinskiy, *op. cit.*, pp.430-431. The Council for National Security includes, among others, the President (at that point, Kuchma), the Prime Minister (Yanukovych), the Minister of Interior (Bilokon') and the head of the Security Services (Smeshko).

121 We will argument later on this point in the section dedicated to clash among clans in this same chapter.

122 In an interview to the website *glavred.info* made in December 2002, leader of the action "Ukraine without Kuchma" Yuriy Lutsenko declared to have "friends, acquaintances and volunteer informers" within the secret services. Drum, T. "Yuriy Lutsenko: aktsii oppositsii finansiroval kievskiy klan", 11 December 2002, *glavred.info*.

123 Taras Kuzio "Did Ukraine's Secret Service Really Prevent Bloodshed during the Orange Revolution", 24 January 2005, *Eurasia Daily Monitor*.

124 SBU head Smeshko denied that his agency was officially tapping Yanukovych, as this would have needed prosecutor's approval.

125 Associated France Presse "The stealthy role of military informers in Ukraine revolution", 16 February 2004, *The Moscow Times*.

126 Danilo Yanevskiy, *Oblichya...*, *op. cit.*, 133.

Square and other area controlled by “orange” activists.¹²⁷ It is fair to say that most probably Yushchenko had a considerable number of supporters in all branches of security forces, not only the SBU. It is difficult thus to establish if discipline could be kept among officers if an order to disperse the crowds by force was given.

- the opposition has been working on building a network of support within the security services; this is a very important factor if the revolution is to stay non-violent.

3. 2. 4 Role of political leaders and field commanders¹²⁸

The “orange revolution” was made by hundreds of thousands of people that occupied downtown Kyiv for days and weeks. However spontaneous this might have been, no such event can happen without a restricted number of people organising, or at least coordinating the protests.

Everybody agrees that Yushchenko, by nature, is no revolutionary, and he felt undoubtedly uncomfortable in the position of revolutionary leader; he indeed did intervene from the stage on Independence Square and asked Ukrainians to join the demonstrations and to stay on the streets until justice was done. Nonetheless, as we already argued, it took him a long time to take this stand, and even with Kyiv plenty of demonstrators ready to do very many things, if he asked them to, he always tried to reach a compromise with Kuchma and Yanukovych.

Evidently more given for crowd appearances is Yulia Tymoshenko, that happily abandoned her sceptre of “gas princess”, a nickname she earned in the 1990s directing the most important Ukrainian gas distribution company, to put up the crown of “goddess of revolution”. Her open-heartedness, her charm, her touch with the people and inborn talent for populism made of her one of the symbols of the “revolution”. Tymoshenko’s vast support guaranteed her the post of prime minister in the first “post-revolutionary” government, in spite of the fact that top ranking Yushchenko aids were strongly against this choice.

Anyway, the real artificers of the “revolution” were neither Yushchenko nor Tymoshenko. About one year before the elections, Taras Stets’kiv and Vladimir Filenko joined Yushchenko’s central electoral campaign headquarters and started its department for “preparation and conducting of mass actions”. During the winter, they met with two Georgian deputies that told them how they organised summer camps with seminars teaching how to recruit activists, how to manage an information campaign, and how to draft plans of mass mobilization. Only at that point they started to collaborate with youth organisation *Pora* and its leader Vlad Kas’kiv. During the summer camps, they trained 320 people from all around Ukraine, who would have had to gather as much as 35,000 people ready to come to Kyiv in the right moment to ignite the “revolution”.

In the months that preceded the elections, some important demonstrations took place, in particular on September 18 and October 23, 2004. These occasions have been determinant in accustoming people to protest, and in giving to demonstrators and protester some experience of mass actions. As much as 100,000 people participated to the rally in favour of fair elections

¹²⁷ “Kyiv city militia officers were nowhere to be seen, even though they routinely patrol the broad avenue at all hours”. Kozmin, D. “Militia are peculiarly absent on Kyiv streets”, 25 November 2004, *Kyiv Post*.

¹²⁸ Most of the information included in this section, come from a long interview that Yuriy Lutskov, Taras Stets’kiv and Vladimir Filenko gave to *Zerkalo Nedeli* in early December 2004 Danilo Yanevskiy, *Oblichya...*, op. cit., pp. 128-155.

held in front of the Central Electoral Commission on October 23.

Realising that votes would have not been enough to win these elections, the “revolution”’s field commanders started to buy tents already in October. But only after the first round of elections, when socialist Yury Lutskenko joined their team, they started to deal with practical aspects of the protests, including the creation of strike committees in the capital’s universities, and coordinating the effort of all the activists in the regions.

When the “orange revolution” actually started, and an unexpectedly huge and growing mass of people crowded the streets around Independence Square, a high level of self-organisation and discipline of trained and untrained participants made possible the ordinate functioning of the tent camp, and the peaceful conduct of the demonstration. Roman Bessmertniy, former chief of Yushchenko’s electoral campaign, coordinated the well functioning of the services (including food, water and toilettes) around Independence Square, and in those day had at its disposal also many city council collaborators.

Anyway, Filenko, Kas’kiv, Lutskenko and Tomenko have been for many participants to the events the real face of the “orange revolution”, the people that somehow bridged the distance between politicians and mob, organising entertainment on the main stage of Independence Square, as well as keeping order in the moments of confrontation with the security forces, especially during the blockade of governmental buildings; as such, the *field commanders* have been determinant for the successful and peaceful outcome of the “Orange Revolution”.

- the opposition had a recognised and uncontested leader in the figure of Viktor Yushchenko, a serious and trusted person that could reassure the crowds and limit its potential tendencies to counter-producing excesses.
- the “orange revolution” could count on skilled and experienced people that dealt with all the needs of the protesters, from hot water to rock concerts.

3.2.5 The media

According to a number of reports by different organisations,¹²⁹ news coverage by the media of the presidential campaign was strongly biased in favour of then prime minister Yanukovich. As *Reporters without borders* put it, “physical attacks, censorship, pressure, unfair dismissals, disrupting distribution of news and blocking access to it were all used to prevent balanced coverage of the presidential election in late 2004”.

In June 2004, the OSCE Representative on Freedom of the Media Miklós Haraszti, detected a strong pro-governmental bias on state-owned television channel, and noticed that “even as private television broadcasting exists at the national and local level, the Government’s position is prevalent on the most popular channels that also have the largest area reach”. Allegedly, the practice of emanating *temniki*, or guidelines on how to deal with news issues, by the pres-

129 “Assessment visit to Ukraine” of the OSCE Representative on Freedom of the Media http://www.osce.org/documents/rfm/2004/06/3081_en.pdf; <http://tinyurl.com/qhyjt> “OSCE/ODIHR Election Observation Mission Final Report: Ukraine, presidential elections 2004” http://www.osce.org/documents/odihr/2005/05/14224_en.pdf; <http://tinyurl.com/pg8cv> “Under assault: Ukrainian News Media and the 2004 Presidential Elections” http://www.freedomhouse.org/uploads/special_report/17.pdf; <http://tinyurl.com/qmf8l> See also International Helsinki Federation “Appeal to respect international standards for free and fair elections in Ukraine” <http://www.khpg.org/index.php?id=1126180797&r=36>; <http://tinyurl.com/zasz>. Ukrainian Monitor: for the conscious choice, “Mass-media monitoring of presidential elections 2004” <http://prostir-monitor.org/president.php?language=eng>; <http://tinyurl.com/lhcx>.

idential administration was widespread, and a number of media outlets behaved accordingly. Those who did not, were object of harassment, and in some cases were forced to go off air,¹³⁰ or simply were not given the frequency to broadcast in different regions.¹³¹

During the electoral period, and in particular after the second round of elections of November 21, numerous journalists protested loudly to obtain more freedom and stop being pressured to cover event in an unbalanced way.¹³² According to observers, things did change positively in the run-up to the repeated second round of elections of December 26.

According to reports, printed media did present a plurality of views, but showed a strong political bias for one or the other candidate.

Allegedly, television, printed press, and Internet journalists have been threatened or physically attacked on the basis of their political views on a number of occasions.¹³³

It is relatively easy to trace back the ownership of television channel and find a connection with the government or Yanukovych friendly *oligarchs*. In 2004, then head of presidential administration Viktor Medvedchuk controlled state owned *UT-1* and had a strong influence on *1+1* and *Iter*. Viktor Pinchuk, Kuchma's billionaire son-in-love and at that time member of parliament,¹³⁴ and other Dnipropetrovsk businessmen control *ICTV*, *STB*, and *New Channel*, while Rynat Akhmetov, allegedly Ukraine's richest oligarch and Yanukovych close ally, owns Donetsk based *Ukraina* television channel. All of these outlets, blatantly favoured the acting prime minister during the campaign to the 2004 presidential elections. The only significant exception was *Kanal 5*, owned by Our Ukraine parliamentarian, and most probably wealthiest supporter, Petro Poroshenko.¹³⁵

Internet in Ukraine has a growing number of user, and hosts a number of independent news web-sites. On-line news, if not yet a primary source of information for Ukrainians, played a significant role offering the opposition a meeting forum and information space virtually free of any form of censorship, self-imposed censorship included.¹³⁶ It is certainly difficult to find any rationality behind Gongadze's murder,¹³⁷ but if we are to find one, it was certainly to scare the increasing insolence of on-line journals toward *oligarchs*, and their vehement accusations of corruption in the government; everybody agree that Gongadze was targeted because of his harsh critics to the president's inner circles published on the on-line newspaper he co-founded, *Ukrainska Pravda*, and other political webzines.

¹³⁰ As happened with the Ukrainian service of Radio Free Europe, who could not be broadcast throughout Ukraine in 2004, because its retailer radio (which re-transmitted also *BBC*, *Voice of America*, *Deutsche Welle*, and *Radio Polonia*) was shut down, allegedly, because of its delays in tax-payments.

¹³¹ As was the case with *Channel 5*, an opposition leaning television channel connected with opposition leader Posroshenko, who could broadcast on a about 25-30 per cent of the territory and could not obtain frequencies in a number of regions, mostly of eastern Ukraine.

¹³² For example, a number of journalists of *1+1* private channel, and state owned *UT-1* went on strike asking for more freedom after the second round of the elections, while *Kanal 5* journalists went on a nine-day hunger strike to obtain stable transmission licenses.

¹³³ According to *Reporters without borders*, in 2004 in Ukraine 20 journalists were arrested, 32 physically attacked, 5 threatened, and 30 media outlets censored.

¹³⁴ He failed to be re-elected in the 2006 parliamentary elections.

¹³⁵ We will deal more specifically with *oligarchs* and *clans* in a separate section.

¹³⁶ Taras Kuzio, "The Internet and Media Freedom in Ukraine", 08 July 2003, *Russia and Eurasia Review*.

¹³⁷ See the section dedicated to the Gongadze case in chapter 2.

- ownership structure of the media implies a strong bias in television broadcast, accentuated in local television channels in Ukraine's regions (i.e. out of the capital).
- according to OSCE reports, political pluralism *did* exist in the Ukrainian media also before the elections, even if it was limited especially in the broadcast media.
- there is a general understanding that media should not be biased, and journalists themselves have showed to be ready to stand up for their rights, in spite of the harassment and threats that this involves.
- even if internet has a comparatively limited number of users, they are exactly the kind of people that the opposition targeted: students, young businessmen, ecc.

3.2.6 External influence

According to some Ukrainian politicians, the reports about media freedom quoted in the precedent paragraph would be nothing but improper intervention of Western governments and institutions in the domestic political life of Ukraine.¹³⁸ A number of observers, especially Russian, claim that European countries and United States are trying to drive post-Soviet states out of the Russian area of influence, and to this end they are ready to use any legitimate or illegitimate means. Russian president Putin, during a meeting between Ukrainian and Russian officials held in Yalta on July 23, 2004, went as far as saying that “the intelligence [communities] of our Western partners are trying in every way to hamper our movements toward each other”.¹³⁹

The Ukrainian 2004 presidential elections were widely perceived to be extremely important in geopolitical term, and neighbouring countries as well as distant super-power, paid lip-service to their neutral position toward the candidates to the election, but in reality made no secret of the identity of their favourite candidate.

The clear connection between candidate, and a geopolitical and economic bloc, was surely overemphasized during the campaign, but it is actually this straightforward link that is to be considered the single most important “external influence” on the electoral choice of voters. Of course there would have been some difference in foreign policies in concrete terms if Yanukovich was to win the elections instead of Yushchenko, but it is easy to suggest that he most probably would have done just the same that all former president of Ukraine did, i.e. trying to balance the Eurasiatic and the Euroatlantic vectors of the Ukrainian foreign policy. During the electoral campaign, president Putin's manifest support for Kuchma and prime minister Yanukovich increased the gap between the two candidates and gave to this presidential contest an overestimated historical and geopolitical meaning. The ongoing gas crisis between Russia and Belarus mirrors the dispute that Russia and Ukraine had last winter, and suggests that Moscow has eventually decided that it is not wise to sponsor good relations with old allies

138 Medvedchuk stated that “The universal condemnations of Ukraine are part of the usual repertoire of some western organizations and are built along a standard scheme: some event (either fictional or at times real) is magnified to unbelievable proportions and on this basis conclusions are drawn that ‘democracy and freedom of the press are missing’ [...] Needless to say, these ‘findings’ are then distributed by interested political circles. [...] the question is about the objectivity of its findings. These are questioned even in the West.” Kupchinsky, R. “The Cold War Over Media Freedom in Ukraine”, 27 August 2004, *RFE/RL Reports*, <http://www.rferl.org/reports/mm/2004/08/16-270804.asp>; <http://tinyurl.com/hx4gy>.

139 “Russian president accuses West of hindering Russia-Ukraine ties”, 27 July 2004, *RFE/RL Newline*.

at the expenses of billions of dollars.

Voters did feel they had to choose between *continuity* and *discontinuity*, with all its good and bad sides. Yanukovich meant *continuity* of close relations with Russia and stabilisation of the economic system, possibly with mild reforms to modernise it. Yushchenko meant *discontinuity*, and for some even *disruption*, with what Ukraine has been in the first dozen of years since it became independent, a turn from a post-Soviet country to a European nation-state integrated in Western economic, political and defence structures (World Trade Organisation, European Union and NATO). Both perspectives had its bad side. In the former case, *continuity* would have meant also conservation of the corrupt and somehow authoritarian state system that characterised the last year of Kuchma's presidency. In the latter, *disruption* raised the fears connected with liberalisation of mass unemployment and general economic crisis. What I want to stress, is that the perceived contrast between the candidates was clearly overemphasized, and undoubtedly exaggerated, which caused the unseen level of animosity between east and west of Ukraine, especially in the weeks and months that followed the second (annulled) round of the presidential elections.¹⁴⁰

Basically, before the elections, the role of Russia's president and that of Western leaders has been to accept to be identified with one of the two opponents; it was then up to voters to decide which model they considered more viable for Ukraine or appealed them the most.

Countless articles in local and international press brought the argument that the "orange revolution" was *made* in the United States and *staged* in Ukraine, with the economic and political support of European Union countries. United States and European Union, as well as other famous international funds, did officially finance some programmes for the development of civil society, freedom of the media and democracy in Ukraine in 2004. But what I want to argue is that the amount of money spent for such activities has not been so big, in comparison with the overall expenditures for the electoral campaigns of the candidates, nor so relevant in determining the outcome of the elections as some commentators seem to think.¹⁴¹ And a great majority of the funds gathered for Yushchenko's electoral campaign were raised within, and not outside Ukraine.¹⁴²

In practical terms, one of the most important forms of support from abroad before the presidential elections has been expertise passed over to Ukrainian activists by leaders of Serbia's *Otpor* and Georgia's *Khmara*.¹⁴³ Veterans of successful actions of non-violent protests to oppose the ruling government told their experience to Ukrainian volunteers in the already

140 A clear example, is the aggressiveness that both public and anchorwomen demonstrated to Yulia Tymoshenko when she decided to take part to a talk show in Donetsk on the local television channel in January 2005; she actually declared she was there to accomplish a reconciliation mission.

141 Butrin, D. "Nad vsey respublikoy oranzhevoe nebo", 29 November 2004, *Kommersant* "Dengi.

142 According to an article by *Agence France Presse*, local business consistently sponsored the opposition's campaign. David Zhvania, responsible for the fund raising of Yushchenko's campaign and Ukrainian businessman, declared he spent tens of millions of dollars of his own to finance the campaign, while Petro Poroshenko has probably been no less generous. See "Business bankrolled revolution", 17 February 2005, *The Standard*, <http://www.thestandard.com.hk/stdn/std/Focus/GB17Dho2.html>; <http://tinyurl.com/on2z3>.

143 For an extensive coverage of the role of Serbian experts in the months before the "revolution", see the documentary prepared by Carol Off, "Anatomy of a Revolution", aired on American television channel CBS on February 20, 2005. It is possible to watch online the documentary at:

<http://www.documentary-film.net/search/video-listings.php?e=13>; <http://tinyurl.com/hds8q>.

mentioned summer camps and in other seminars.

Representative of both Russia and the European Union participated in the negotiations between the opposing sides in late November-early December 2004.

Western organisations financed massive electoral monitoring and sponsored exit polling during the presidential elections; the figures of the exit polls that gave Yushchenko an eleven-point lead over Yanukovych in the second round of the elections were instantly made public on the evening of election day, November 21. Such results, as well as the great amount of violations pointed out by international and local electoral observers, convinced a big share of the population and of the international community that the official results were not expressing the will of the people. Recognition or non-recognition of the official results by the Central Electoral Commission, as well as the negotiating missions sent by the European Union and Moscow, clearly expressed a wish of foreign governments to influence Ukrainian domestic events. Russia and other countries of the CIS soon recognised the elections as free and fair, according to the reports by their electoral observers, and hastened to congratulate Yanukovych. At the same time, European Union and the United States officially declared they did not recognise the elections, asked the Central Electoral Commission to consider the proofs of violations and review the official results, and stated that Ukraine's non-compliance to international democratic standards might lead to a serious deterioration of bilateral relations. It is important to remember that Ukraine's main trade and economic partner is Russia: for many Ukrainians isolation from Russia can be fairly considered more detrimental than isolation from the western international community.

Besides, it is telling that insiders and respected experts like Mikhail Pogrebinskiy and Georgiy Pocheptsov, heading respectively the analytical and information department of the presidential administration from 2002 to 2004, while Viktor Medvedchuk was its chief, scale down the relevance of external factors for the "orange revolution".¹⁴⁴

Both Yushchenko and Yanukovych received considerable support from abroad in political, technical and financial terms before, during and after the first two rounds of voting; nonetheless the campaigns of both candidates were substantially funded by Ukrainian businessmen, and, no matter how important the experiences of other successful "revolutions", what happened would have been impossible without an established and genuinely Ukrainian history of street protests,¹⁴⁵ a real and widespread discontent in the population and a political situation that was somehow mature for such a development of the events.

- Russia, European Union and the United States did try to influence the outcome of the elections before, during and after the successive rounds of voting putting their weight, more or less explicitly, behind one of the two candidates;
- Ukrainian NGOs and organisations connected with the opposition did receive some money from abroad, but they were predominantly domestically sponsored;

¹⁴⁴ Mikhail Pogrebinsky makes clear that domestic factors were predominant, while Georgiy Pocheptsov goes as far as stating: "For what concerns the role of external influences, USA and Russia were equally active on the territory of Ukraine, even if they realised their influence with the employment of other tools; it is fair then to state that this factors [of influence] were reciprocally neutralising." Mikhail B. Pogrebinsky, *op. cit.*, pp. 123-136; Georgiy Pocheptsov, *Revolutsiya.com: Osnovy protestnoi inzhenerii*, Evropa, Moscow, 2005, p. 46.

¹⁴⁵ Including pro-independency movements of late 1980s-early 1990-s and especially the "Ukraine Without Kuchma" actions that started in year 2000

- It is mistaken to consider external influences the driving factor of the “orange revolution”.

3.2.7 Youth activism: Pora (“It’s time”)¹⁴⁶

There is a number of legends concerning *Pora* and its role in the run-up and during the 2004 presidential elections in Ukraine. It might then be useful to disprove some of these myths, and try to define *Pora*’s collocation and assess its role in the “orange revolution”.

Pora is the name of two different movements, both started in early 2004 to contest president Kuchma and its authoritarian rule. While definitely having a common enemy in Kuchma and his ruling elite and broadly share ideals, they do not necessarily have the same goals.

The name was first conceived in November 2003 by a group of young activists¹⁴⁷ that were already collaborating with different NGOs, holding seminars throughout Ukraine and participating to the actions of protests that characterised the second Kuchma term. After having approved their name and agreed on their logo, a raising sun, *Pora* started its activities in early 2004, and their first massive action was “What is Kuchmism?”, a propaganda campaign to discredit Kuchma and the corruption and banditry widespread in his entourage.¹⁴⁸ Their main ideals were non-violent methods of protests, voluntary and non-remunerated activity in the movement, leaderless structure and a commitment not to exploit the successes of the organisation for personal political career.¹⁴⁹ Soon afterwards, a copycat *Pora* movement was established in Kyiv; in April 2004, they opened their official website www.pora.org.ua, and made public their logo: an alarm clock inscribed in the letter “O” of *Pora* on a yellow background. This latter movement was thus to be dubbed “yellow *Pora*”, in contrast with “black *Pora*” for the former, apparently called this way because of the fact that all their materials and leaflets were printed only in black and white.

“Yellow *Pora*” has been much more efficient in its public relations, had considerably more funds, and played a mayor role during the “orange revolution”: their yellow flags heralded every march of protest in downtown Kyiv in November and December 2004 and became one of the symbols of the revolution. Therefore, when commentators write about *Pora* they usually mean “Yellow *Pora*”; for simplicity, I will from now on behave accordingly.

Pora had a leader in the person of co-founder Vladyslav Kiskiv and clear political connections with Yushchenko’s “Our Ukraine” bloc, even if they declared themselves “independent from any political structure”.¹⁵⁰ *Pora* had its roots in different Ukrainian civic initiatives and student movements, including veterans of pro-independence protests in 1990 and 1991, or the more recent “Za pravdu” (“For the truth”) and “Ukraine Without Kuchma” active mostly in 2000 and 2001. Their main projects in the first months of activity consisted in holding seminars and monitoring local elections.

¹⁴⁶ Information concerning *Pora* have been taken mainly from *Ukrainska Pravda*, *Kyiv Post* and *Yellow Pora* official website www.pora.org.ua, as well as from Pavel Danilin, *op. cit.*, pp. 160-172.

¹⁴⁷ Solod’ko, P. “Ljudi, jaki svorili stil revolyuzii. Chastina druga”. 26 January 2006, *Ukrainska Pravda*.

¹⁴⁸ Peter Byrne, “Young activists had recipe for revolt: interview with Dmytro Potekhin”. 24 February 2005. *Kyiv Post*.

¹⁴⁹ Solod’ko, P. “Ljudi, jaki svorili stil revolyuzii. Chastina druga”. 26 January 2006, *Ukrainska Pravda*.

¹⁵⁰ Yulianna Vilkos “Pora: we’ll get half a million into the streets”, 11 November 2004, *Kyiv Post*.

Pora claims it received scant support from abroad, not exceeding 130,000 dollars,¹⁵¹ and that it mostly relied on in-kind support by local small and medium sized enterprises and from funds funnelled by the Freedom of Choice Coalition.¹⁵² *Pora* estimates that for the whole of the 2004 campaign they benefited of in-kind support worth more than 5 millions dollars, and spent in cash about 1,2 million dollars, most of which during the weeks of the “Orange Revolution” to make possible the tent camps they built in different key locations of Kyiv.

Pora dedicated significant efforts to public relations and advertising, and soon received consistent international attention. Anyway, the two *Pora* were by far not the only movements active in Ukraine in opposition to Kuchma, and common activities, overlapping membership, and even reciprocal budget support were pretty common. The complex network of such organisations make particularly difficult to have a fair estimation of the total amount of money invested by Western organisations in youth movements, and other opposition civic initiatives. For example, Dmytro Potekhin claims that his project cost to U.S. taxpayers about 1 million dollars for the whole 2004 presidential campaign.¹⁵³

Possibly more important than money themselves, has been the training of activists by other movements that performed similar tasks in central-eastern Europe in the past years. In particular, *Pora* activists studied the case of Polish Solidarity and its struggle that brought to the end of the Communist regime, Slovakian OK ‘98 movement that unseated Meciar, Serbian *Otpor* that was determinant in successfully ousting Milosevic in 2000, and Gerogia’s *Kmara*, the youth movement that was at the basis of the 2003 “rose revolution”.

Even if the two *Pora* have widely worked together during the “orange revolution”, the substantial difference between the twos became again evident in 2005, when “yellow *Pora*” registered as a party and contested the 2006 parliamentary elections together with the Reform and Order Party, while “black *Pora*”, much disappointed with the course chosen by its homonymous movement, dissolved to form a brand new civic initiative, *Opora*.¹⁵⁴

Pora has been the vanguard of the “revolution” and was determinant in bringing to the street the critical mass of people that consented normal citizens not affiliated to any organisation to join the protests without fear; their organisation, their enthusiasm, their tirelessness and their constant presence constituted possibly the core of the demonstrations. Their presence was thus necessary not only choreographically, but gave clout to the whole protest movement, supported the image that young Ukrainians did care about their future and had good positive values, and discredited the thesis that the “revolution” was only a struggle within the ruling elites of the country, or just the result of clashes among clans.

- young activists were determinant in creating a critical mass in the early phase of demon-

151 “Training of activists was supported by small grants provided by the German Marshall Fund of the United States, Freedom House and the Canadian International Development Agency (in the overall amount of approx. 130,000 USD).”, extract from “A Case Study of the Civic Campaign PORA and the Orange Revolution in Ukraine”, December 6, 2005, <http://pora.org.ua/eng/content/view/2985/325/>;

152 In particular, *Pora* claims they did not receive whatsoever financial support from Soros, and that generally speaking they receive much less financing than Serbian *Otpor* or Georgian *Kmara* did. See Yulianna Vilkos “Pora: we’ll get half a million into the streets”, 11 November 2004, *Kyiv Post*.

153 Peter Byrne, “Young activists had recipe for revolt: interview with Dmytro Potekhin”. 24 February 2005. *Kyiv Post*.

154 <http://www.opora.org.ua/>

strations, and remained the core of the protests;

- participation of idealist youth is important in giving the “revolution” the moral prerequisites that “revolutionary” leaders sometimes lack because of their involvement in the murky economics and politics of the former regime.

3.2.8 Clash among clans¹⁵⁵

Regional economical and political groups of interest, or business lobbies, usually centred around one or more oligarchs, are often referred to as “clans” in the Ukrainian reality. Whatever one’s attitude toward such formations, their structure is fundamental to understand Ukrainian reality, and its economic and political life.

The groups of interest that dominated the struggle for power in Ukraine are the Dnipropetrovs’k and Donetsk clan, while other regional groups (first of all Kyiv, but also L’viv and Kharkiv) also tried to influence national politics in different ways. Clan politics in Ukraine have been very fluid, and clashes within a clan are far from rare, while different clans can collaborate to a certain extent if they see common goals.

I will tell more specifically the history of Dnipropetrovs’k and Donetsk clans, to give an idea of how economics, politics and criminality are intermingled, and I will just mention the basic features of the other regional groups and their role.

Dnipropetrovs’k clan has a long tradition of holding power in Ukraine; general secretary of the CPSU Leonid Brezhnev, and Volodymyr Shcherbytsky, head of Ukrainian communist party from 1972 until 1989, came both from Dnipropetrovs’k. It is no surprise thus, that in the last years of the Soviet Union a great number of representatives of that region established themselves in key positions in the state structure.

During the 1990s, the main point of reference for the clan has undoubtedly been Leonid Kuchma, president of Ukraine from 1994 to 2004, graduate at the Dnipropetrovs’k state university, and in Soviet times manager of *Yuzhmash*, then the world’s largest rocket construction firm. The core of the Dnipropetrovs’k clan is centred around Kuchma’s closer entourage, also known as the “family”.

Viktor Pinchuk, Kuchma’s son-in-law and second richest Ukrainian business *oligarch*, is the main owner of *Interpipe group*; to the group belong, among other things, steel and pipe industries, newspapers (including popular *Fakty*), television channels (local and national, including ICTV and music channel *M1*), and a leading mobile phone company (*Kyivstar*).

The *Privatbank* group constitutes the financial branch of the family, even if it has repeatedly been in contrast with Pinchuk’s group.

Leonid and Andrey Derkach, father and son, own the “Ukrainian press group”, a holding that numbers among his properties Ukrainian versions of the popular Russian newspa-

¹⁵⁵ The source of reference for this section are the detailed articles about Ukrainian clans available from the website *ukraina.ru* (a news website connected with the more famous *strana.ru*), <http://www.ukraine.ru/elections2004/groups/>; <http://tinyurl.com/l96yy> and the long chapter dedicated to “Ukrainian financial-political clans” in the book by Mukhin, Zdorovets and Luneva. See Aleksey Mukhin, Yana Zdorovets and Anna Luneva, *Oranzhevy zakat, ili Istoriya o tom, kak possorilis’ Yulia Vladimirovna i Viktor Andreevich*, Algoritm, Moscow, 2005, pp 175-233. In this section, I will often use the term „clan” to refer to Ukrainian post-Soviet groups of interest, since both local and foreign analysts use this term. In chapter 4 I will define more appropriately what post-Soviet groups of interest are, and how they differentiate from traditional „clans”.

pers *Komsomolkaya Pravda*, *Moskovskii Komsomolets*, *Argumenty I Fakty* and *Telenedilya*. The Derkach family controls also *Kievskiy Telegraf* and popular news website “Versii”.¹⁵⁶

Lazarenko, former governor of Dnipropetrovs’k region and Ukrainian Prime Minister in 1996-1997, played also a very important role in the region and collaborated closely with head of *United Energy Systems of Ukraine* Yulyia Tymoshenko. Lazarenko was involved in a bitter struggle for economic domination with the Donetsk clan, and is suspected to be involved in the killing of Yevheni Shcherban.¹⁵⁷

Thanks to the network built in the *perestroika* years, many members of the Dnipropetrovs’k group have very good working contacts in Moscow.

The **Donetsk clan** bases his power on the industrial strength that the region has inherited from Soviet times, in particular in the metallurgical and coal extraction fields. This clan had long fought to obtain political clout in Kyiv; the “first generation” of Donbass oligarchs lost this struggle in a time, the mid 1990s, when the Dnipropetrovs’k clan was holding all the key position of power, and its leader were physically eliminated. The second “attack” on Kyiv by Donetsk elites gained momentum during the second Kuchma presidency, lost some ground after the 2004 presidential elections, but has not dimmed.

On the wave of miners’ strikes in 1993, a *donchan*,¹⁵⁸ Ephim Zvyagilskiy, was elected deputy prime minister, and then acting prime minister after Kuchma’s resignation from the post. After Kuchma was elected president, anyway, Zvyagilskiy fell under investigation for wrongdoings supposedly committed while serving as prime minister, and thought it wise to emigrate to Israel.

In 1994, three people were dominating Donetsk political and economic life: Evgenyi Shcherban’, Aleksandr Bragin, and Vladimir Shcherban’,¹⁵⁹ elected governor of the region in that year. Controlling the biggest economic bloc of Ukraine, Donetsk oligarchs felt they deserved power in Kyiv and did not hide their ambitions; in 1995, Evgenyi Shcherban’ declared: “No matter if somebody wants it or not, but Vladimir Shcherban’ will be president of Ukraine”.¹⁶⁰

In late 1995, Aleksandr Bragin was killed by a bomb explosion while he was at the Donetsk city stadium to watch the *Shakhter*, the first division local football team that he owned. In July 1996, by an decree of the president, Vladimir Shcherban’ was dismissed from the post of governor. Just months later, Evgenyi Shcherban’ was shot dead at the Donetsk airport while he was coming out of his own airplane. In early 1996, other prominent Donetsk businessmen were annihilated as well.

Some tried to blame inner strife within the clan for the killings, but most linked this bloody season directly with the struggle for nation-wide power with the Dnipropetrovs’k clan, and do not exclude the direct involvement of the secret services.

From 1996 to 1999, exponent of the Dnipropetrovs’k clan had undoubtedly the upper hand in Ukrainian politics, and expressed not only the president, but also two successive prime ministers, Pavlo Lazarenko and Valeriy Pustovoitenko.

¹⁵⁶ <http://www.versii.com/>

¹⁵⁷ Yevheni Shcherban was one of the leader of the Donetsk clan in the mid 1990s, see below. “Lazarenko deep in trouble again”, 11 February 2002, *The Jamestown Foundation Monitor*.

¹⁵⁸ Resident of the Donbass region.

¹⁵⁹ Evgenyi and Vladimir Shcherban’ are not relatives.

¹⁶⁰ Aleksey Mukhin, Yana Zdorovets and Anna Luneva, *op. cit.*, p. 200.

After some time of disarray, new people, no less ambitious than the former, emerged in Donetsk; they are the ones now referred to as the Donetsk clan. Rinat Akhmetov took over most of the business that belonged to Bragin, including the *Shakhter* football team, and became soon Ukraine's richest businessman. Vitaliy Gayduk was among the founders of the very powerful "Industrialists' Union of Donbass", and his political career saw him featuring as Donetsk deputy governor, deputy minister in 2000 and minister for the fuel and energy industry in 2001. Viktor Yanukovich, close ally to Akhmetov and Gayduk, was nominated governor of the region in 1997, and then was pushed to the highest echelons of power in Kyiv as prime minister and presidential candidate. Kuchma's endorsement for Yanukovich's presidential bid was very telling about the increased power at national level of the *donchans*. An unsigned agreement between Donetsk leaders and Kuchma was apparently reached at the eve of the 1999 presidential elections: Kuchma pledged to give certain freedoms and support to Donetsk leaders, while in their turn *donchans* would have made sure that Kuchma wouldn't lack support in the region in time of elections. Kuchma was elected with a good margin on the Communist leader Symonenko at the second round of the 1999 presidential elections, with the determinant support of Donetsk voters.¹⁶¹

In Donetsk, there are other important businessmen not connected with the group of Akhmetov, but they are far less influential

Different groups have been marked out as being the "**Kyiv clan**", but this difficulty in finding the elements that could unquestionably be united in a single Kyiv clan, as well as the fact that most key players of the capital are not Kyiv born, is very telling about the inhomogeneity of this group. Moreover, the "orange revolution" and the March 2006 elections for Kyiv major and city councils are considerably changing the panorama of Kyiv hidden and overt politics.

Generally, the definition "old Kyiv clan" refers to the leadership of the Social Democratic Party of Ukraine (united) (SDPU(o) chief and long standing head of presidential administration Viktor Medvedchuk, businessman and *Dinamo Kiev* owner Hryhory Surkis, first Ukrainian president Leonid Kravchuk and others), as well as long standing influential figures of the capital like Oleksander Omelchenko (who held leading positions in the city administration since 1994 and was the first elected major of the Ukrainian capital, a post he held from 1999 to 2006) and Vadim Rabinovich (who controls important media like the popular television channel *1+1* and publishing house *Stolichnye novosti*, and is the head of the All-Ukrainian Jewish Congress since its foundation in 1997). The main difference between this group and the abovementioned clans is that its strength is not based on industries, but on a mixture of top political positions and media holdings.

Analytical centres are producing different articles regarding the "new Kyiv clan",¹⁶² its strength at national level¹⁶³ and its network of connections in the city administration. Anyway, the fluidity of changes in the ruling elites of Kyiv in the last couple of years, make it very diffi-

161 Donetsk has always been a red region; in the 1999, it was the only region of eastern Ukraine where Yanukovich obtained a majority of the votes.

162 See for example Morzhkovskiy, A. "Rozhdenie 'Kievskogo klana'", 20 October 2005, www.kyiv.osp.com.ua; Pomaznev, V. "Kievskiy kaln rvetsya k vlasti", 24 November 2005, *Nashe Vremya* – www.vremya.org.ua.

163 For example, in late 2005, people connected with Soviet building bureau *Kievgorstroj* held key positions in the government, including prime minister Yuri Yekhanurov, its first deputy Stanislav Stashevsky and Minister of Health Vlodymyr Polyachenko

cult to find a dominating “clan” in Kyiv.¹⁶⁴

The regional group centred in **L’viv**, cannot be considered a full fledged clan, since it does not have great business to support it, nor leading politicians in the state. Its main assets are its historical past, its cultural relevance, its dominant role in the formation of Ukrainian nationhood and in the struggle for independence. In practical terms, this special status led to the fact that most Western funded organisation and foundations working in Ukraine have people from L’viv or Galicia in their directing boards.

In spite of being the second biggest city in Ukraine in terms of population, **Kharkiv** did not manage to develop industrially or influence national politics as much as the already mentioned regions. Car factories are the main industry of Kharkiv and *Ukrsibbank* is its most important financial centre. In political terms, its most relevant contribution to national politics is its long-standing governor, Yevgeny Kushnarev, head of the Party of Regions’ campaign headquarters for the 2006 parliamentary elections.

It is evident that different clans have collaborated in different occasion to support common projects in economic and political terms. For example, Donetsk leader Rinat Akhmetov and Dnepropetrovs’k businessman Viktor Pinchuk, won together the tender for buying *Kryvorizhstal*, the biggest Ukrainian steel company, even if foreign bidders offered much more; it is obvious then that both clans opposed Yushchenko’s arrival to power in 2004, given the fact that re-privatisation of that and other concerns would seriously harm their personal business.¹⁶⁵ After years of declared and sometimes bloody struggle between Dnipropetrovs’k and Donetsk clans, things changed with Donetsk’s support of Kuchma’s presidential bid in 1999. Apparently, this rapprochement was more a result of Kuchma’s bad need for support and Donetsk’s consciousness of relative weakness, than real reciprocal liking. To keep in power, Kuchma, himself leader of the Dnipropetrovs’k family, put in top positions political leaders of the other two traditional Ukrainian clans, nominating Viktor Medvedchuk head of the presidential administration and Viktor Yanukovich prime minister. Indeed, until now it is not clear how sincere was Kuchma’s support to Yanukovich’s candidacy for president; there are many hints suggesting that Kuchma somehow had to accept the candidacy pushed by the Donetsk clan, that in 2004 was strong and growing in power and influence, as the only way to work out a safe future for himself and his relatives. Kuchma’s openness to negotiations during the “orange revolution” would give backing to this theory; as soon as he realised that he could guarantee himself personal security collaborating with the opposition, he moderated his support for Yanukovich and did not support him to the bitter end. Corroborating this line of thought, are also Yanukovich’s bitter words toward Kuchma and other members of the government in the run-up to the final December 26 voting.¹⁶⁶

164 For example, it is clear that when Lutsenko indicates the “Kyiv clan” as the sponsor of the action “Ukraine without Kuchma”, he does not refer to the above mentioned “old Kyiv clan”. See Drum, T. “Yuriy Lutsenko: aktsii opozitsii finansiroval kievskiy clan”, 11 December 2002, *glavred.info*.

165 After Yushchenko’s victory, *Kryvorizhstal* was indeed re-privatised; Dutch *Mittal Steel Co.* paid 4.8 billion dollars, more than 5 times as much as the sum paid by Pinchuk and Akhmetov. See “Ukraine’s flagship steel mill sold in biggest ever privatization auction”, 24 October 2005, *Kyiv Post*.

166 On December 13, Yanukovich declared to a journalist in Kyiv: “Our points of view have diverged completely, and I have become deeply disappointed in this man [Kuchma]. I had hoped that he would defend the interests of the state and of the Ukrainian people during the crisis. But he defended his own interests and those of his family. [...] I trusted these liars and traitors with whom I worked in the government. I had to struggle not only against the opposi-

Some commentators see the whole thing of the “orange revolution” simply as a fight between oligarchic clans, only conducted at a different level.¹⁶⁷ According to this theory, Yushchenko’s promises to put an end to the criminal-oligarchic regime in Ukraine are void, at least for two reasons. First, if the system under Kuchma was thoroughly corrupt, as Yushchenko claims, it is difficult to understand how a person staying in its high echelons for so long in such posts as head of the National Bank and prime minister can possibly be crystal clean. Secondly, Yushchenko’s team is full of former close Kuchma allies and oligarchs; it is then unclear how the new regime could turn out substantially different from the former.

I will conclude this section about clans, suggesting that it seems unjust to reduce the common effort of millions of Ukrainian supporting their candidates taking the streets in a cold winter for weeks (I refer to both Yushchenko and Yanukovich supporters) as a struggle for power among oligarchs. Business interests did clearly influence the campaign, and the outcomes of the elections. But it is worth mentioning that there are perfectly legitimate business interests that were infringed by the Kuchma regime, and would benefit if the ideals expressed by the “orange revolution” would be put into practice.

- clans are an element that undoubtedly play an important role in Ukrainian politics;
- different businessmen and oligarchs had different interests, and accordingly supported opposing sides in the 2004 elections;
- established clans mostly opposed the “revolution”, while single businessmen and oligarchs did support it also in financial terms;
- a many-sided event like the “orange revolution” cannot be reduced to a mere clash among oligarchic clans.

3.2.9 Electoral monitoring and falsifications¹⁶⁸

The most interesting aspect of the reports of all organisations monitoring the 2004 presidential elections in Ukraine is that, without exceptions, they always gave assessments coherent with the political line of their sending institutions. Never before so many electoral observation, but also people in the government.” Peter Byrne, “Yanukovich attacks his own”, 16 December 2004, *Kyiv Post*.

167 This seems to be one of the conclusions of Zhil'tsov in his book about the “orange revolution”; “Only the ones interested in keeping the present system can define the events of November-December 2004 as the fight of the people for a bright future. All that happened in Ukraine is to be considered a continuation of the war among oligarchic clans, only with other methods.” Sergey S. Zhil'tsov, *Neokonchennaya pesa dlya „oranzhevoi” Ukrainy: Po sledam sobytii, Mezhdunarodnye otnosheniya*, Moscow, 2005, p. 145. „V. Yushchenko (like L. Kuchma and V. Yanukovich) is far from understanding the needs and expectations of the middle class. He is much closer to the interests of post-Soviet *nomenklatura* and oligarchic clans. Supported by oligarchs – D. Zhvania, P. Poroshenko and E. Chervonenko -, Yushchenko became president. But the question is: how is he different from Kuchma, who was supported by the oligarchs V. Pinchuk, V. Medvedchuk, R. Akhmetov?” Sergey S. Zhil'tsov, *op. cit.*, pp. 260-261.

168 Here are the links to the reports by the principal organisations taking part in the monitoring, OSCE/ODHIR “Election Observation Mission Final Report: 31 October, 21 November and 26 December 2004”, http://www.osce.org/odihr-elections/item_12_14333.html; <http://tinyurl.com/qk2ou>, ENEMO reports available from their home page <http://www.enemo.org.ua/>; “Final report – 2004 Observation Mission” by Election Observer Mission of the Ukrainian Canadian Congress, http://www.ucc.ca/eom/pdf/UCC_Ukraine_2004_Pres_Election_Mission_Report%20_Final.pdf; <http://tinyurl.com/mkpg9>, “Końcowy Raport» by the monitoring mission in Ukraine of Wolna Ukraina, http://www.wolnaukraina.pl/raport_koncowy.doc; <http://tinyurl.com/lvtlx>; declarations by CIS-EMO <http://www.cis-emo.com/news.php?cat=15>; <http://tinyurl.com/mb6s3>.

servers monitored an elections; in the repeated voting of December 26, OSCE/ODHIR sent as much as 1337 short term electoral observers, while different organisations (including the official CIS Electoral Monitoring Mission, the Nizhny – Novgorod based non-governmental organisation CIS-EMO, the ENEMO, the Polish *Wolna Ukraina*, the Electoral Observer Mission of the Ukrainian Canadian Congress, and others) deployed in thousands their observers around Ukraine.¹⁶⁹

The electoral observing mission of OSCE/ODHIR and ENEMO recorded a high number of violations during the elections days on October 31 and November 21, including multiple vote with the employment of absentee ballots,¹⁷⁰ inaccuracy of electoral lists, suspiciously high number of voters requesting to vote outside the polling stations, suspiciously high turnouts, and others.

Both organisations reported that the repeated second round held on December 26, if still not completely satisfactory, was carried out much better than the formers, and largely complied with international standards, and could thus be considered legitimate.

Determinant differences were noticed in the run up to the last round: media were generally speaking less biased in favour of the governmental candidate and local administrations pressure on voters decreased.

The electoral observing mission of the CIS, with a judgement specular to that of the OSCE/ODHIR, estimated legitimate the first two rounds, and illegitimate the voting held on December 26. In particular, head of the CIS mission in Ukraine Vladimir Rushailo, declared: “We have monitored 18 elections in the CIS countries since 2002, and we have doubts over the democratic character and legitimacy of the rerun of the elections for the first time.”¹⁷¹ It is probably worth mentioning that these are until now the only elections declared illegitimate by this organisation; in the last couple of years, for example, they declared “legal, free and fair” elections held in Uzbekistan, Azerbaijan and Belarus’, which, mildly speaking, cast some doubts about the professionalism of this institution.¹⁷² For this reason, CIS monitors were not allowed to the Ukrainian parliamentary elections of March 2006.¹⁷³

Electoral observers’ reports, however objective in their intentions,¹⁷⁴ were used as political weapons by both Western and Russian governments and institutions.

169 According to Vyacheslav Nikonov, on December 26 in Ukraine there were about 15,000 observers from Western countries and 900 from the CIS. See Mikhail P. Pogrebinsky, *op.cit.*, p. 115.

170 In some occasions, voters were bussed from one polling station to the other to vote repeatedly with absentee ballots.

171 Andrew Nynka “International monitors say vote was free of massive irregularities”, 02 January 2005, *The Ukrainian Weekly*.

172 See in particular Roman Kupchinsky. “CIS: Monitoring The Election Monitors”, 02 April 2005, *Radio Free Europe/Radio Liberty*.

173 “CIS observers barred from Ukraine election monitoring”, 24 January 2006, *RIA Novosti*.

174 The collection of articles by Polish electoral observers that went to Ukraine in 2004 with missions by the OSCE, ENEMO, and *Wolna Ukraina* edited by Andrzej Krajewski is very telling about the difficulty of being objective in the very emotional climate of the “orange revolution”. Polish observers did behave impartially, according to their own testimonies, but found it somehow difficult to measure their enthusiasm about what was happening. For example, 22-years old student Honorata Zapaśnik could not resist from whispering to a pro-Yushchenko commissioner that she is “orange” as well, and basically none of the authors represented in this book hid his emotions at the sight of Independence Square overflowing with Yushchenko supporters. See Andrzej Krajewski, *Ukraina 2004: Relacje polskich obserwatorów wyborów prezydenckich*, Ajaks, Warsaw, 2005.

In any case, it seems fair to establish that international observers prevented the taking place of full-scale electoral rigging and with their simple presence pushed local electoral commissions to behave according to the law.

- electoral observers *are* an instrument of external influence on domestic electoral processes; as long as their role is prescribed by the electoral law, and observers do not exceed their duties, this influence is legitimate. The reputation of each single institutions determines the authority of its reports.
- records of falsifications on election day, as well as careful monitoring of other violations in the background of the whole electoral process, are necessary elements for the legitimization of street protest and international recognition or non-recognition of the elections; in this sense, their are complementary to exit-polling.

3. 2. 10 Constitutional rights and illegality in the “orange revolution”

The meaning of the “orange revolution” was restoring the constitutional rights of people (of free expression, of free vote, ecc.), and bring the rule of law in a country where corruption was all-pervading. Leaders of the “orange revolution”, and especially Viktor Yushchenko, tried to play by the rule as much as possible, but the period from November 21 to the repeat second round of December 26 is studded with illegal acts committed by the “revolutionaries” and courts. In a situation where formal and effectual rights differ substantially, such a behaviour is most probably *legitimate*, but nonetheless the book by Sergey Mirzoev “Death of law: legitimacy in the ‘orange revolutions’”, in which he numbers in details all the illegal aspects of the last Ukrainian presidential elections, is not without interest.¹⁷⁵ Therefore, I will just mention some legal predicaments and refer to this book for further details.

Needless to say, the demonstrations that occupied downtown Kyiv for weeks were not authorised in advance as prescribed by law; the coalition supporting Yushchenko, *Sila Naroda*, was only granted the permission to hold a meeting of as much as 60,000 people from November 21, 8 p.m., until the following night. Anyway, it can be declared that people just benefited of their constitutional right to meet and demonstrate.

What seems more awkward is the inconsequentiality of the recognised falsifications during the elections. Local electoral commissioners that committed abuses, legally recognised as such, infringed the law and should be held responsible. If people expressed their vote more than once, they committed a serious infraction, and should therefore be identified (cross-checking absentee ballots and electoral voters’ lists) and bear the responsibility of their deeds.

Particular doubts raises the resolution taken by the Supreme Court on December 3; that court did not have the authority to order the Central Electoral Commission to organise another round of elections, took its decision without waiting for all complaints to be verified, and did not specify which violations made it impossible to determine the choice of electors *throughout* Ukraine making necessary the complete annulment of the vote held on November 22. It is clear that judges felt the pressure of crowds of demonstrators out of the Supreme Court building.¹⁷⁶

¹⁷⁵ Sergey Mirzoev, *Gibel’ prava; legitimnost’ v ‘oranzhevykh revolyutsyakh’*, Evropa, Moscow, 2006.

¹⁷⁶ On 28 October 2004, just weeks before the Ukrainian “orange revolution”, contested elections were held in the Georgian separatist region of Abkhazia; in the protests following the proclamation of the victory of the govern-

I will not go here in details about the dubious legal aspects of this resolution, nor about the legally unconvincing elements that characterised the run-up to the December 26 round (for example, it is difficult to see how the city tent on Independence Square and all its participants in orange could possibly comply with the requirement of stopping all campaigning on election day). I just want to stress that:

- if the authorities use the law in an illegitimate manner, citizens have the right to take apparently illegal actions to restore the rule of law in a country. In particular, for a successful “colour revolution”, there must be a widespread perception of *partial illegitimacy* of the state structure, i.e. people do not refuse state authorities as such, but think that changes of key positions in this structure is a sufficient condition to restore legitimacy and the rule of law.
- it is important that courts satisfy to a good extent the requests of protesters, giving thus formal legitimisation to the process of change of power.

3.3 Ukraine 2004, a long story

In chapter 2, I tried to sum up the main events of the political history of independent Ukraine, as well as mentioning the historical roots of geographic, ethnic and linguistic differences in this country that seem to be very important in characterising political attitudes of Ukrainians. In chapter 3, I briefly recollected the events directly connected to the “orange revolution” and examined some of the key factors that influenced it.

I dedicated so much attention to the decade-and-a-half long history of independent Ukraine because I think it to be by far the most important thing in explaining the events of late 2004. Ukrainians had a history of presidents that to their perception inescapably changed their position in the political spectrum before the end of their term and unfulfilled their promises. Kravchuk was elected because of his relative leftist views, but during his presidency his base of support moved west to the most liberal and nationalistic areas of Ukraine. Kuchma was elected in 1994 with a programme based on rapprochement with Russia and moderate economic reforms, and with the support of the big eastern Ukrainian business groups, but was re-elected with the votes of western Ukraine for his re-styled reformist look. Already in 1994 Kuchma promised to make of Russian the second official language of Ukraine, to bring effective reforms to the economy and to curb corruption. Ten years after, none of these promises was held.

Moreover, a long record of suspect deaths, beatings or harassment of journalists and opposition politicians, never properly investigated by the police, created a climate of quasi-authoritarian regime that many Ukrainians were not ready to accept anymore. Endless scandals that

mental candidate, opposition’s supporters stormed the Supreme Court building and in the aftermaths the court affirmed the necessity of a re-run of the vote. Giorgi Akaba, judge of the Abkhaz Supreme Court, in a specially convened news conference said on the following day that he was “forced” to revise his decision, and declared: “I had to revise my decision in order to save the lives of those [people] who were in the building by that time”. ‘Judge Admits He was “Forced” to Revise Ruling over Abkhaz Polls’, *Civil Georgia*, 29 October 2004, www.civil.ge

involved the very highest positions of the governmental structure gradually penetrated the conscience of millions of Ukrainians

Little by little, starting from the “Ukraine without Kuchma” movement, people started to manifest explicitly their discontent with the way the ruling elite was exerting power. In due time, unexpressed aversion to members of the executive and their cronies, thanks also to the increasing cohesion of the opposition forces and solid political support from abroad, culminated in the events commonly known as “orange revolution”.

It might sound banal to state that a large-scale political event like this has not appeared out of the blue, but has its roots in the years that preceded it. Still, sometimes it is important to stress what seems obvious, if the obvious has been denied by countless articles in Russian (and not only) newspapers and journals that claimed the “orange revolution” has been nothing but a project mastered and financed from outside Ukraine by Western governments, security services and NGOs.

However the situation will develop, by way of conclusion, I want to stress that the “orange revolution” has consolidated a new form of non-consensual change of power in the CIS area, i.e. a group of people declaring themselves in open opposition to the government get to power by way of elections, after massive but pacific demonstrations.

Chapter 4

Post-Soviet groups of influence

Groups of influence, often called “clans” by analysts of the post-Soviet region, seem to be a factor playing a key role in defining the structure of power in all CIS countries. It is important to stress that the use of the word *clan* applied to the post-Soviet reality is usually figurative and basically improper, as is the use of the term *oligarch* to refer to wealthy businessmen. Moreover, the meaning of *clan* changes considerably among the countries of the region. Of course, clans have mechanisms and peculiarities that make each of them different, but it is possible to make a very basic distinction between two usages of the word *clan* as understood by journalist and scholars of the post-Soviet space.

Clans can be “kinship-based social division”, which was basically the original meaning of the word;¹⁷⁷ in central Asia the term is still generally understood as such, even if clans are nowadays something substantially different from the pre-modern social entity they used to be. It is possible to belong at different levels to more than one clan (as we will see is often the case in Azerbaijan).

While speaking about Russia and Ukraine, the word “clan” is used metaphorically, i.e. it describes an informal network of connections based on mutual trust or patron-client relations among people that usually do not have blood ties. “This usage [of “clan”] reflects the assumption that their members act towards each other in a particularly close and mutually supportive way approximating the solidarity among kinsmen.”¹⁷⁸ Such structures can have a regional basis, and can be reinforced by marriages among leaders of the *clan*, but these are not indispensable elements for this kind of formation. These *clans* could be thus defined as a circle of people that group together to support or lobby their business and political interests; this instrumental union benefits of a concealed network of people belonging to different social strata centred around a restricted number of people, usually *oligarchs* and top politicians. Such groupings behave in a clan-like manner, i.e. all the members collaborate to promote the wealth and

177 See Edward Schatz, “Reconceptualizing Clans: Kinship Networks and Statehood in Kazakhstan”, *Nationalities Papers*, Vol. 33, No. 2, June 2005, p. 232. See also Collins, Kathleen, „The Logic of Clan Politics, Evidence from the Central Asian Trajectories”, *World Politics*, No. 56, January 2004, p. 231: „Simply put, a clan is an informal organization comprising a network of individuals linked by kin-based bonds. Affective ties of kinship are its essence, constituting the identity and bonds of its organization. These bonds are both vertical and horizontal, linking elites and non-elites, and they reflect both actual blood ties and fictive kinship, that is, constructed or metaphorical kinship based on close friendships or marriage bonds that redefine the boundaries of the genealogical unit.”

178 Definition of “Clan”, *Wikipedia*, <http://en.wikipedia.org/wiki/Clan>.

status of fellow clansmen. Post-Soviet *clans* of this type sometimes resemble Western formations as different as lobby groups, freemasons and criminal mafias, often featuring elements of all of them.¹⁷⁹

Since the word *clan* is widely used in English and Russian language literature about post-Soviet groups of influence, I will use the term, but write it in *italic*.

In chapter 3, I already described the structure and functioning of *clans* in post-Soviet **Ukraine**, which are basically business (*oligarchic*) and political lobbies often connected with mafia-like criminal networks, usually having a regional stronghold.

I will now try to outline briefly the main characteristic of *clans* in **Russia**.¹⁸⁰

The informal networks present in every part of Soviet society (bureaucracy, economic planning, education, army, ecc.) were one of the most important social legacies that the Russian Federation inherited from the USSR. In Soviet times, such networks were needed both by the state and the citizens; the former somehow relied on them to deal with its inherent sclerosis and its structural inefficiency, while the latter used them to secure goods or positions otherwise inaccessible.¹⁸¹ This system of informal connections parallel to the state structure played a fundamental role during the years of transition and privatisation in the early 1990s, and it evolved in something substantially different.

Generally speaking, the structure of *clans* shaped itself according to the centrifugal and centripetal forces that successively characterised post-Soviet Russian political life. Russian *clans* formed during the first Yeltsin term, while central power was particularly weak and two processes of privatisation were taking place at the same time. The first was supported by the government and had at least an appearance of legality: big state enterprises were privatised with different schemes, including auctions and the disgracefully famous “shares for loans”, that often resulted in a kind of insider trading that in most of the cases left workers poorer than ever and enriched former managers. This process generated abnormally rich people, soon to be dubbed *oligarchs*. The second, was a hidden process of factual privatisation of state institutions that were not, or could not, be privatised: I am referring to local and regional administrations, the railways, part of the energy sector, education institutes (schools, universities, ecc.) and, most alarmingly, the army. Managers of state enterprises or other institutions disposed freely of the state property they were supposed to take care of, as if they were their own.¹⁸² The same was true for governors and majors, that took advantage of state weakness to impose a quasi-feudal rule on the territory they administered, relieving taxes and distribut-

179 Confront with the definition by Kathleen Collins: “One should not be confused by the use of the word “clan” to describe the networks of oligarchs that run Russia or Ukraine, for these tiny elites are highly fluid and bound together only by money or their leaders’ whims, not by the long-term affective bonds that cement Central Asian clans—even if these latter may also engage in practices of favouritism and high-level corruption that give them a superficial similarity to Russian political ‘mafias.’” Kathleen Collins, “Clans, Pacts, and Politics in Central Asia”, *Journal of Democracy*, Vol. 13, No.3, July 2002, p. 143.

180 The main references are all the articles published on *Demokratizatsiya*, Vol. 6, No. 3, Summer 1998 as well as the long paper on “clan capitalism” by Leonid Kosals, *Interim outcome of the Russian transition: clan capitalism*, Discussion Paper No. 610, Kyoto Institute of Economic Research, 2006.

181 See Leonid Kosals, *op. cit.*, p. 7.

182 As Brovkin put it, “the people’s property became the nomenklatura’s property. Everything was divided by the civil servants, managers, and others representing the state.”. Army officers at all levels were particularly reckless, selling weapons, fuel and other qualified materials to whoever was ready to pay for it. Vladimir Brovkin, “Fragmentation of Authority and Privatization of the State”, *Demokratizatsiya*, Vol. 6, No. 3, Summer 1998, p. 505.

ing benefits (usually taking a share for themselves, close friends or relatives in the process).

In these circumstances, Russian *clans* flourished. The major interest of such *clans* is “to gain money, to conquer new markets and to capture new assets”.¹⁸³ Businesspeople and state officials make up their core, and real kinship relations among *clan* members might not exist, as is very often the case. Between the top members of the *clan* there is an intimate relation, that includes reciprocal trust: most *clans* conduct illegal as well as legal activities, and members of a *clan*’s inner circle are acquainted with qualified data and information that might damage the whole *clan* if they were made public. Russian *clans* are centred around a single dominant figure, such as, for example, Yeltsin, Khodorkovsky, Luzhkov or Chernomyrdin. If the chieftain of a *clan* disappears, or otherwise falls in disgrace, the whole formation disgregates after him.

Russian *clans* could develop at national or at local level; in any case, their essence did not change: they were always the result of the close cooperation, at best barely legal and in most cases outright criminal, among businessmen, state officials and politicians.

Russian *clans* were born and grew during Yeltsin’s first term; at its end, in 1996, they showed their power, boasting Yeltsin’s chances for re-election that just months before the vote seemed very poor.

In the late 1990s, Russian economics were mostly ruled by *clans*, not by the rule of law or by the state. Anyway, the whole state was actually run by *clans*, and leadership of state structures and main *clans* vastly coincided.

The arrival to the presidential post of Putin unsettled the clannish system of distribution of power that consolidated in the first decade of Russia’s independence. Putin brought to the Kremlin and the White House a number of former collaborators or acquaintances from his former experiences in Saint Petersburg and in the security services, and in the lapse of time of a few years earned independence from Yeltsin’s “family” (that somehow tutored his climb to power), and tried to gather under state control (or *his* control: the difference seems to be somehow blurred) the assets that were controlled by major or local *clans*.

Russian *clans* are fluid entities, and, in spite of the fall from grace of some of the most famous *oligarchs*, or *clan* chieftains, that were forced to emigration or jailed, they are naturally reshaping to the new circumstances.

Recently, a tendency to hidden nationalisation of big enterprises previously privatised, or even of companies that were privately started in the post-Soviet era, can be noticed. State-controlled concerns (sometimes formally or partially private owned) are getting hold of successful businesses in different fields, with particular activity in the energy and media sectors. This scheme includes the support of complacent “law enforcement” structures during auditing and takeover process, and the placing of Kremlin cronies in all key positions of these strategically growing enterprises.

Belarus differs substantially from Russia and Ukraine because Lukashenka carefully impeded the formation of business *oligarchs* or local bosses and cliques.¹⁸⁴ Firstly, in 1996-1997 he reversed the early privatisations initiated by former prime minister Kebich, and stopped further privatisations of state assets, preventing thus that “merger of power and ownership” that is the basis of the kind of *clan* or *oligarchic* politics that were gaining ground in neighbouring

¹⁸³ Leonid Kosals, *op. cit.*, p. 11.

¹⁸⁴ See Kimitaka Matsuzato, “A Populist Island in an Ocean of Clan Politics: the Lukashenka regime as an exception among CIS countries”, *Europe-Asia Studies*, Vol. 56, No. 2, March 2004, pp. 235-261.

Ukraine and Russia. Secondly, he made use of his prerogative of nominating governors and local administration officials¹⁸⁵ to constantly reshuffle the governors, generally putting in office non-locals, preventing thus regional clans to take shape. Let's just shortly remember that Ukrainian and Russian presidents did just the contrary, i.e. appointed local bosses governors in order to obtain electoral support from the regions. The result was that local clan leaders could support their patronage system at the expenses of the state budget, and increase their own power at local and national level. Lastly, the endless regulations on managing state enterprises make it impossible to wholly comply with the law, making thus every manager liable of being accused and convicted. Given the fact that Lukashenka appoints the chairpersons of the Constitutional, Supreme and Supreme Economic Courts and the General Procurator, it is clear that the judiciary system is a strong weapon in the hands of the Belarusian president to make sure that managers of big state enterprises behave "appropriately".

Writing about central-Asian post-Soviet republics, Kathleen Collins once remarked: "Whatever their utility elsewhere, conventional theories about what shapes political transitions are not of much help in this part of the world. Instead, a focus on crucial "informal" factors such as clans, their pacts, and their conflicts with one another gives us a better sense of what is really at the heart of these cases of post-transitional non-consolidation, and why, after an initial period of divergence, all these republics began to move along more or less the same path toward weak, clan-based authoritarianism".¹⁸⁶ With this aim, I will briefly recollect some general traits of post-Soviet clans and groups of influence in the region, and then I will describe more in details the situation in Kazakhstan.

In **central Asia**, clan identities have persisted and re-shaped in spite of the strong pressure in Soviet times against these "pre-modern" social structures. In particular, Soviet leadership considered the consolidation of ethno-national communities a first step on the way to the formation of the *homo sovieticus*, and consequently actively fought such sub-national identities. Moreover, the all-pervading practice of promoting one's kinsmen in party and economic structures, if far from being present only in central Asia, was contrasting with the spirit of a Soviet society.

The widespread and compulsory knowledge of one's ancestors connected with the religious ban to marry relatives meant that people in the societies of central Asia could easily define their level of kinship when meeting a fellow countryman; clan identities were thus multi-level and had a nested structure.

The politics of the Soviet Union aimed at destroying such bounds, replacing them with class identities were hopelessly unsuccessful, with the poor refusing to take position against the richer fellow clansmen. On the contrary, clan hierarchy re-shaped on Soviet governmental and party structures, so that clan politics were well functioning throughout the seven decades of Bolshevik rule in all central-Asian republics. Clans persisted until the end of the Soviet Union despite all the efforts to eradicate them for two main reasons.¹⁸⁷ Firstly, since the "state monopo-

¹⁸⁵ To be more precise, according to decrees issued by Lukashenka in 1995 and 1996, the president nominates directly the governors of the seven Belarusian regions and the mayor of Minsk, while governors appoint county chiefs and mayors of other cities and in accordance with the president. See Kimitaka Matsuzato, *op. cit.*, p. 250.

¹⁸⁶ Kathleen Collins, *Clans, pacts...*, *op. cit.*, p. 2002.

¹⁸⁷ I will follow here the argument proposed by Edward Schatz, "State Constructivism and Clans in Central Asia", draft paper, 09 February 2001, p. 19..

ly on distribution produced endemic shortages, ordinary people either waited to receive goods through official channels or developed informal strategies to acquire goods on their own.”¹⁸⁸ In other words, objective needs pushed ordinary people to maintain and strengthen pre-existent clan-based connection to tackle the problem of system-made scarcity. Secondly, clan networks are by nature more difficult to detect by the authorities than other kinds of more direct connection (close relatives, student buddies, affiliation to other organisations, ethnicity, etc.). If accused of favouritism in regard of a fellow clansman, a person could simply deny that there was any connection between them. Consequently, clan have demonstrated to be more resistant to state persecution than other kinds of networks.

In **Kyrgyzstan**, regional groupings and clan-like loyalties to single candidates were by all evidence the driving force beside the March 2005 mass protests that followed rigged parliamentary elections and brought to the flight and resignation of long standing president Akayev. In fact, protests started in the southern city of Osh, slowly moved northward, and also most of the people protesting in Bishkek were actually southerners bussed to the capital.

Southern regional leaders could not anymore accept that political predominance of northerners, that basically characterised Kyrgyzstan during all Soviet and post-Soviet times (Akayev is in fact a northerner).¹⁸⁹ Moreover, even within the new ruling group emerging after this dubious “colour revolution” (instantly and unoriginally dubbed “yellow revolution”), a rip between two former opposition leader, the southerner Kurmanbek Bakiev and the northerner Felix Kulov, became soon apparent. Eventually, to prevent the emergence of inter-regional tensions that could have irreparably destabilised the situation, Kulov accepted to support Bakiev’s presidential bid, and in exchange was promised to be nominated Prime Minister with increased powers after the elections.¹⁹⁰

In **Turkmenistan**, clan belonging seems still to be the primary identification of ethnic Turkmen. Turkmenbashi (whose real name is Sapurmarat Niyazov), the unruly dictator of this resource rich country, tried to balance the presence of the members of all seven main clans of Turkmenistan state structures in the first years after the end of the Soviet Union, but lately he favoured people of his own Tekke clan for top positions.¹⁹¹ Apparently, this new tendency is causing discontent among other clans that used to have access to power. When Turkmenbashi’s rule will end because of the death of the dictator or for other reasons, struggle among clans will most probably characterise the fight for the top position. Besides traditional clans, Turkmenistan’s security institutions are another factor that will certainly play a key role should Turkmenbashi’s leadership arrive to an end; the Presidential Guard seems to be faithful

188 Edward Schatz, *State Constructivism...*, op. cit., p. 19.

189 Generally speaking, the north is more “russified” while the south is considered more traditionally Kyrgyz.

190 See Sergey Markov’s comment in “Smena vlasti v Kirgizii: mneniya ekspertov, politikovpredstaviteley mezhdunarodnogo obshchestva, tsitaty iz gazet, ofitsial’nye pozitsii stran”, 27 March 2005, *fergana.ru*, Toursunof, H. “Kyrgyzstan: An Unruly Electorate”, 14 June 2005, *Transitions Online*. Of course also the Kyrgyz, as all the nations of the region, are divided also in traditional clans. For a brief outline of clan structure in Kyrgyzstan see “Kyrgyzstan: Social Structure”, *allrefer.com*, <http://reference.allrefer.com/country-guide-study/kyrgyzstan/kyrgyzstan21.html>; <http://tinyurl.com/y7jke3>.

191 International Crisis Group, “Cracks in the Marble: Turkmenistan’s Failing Dictatorship”, *ICG Asia Report*, No. 44, 17 January 2003, p. 21. Anyway, Niyazov’s relation with his own clan seem to be rather weak, as a result of his early emigration to Russia and the lack of a family base in Turkmenistan. Apparently, Niyazov’s weak clan affiliation seem to be one of the reason of his arrival to power in the years of Gorbachev’s *perestroika*.

to the current ruler of the country, but there seem to be a rather widespread discontent with the Secret Services (KNB) and the military.¹⁹²

Uzbekistan's president Islam Karimov has apparently tried to oppose the consolidation of clans in state structures, since they would drain resources to support their patronage system and would undermine the monolithic system he tried to build. In spite of his effort, Karimov was no more successful than his Soviet predecessors, and while he easily crushed the democratic opposition, he could not do the same with clans. In such a situation, the president has to try to balance power among leading clans, among other things co-opting ethnic Tajik from the region of Samarkand in the state structure. Since no mechanism of succession has been worked out in Uzbekistan, as in other Central Asian countries, end of the rule of the current president would most probably end up in inter-clan strife.

In **Tajikistan**, clash among clans erupted in the early 1990s, clan leaders turned into warlords, and the country fell in a civil war that devastated the country for most of the decade. When a peace agreement was reached in 1997, Emomali Rakhmonov emerged as the president of Tajikistan; from then on, Rakhmonov, thanks to the external support of Russia, openly favoured members of his minor Kulyabi clan. "Nearly ten years of regime collapse and war, accompanied by massive social dislocation, have weakened many traditional clan networks and transformed powerful clans into the basis of mafia-like organizations that deal in narcotics and profit of state instability."¹⁹³

In the **South-Caucasian republics**, the political situation is highly influenced by regional conflicts and would-be independent states (Abkhazia, South Ossetia and Nagorny Karabakh in particular) that trouble all of these countries. Migration, both within the region and directed toward other countries is also a determinant element of local politics; mass migration of Georgians from Abkhazia, of Azeri from Nagorny Karabakh and of Armenians from Azerbaijan created new powerful groups of influence. Because of the widespread poverty, during the 1990s large shares of the population of these countries emigrated either in Russia or to Western countries. Generally, emigrants go to Russia to be employed as cheap workforce and provide their families in the Transcaucasus with basic financial support. The Transcaucasian diaspora in Western countries can play significantly different roles. In Georgia, president Saakashvili as well as some other members of his entourage are returnees from years of emigration in the United States; Georgian émigrés in Western countries, even if not so numerous, supported for years the opposition, and participated directly to the political changes in this country that determined the end of Shevarnadze's rule. Leader of the opposition in Azerbaijan, Rasul Guliev, is in emigration in the United States since 1996. Armenian diaspora in the West, especially in the United States and France, has been much more relevant because it is more numerous and more rich than that of its neighbouring countries.¹⁹⁴ Ethnic Armenians supported financially and politically (through lobby groups) their homeland, but generally concentrated their donations to governmental funds or to organisation connected with the "liberation" of Nagorno-Karabakh, neglecting the opposition.¹⁹⁵

192 See, International Crisis Group, *Cracks in the Marble...*, *op. cit.*, pp. 8-11.

193 Kathleen Collins, *The logic of...*, *op. cit.*, p. 255.

194 Armenians spread throughout Europe since the Middle Age, but Armenian diaspora grew drastically because of the Armenian Genocide in the early twentieth century.

195 There are of course exceptions; for example, Galstyan Humbartysun, a former major of Jerevan who became

The first years of the history of post-Soviet **Armenia** are characterised by the division of power among the president and key ministries (Interior and Defence in particular), which used it to favour their cronies in state and economic structures and during the privatisation process.¹⁹⁶ After Robert Kocharian took the place of Ter-Petrosian as the president of the country,¹⁹⁷ the dominant party Armenian National Movement was ousted from power, and a group of people close to the new president often coming from Nagorno-Karabakh took control of all key positions. According to a study by the International Crisis Group (ICG),¹⁹⁸ the political elite of Armenia is divided in a number of groups, usually connected with a specific party and centred around a person and its family. Kocharian heads the dominant group, and basically controls both the government and the security forces, thanks also to his image of hero of the Karabakh War. The opposition is divided into a number of groups; the most important are centred around Stepan Demirchian and Aram Sarkisian, relatives of the statesmen killed in 1999 by an assault of gunmen in the parliament.¹⁹⁹ They head, respectively, the People's Party and the Republican Party. Another key figure is populist politician and former presidential candidate Artashes Geghamian. In spite of the fact that the above mentioned research by the ICG calls this groups *clans*, they clearly lack the resources that could make of them effective groups of influence, and mostly try to compete with Kocharian only on the political level.

Georgia and **Moldova** share the problem that criminal groups benefiting from the instability in their separatist regions (Abkhazia and Transnistria) try to preserve the current situation as long as possible, since developments in the peace process would be extremely detrimental to their "business".²⁰⁰

a wealthy Moscow businessman in the early 1990s, generously supported the opposition party National Democratic Union of Armenia. He was killed in December 1994 during a trip in Yerevan, just two days after he claimed he could reveal information about corruption at ministerial level. See Ian Bremmer and Cory Welt, "Armenia's New Autocrats", *Journal of Democracy*, Vol. 8, No. 3, 1997.

196 For further details, see in particular Ian Bremmer and Cory Welt, *op. cit.*

197 See in particular Stephan H. Astourian, "From Ter-Petrosian to Kocharian: Leadership change in Armenia", *Berkeley Program in Soviet and Post-Soviet studies – Working Paper Series*, Winter 2000-2001.

198 International Crisis Group, "Armenia: Internal Instability Ahead", *ICG Europe Report*, No. 158, 18 October 2004.

199 On October 27, 1999, a group of armed men stormed the parliament assembly hall during a question time session. Among others, Vazgen Sarkisian (Prime Minister, and prominent strongmen in Armenia during the 1990s) and Karen Demirchian (former head of the Armenian Communist Party from the 1970s to 1990, and Parliament speaker at the time of the shooting) were killed in that occasion.

200 For what concerns Moldova and Transnistria, see in particular International Crisis Group, "Moldova: Regional tensions Over Transdnistria", *ICG Europe Report*, No. 157, 17 June 2004, pp.15-16.

4.1 Clans and groups of influence in Kazakhstan²⁰¹

In the 1990s a number of scholars have written about the revival of traditional institutions taking place in Kazakhstan in the post-Soviet period.²⁰² Special attention has been dedicated to the old division in three “hordes”, or *zhuz*, as a first level of sub-ethnic identification of Kazakhs. In particular, the members of the *small horde* (or *younger*) are concentrated in the west and north-west of contemporary Kazakhstan, those of the *middle horde* predominated in the northern and central regions, while the *greater horde* (or *elder*) has its stronghold in the east and south-east of the country. Schatz tried to demonstrate empirically that members of the greater horde, to which president Nazarbayev belongs, are over-represented in power structure.²⁰³ According to Nurbulat Masanov, a famous Kazakh historian, in the first three-four years of independence Nazarbayev tried to balance the composition of high level state and government posts among members of all main clans, but later, as soon as he became strong enough, he favoured members of his own horde, or alternatively of the far less powerful little horde.²⁰⁴

Kinship-based clan membership played a role in 1990s, and most probably still have some relevance in the political life of Kazakhstan. Still, I want to make a point of the fact that such traditional clans are having a decreasing influence in Kazakh politics and economics,²⁰⁵ and new *clans*, more similar to the already mentioned groups of interest present in other CIS countries, are more and more becoming key actors in the ongoing struggle for power in this Central-Asian republic. It is indeed these new groups of interest, that mixed old loyalties with new personal interests, that started a period of harsh confrontation after the last presidential elections in December 2005; the fight for succession to Nazarbayev has started and all the most important *clans* do not want to miss the chance to grant the top position to one of their men, or at least to a friendly person.

Since “clan” has a specific meaning in Central Asia, I will use the label “group of influence” to refer to the power seeking structures that dominate the hidden political struggle in

201 The reference text for this section is a study by the Eurasian Centre for Political Researches and the Agency of Social Technologies “Epitsentr”, published on the Russian language internet newspaper *Navigator-Kazakhstan* on November 21, 2005, bearing the title “Groups of influence in the political and power system of Kazakhstan” - “Grupy vliyaniya’ vo vlastno politicheskoy sisteme Respubliki Kazakhstan”, <http://www.mizinov.net/articles/?artid=10280>; <http://tinyurl.com/kpugz>. See also Elena Borisova, *op. cit.*, and Vasilii Kharlamov, “Papa Nazarbayev: Prezident Kazakhstana na predstoyashikh vyborakh mozhnet byt’ razdavlen ne oppositsey, a sobstvennoy semey”, 26 April 2005, *Nezavisimaya Gazeta*, http://www.ng.ru/ideas/2005-04-26/10_nazarbaev.html; <http://tinyurl.com/gyzqp>. For updated information, see Aygul’ Omarova, “Delovaya elita Kazakhstana”, 04 June 2006, *eurasia.ru*, <http://www.eurasia.ru/article.php?id=414>; <http://tinyurl.com/ofjtn>, T. Mukashev, “V Kazakhstane proizoshla novaya ‘kadrovaya revolyutsiya’”, 17 April 2006, *centrasia.ru*, <http://www.centrasia.ru/newsA.php4?st=1145258580>; <http://tinyurl.com/mpbg4>.

202 See in particular Anuar Galiev, “Traditional Institutions in Modern Kazakhstan”, 1997, Hokkaido Slavic Research Centre, <http://src-h.slav.hokudai.ac.jp/sympo/97summer/galiev.html>; <http://tinyurl.com/fqq3x>.

203 Edward Schatz, *Reconceptualizing clans*, *op. cit.*, and Edward Schatz, *State constructivism*, *op. cit.*

204 Nurbulat E. Masanov, “The Role of Clans in Kazakhstan Today”, Vol. 4, Issue 3, 06 February 1998, *Prism (The Jamestown foundation)*. See also Nurbulat E. Masanov, “Kazakhskaya politicheskaya i intellektualnaya elita: prinaldezhnost’ k klanam”, Vol. 2, 1995, *Vestnik Evrazii*.

205 “Traditions of ‘tribal’ relations in Kazakhstan and their active cultivation in the first half of the 1990s brought to the fact that still in the beginning of 2000s advancement in the political career and access to material resources were largely determined by one’s belonging to a determinate tribe or clan. Now the importance of this factor is decreasing”. See ECPR-Epitsentr, *op. cit.*

Kazakhstan, and I will define them as follows: an organised grouping that influences or tries to influence the highest decision making structures of the country through its financial, economic or political-administrative strength. They are based on personal loyalty among their members and are determined by pragmatic interests.

The great number of foreign companies participating in Kazakhstan's privatisation process in the period of 1994-1997 had a growing importance, and sometimes a dominant position in key sector of the economy of the country (i.e. oil, gas, and raw materials extraction). According to Elena Borisova, the lobbies that foreign companies started to safeguard their interests offered a model to local companies and groups of interest, and played a key role in creating this new kind of groups of influence.²⁰⁶

During the whole history of post-Soviet Kazakhstan, the leadership of president Nazarbayev has never seriously been put into question, and electoral competitions did not influence in any way national politics; consequently, these groups of influence strived to manipulate directly the leadership of the country, and did not bother to endeavour to bring by their side the electorate. In other words, hidden politics dominated over public politics.

The strength of a group of influence is determined by the presence of a member of the presidential family in the group, its network of members or otherwise affiliated people in the legislative and administrative sectors of government, its control of important industrial or energetic enterprises, the wealth of its financial branch, its level of influence on the cultural elite of the country, its stakes in media holdings and the level of support it has from big foreign investors. Usually, in Kazakhstan, big groups of influence are not specialised in a specific field (e.g. oil and gas, media, or banking) but tend to have stakes in different sectors of the economy.

Unsurprisingly, different accounts assess differently the strength of each main group of influence in Kazakhstan. For coherence, in this section I will follow the pyramidal scheme proposed by ECPR-Epitsentr, according to which in Kazakhstan there is a dominating group, four top level groups, a larger set of second level groups, and a multitude of third level, mainly regional, groups of influence.²⁰⁷

The dominating group is of course that of Nursultan Nazarbayev, first and only president of the Republic of Kazakhstan. Its main asset is therefore the direct control of administrative resources, and it is not clear what would happen with this group in case of illness, death or non-consensual ousting from power of President Nazarbayev. For this reason, its main goal is to keep the present balance of power among leading groups, to guarantee the predominance of its members in key business and financial structure of the country, and to find an appropriate successor. With this aim, Nazarbayev made wide use of clientelism at the centre of the political system, and tried to balance different groups at the periphery.²⁰⁸ For the time being, the ab-

206 Elena Borisova, "Roľ' neformalnykh institutov v upravlenii Kazakhstanom", *Vestnik Evrazii*, No. 1, 2002, p. 31.

207 Of course, other ways of describing hidden institutions are also possible; for example Elena Borisova distinguishes five main groups if interest. See Elena Borisova, *op. cit.*, p. 37. In Kazakhstan, the naturally high level of fluidity of such structures is limited by Nazarbayev's family, whose members have played a key role throughout the post-Soviet history of the country. Periodically, the balance of power among groups of influence changes, usually in proximity of big scandals or elections, as was the case in October-November 2001, and as has happened in the first half of 2006.

208 "Nazarbaev's main strategy for clan balancing was to rotate regional governors (akims) frequently, who served at Nazarbaev's behest. From 1991 to 2000, these akims served, on average, 23.5 months in office. After serving, they were typically reassigned to other high-level posts (seats in the legislature, ministry positions, other gover-

sence of a defined successor is a factor destabilising the political situation in Kazakhstan and weakening Nursultan Nazarbayev's power. Top level groups feel they can aspire to the top position, and know this is the moment to fight for it, while all key players are conscious of the fact that close allies of the President that until recently seemed untouchable might soon lose their special position if a loyal and strong successor is not found.

ECPR-Epitsentr points out four top level groups, that have a special status because of their resources and their connections in the presidential administration.

Dariga Nazarbayev, the president's stepdaughter, and her husband Rakhat Aliev, are the head of one of these groups. They control numerous media outlets, Dariga Nazarbayev leads her own party (which actually has not been very successful in the last parliamentary elections, receiving about 11,4 per cent of the vote), and has a surname that is a guarantee of support from a non irrelevant part of the population, while Rakhat Aliev is deputy foreign minister, a former chief of the KNB (Kazakhstan's security services) and former ambassador to Austria and OSCE. The goal of this group is most probably that of becoming the dominating group, in spite of the risks that such a game implies. Overall, Aliev has a conflictual relation with most other groups, and therefore has a very low coalition potential out of Nazarbayev's relatives. The impossibility of making of Aliev a compromise figure, suggests that President Nazarbayev is very unlikely to pick up his successor from this group.

Another top level group of influence, possibly the strongest, is that of Timur Kulibayev, husband of President Nazarbayev's middle daughter, Dinara Nazarbaeva. Kulibayev widely controls the energetic resources of the country, and his group has tight connection with President Nazarbayev. Kulibayev, former vice-president of KarMunaygaz,²⁰⁹ was nominated in December 2005 president of the association *KazEnergy*, an organisation whose main goal is establishing a dialogue with the government on the energy sector, and lobby its interests, but soon after the elections moved to the post of the brand new state holding *Samruk*, created to control better and make more efficient Kazakhstan's numerous state owned companies.²¹⁰

As a top manager of KarMunaygaz, Timur Kulibayev has been reluctant to public appearances and preferred to work through hidden connections. As president of *KazEnergy*, Kulibaev was offered an important public podium, special connections with foreign companies, and many commentators suggested that in his new position he would re-qualify as a public figure and a possible picked successor for the presidency.²¹¹ Still, even after the creation of *Samruk* in late January 2006, and Kulibaev's nomination as deputy director of the holding, the son-in-law of Nazarbayev's second daughter kept a low profile, which is supposed to support his image of

norships); some became successful in private business (often in the emerging extractive sectors). Turnover rates were generally similar across the territory." See Schatz, *op. cit.*

209 KazMunaigaz controls "all state-owned assets of enterprises with any connection to the oil and gas industries" and it "is authorized to act on behalf of the state when negotiating and signing international agreements" concerning the energetic and oil transportation fields. In spite of officially being only vice-president, Timur Kulibayev was definitely the most influential person in the company. See Sergei Gribov, "The Master Has Returned: Kazakh President reinstates KMG oil and gas super-monopoly", <http://www.rusenergy.com/eng/politics/a26022002.htm>; <http://tinyurl.com/mgj3ja>.

210 Aleksandr Kostantinov, "Mificheskaya ptitsa `Samruk`", 06 February 2006, *Ekspert Kazakhstan*, http://www.expert.ru/economy/2006/02/kaz_gos_holding/, <http://tinyurl.com/nhdvq>.

211 "Timur Kulibayev – novyi pretendent na prezidentskoe kreslo?", 24 March 2006, *mizinov.net*, <http://www.mizinov.net/articles/14155>; <http://tinyurl.com/onypt>.

a hard-working and reserved man, in strong contrast with the loud Aliev.²¹²

The group of Subkhanberdin, or the Kazkommertsbank²¹³ group, has in certain occasions allied to Kulybaev's but generally speaking is felt to be more prone to oppose Nazarbayev and his eventual picked successor; Kazkommertsbank group could catalyse around itself a number of lower level groups to express an alternative candidate to the presidency. It is said to be in close collaboration with opposition party *Akh – Zhol*.

The fourth and last top level group according to the already mentioned research by ECPR-Epitsentr is the Eurasian group, headed by Mashkevich, Imbragimov and Shodiev, and called this way because it is centred around the Eurasian Industrial Association (EIA). Moreover, Mashkevich heads the Eurasian Jew Association, a position that he employs to support the image of President Nazarbayev as a reconciler of peoples and religions.

In spite of its high level of influence on the government, its huge industrial potential, and its important media assets, is not perceived as a possible legitimate ruling group. It is anyway a group that cannot be excluded from the system of power without generating serious imbalances.

Second and third level groups of influence, in spite of their minor access to power, are in perspective not less important than the formers in the struggle for power. It is likely that to keep the present balance of power, Nursultan Nazarbayev will look for his successor, necessarily a compromise figure, from these groups. Moreover, considering the possibility of non-consensual change of leadership in the country, it might be useful to remember that the “colour revolutions” that took place in other CIS countries, and especially the “orange revolution” were mostly financed and supported by medium and small size business, not by the biggest business groups of the country. Besides, as we already discussed in the chapter dedicated to the “orange revolution”, the importance of local third-level groups of influence grows drastically in case of open confrontations; for example, in the distant hypothesis of a Kyiv-like scenario, Almaty administration and people that usually would have importance only at local level could provoke big changes at national level.

4. 1. 1 Recent developments

Incumbent Nazarbayev obtained an easy electoral victory in the December 2005 presidential elections, officially collecting 91 per cent of the ballots cast. In spite of accusations of fraud, Nursultan Nazarbayev does have a fair amount of support in his country and his supremacy cannot be seriously menaced by the opposition.

However true it might be that the current president's authority has hardly been contested within the ruling elite of the country, now that he has been re-confirmed president until 2012 it does not mean that a harsh struggle for the top position in the country is not taking place. On the contrary, the confrontation among groups has turned bloody and reciprocal accusations of murder has inflamed the public debate in Kazakhstan in the last few months.

In December 2005, before the presidential elections, opposition leader and former Almaty

212 Aygul' Omarova, “Delovaya elita Kazakhstana”, 04 June 2006, *eurasia.ru*, <http://www.eurasia.ru/article.php?id=414>; <http://tinyurl.com/ofjtn>

213 According to the official website of the bank, “The Bank is the dominant provider of banking services and other financial products to large and medium-sized corporations in all sectors of Kazakh economy. The Bank estimates that its share of the corporate lending market in Kazakhstan is approximately 27%”. <http://en.kkb.kz/>.

major Zamanbek Nurkadilov was found dead in his own house with two gun shots in the chest and one in the head. The official investigation concluded that Nurkadilov committed suicide, a version that hardly anybody in Kazakhstan believes. Some observers noticed that he was held in great respect by Almaty dwellers, and that his high popularity in the former-capital could have made of him a leader of eventual post-election street protest.

Altynbek Sarsenbaev, twice minister and formerly an ally to Nazarbaev, joined the opposition in 2003 and became co-chairman of the leading opposition party Naghyz Ak Zhol. On February 13, he was found dead together with his driver and bodyguards not far from Almaty, evidently murdered by professionals.²¹⁴ In a suspiciously swift investigation, the competent authorities found out that six members of the elite unity of the security services of Kazakhstan were directly involved in the crime, and that Sarsenbaev was killed on order of head of the Senate administration Erzhan Utembaev because of “personal enmity”.²¹⁵ Very soon, head of Kazakhstan’s Security Services (KNB), Nartay Dutbaev resigned from his post, and the position of Senate speaker Nurtay Abykaev was seriously weakened, since he was naturally a close collaborator of the alleged mastermind of Sarsenbaev’s murder.

Once again, the level of trust in the official interpretation of the events is pretty low, and most blame one or the other leader of the aforementioned groups of interests. Since the opposition did not really represent a threat to the current ruling elite, maybe sadly, most probably the Sarsenbaev’s death was not an end by itself, but just an instrument in the fight among groups of interests. Apparently, Kulybaev would be losing authority, since former head of KNB Dutbaev and Senate speaker Abykaev were both considered his close allies. Remarking exactly such consequences, some observers and local politicians accused Aliev of having orchestrated the murder to gain the upper hand over Kulybaev in the struggle for the future presidency.²¹⁶

As it is clear, groups of influence are fighting very actively; in Kazakhstan public politics are nothing but the tip of the iceberg of a harsh struggle among a restricted number of people that strive for the top position. Judging by the intensity of the conflict, and its destabilising potential, it is far from unlikely that a shift of power, if not a change of power, will take place before the natural end of Nazarbaev’s presidency. To prevent this possibility, Nazarbayev has spent the first months after his re-election as president of December 2005 to re-shuffle people at top positions of political, economic and security structures. At the moment of writing, June 2006, the situation is still very fluid and it is not clear how this phase will end. Kazakhstan’s political system, often considered the most stable and somehow the most successful among the Central-Asian post-Soviet republics, is starting to reveal some cracks.

However the change of power will happen in Kazakhstan, whether with relatively open

²¹⁴ See in particular Daniel Kimmage, “Kazakhstan: a shaken system”, 03 March 2006, *Radio Free Europe/Radio Liberty*.

²¹⁵ Allegedly, an unfriendly article by Sarsenbaev on a national newspaper. See Gulnoza Saidazimova, “Kazakhstan: Authorities Insist Personal Enmity Behind Sarsenbaev’s Murder”, 27 February 2006, *Radio Free Europe/Radio Liberty*.

²¹⁶ The issue is far from being solved, and the struggle is going on very actively. For example, Dariga Nazarbaeva, Aliev’s wife, has published an article (Dariga Nazarbaeva, “Dezha Vyu”, 10 March 2006, Caravan, <http://www.caravan.kz/article/?pid=11&aid=472>; <http://tinyurl.com/qcscso>) on one of the newspaper controlled by their group where she plainly wrote that head of Security Services Dutbaev in a report to President Nazarbaev claimed a member of the presidential family (Aliev, Kulibaev, or Nazarbaev’s nephew Kayrat Sattybaldy) was to blame for the murder; Rakhat Aliev has started a process for slander against a collaborator of the KNB that accused him of the killing (“Trial Involving Kazakh President’s Son-In-Law Opens”, 18 April 2006, *Radio Free Europe/Radio Liberty*), ecc.

electoral competition, with rotation of positions within the elite, with a successor picked by the president in or out of his family, or especially in case of unexpected illness or death of President Nazarbayev, in a country where hidden politics always prevailed on open politics, groups of influence will certainly play a key role.

4.2 Azerbaijan²¹⁷

When in post-Soviet Azerbaijan clan-like structures emerged along regional and kinship lines some suggested a re-traditionalisation of society was taking place. As for Kazakhstan, this seems not to be the case.²¹⁸

There are three main large groupings in Azerbaijan that characterise the forms of access to resources and power. The numerically largest is made by the *Armenistanis*, i.e. Azerbaijanis originating from Armenia,²¹⁹ often contemptuously called *Yeraz* (abbreviation of Yerevan Azerbaijanis). They are refugees or re-settlers of the three Azerbaijani migration waves from Armenia (after the two world wars, and in the period 1988-1990), or at least have one ancestor coming from that area. According to estimations, there are now about from two to three millions *Armenistanis* in today's Azerbaijan.

A second grouping, numerically much smaller, but nonetheless predominating in the power structure of the country, is made up of people native of Nakhichevan, an Azerbaijani exclave at the south-west of the mainland. In spite of the fact that the whole autonomous region of Nakhichevan counts about 350,000 inhabitants, this is the dominating group in Azerbaijan; former president and long standing general secretary of the Azerbaijani Communist Party Heidar Aliev, himself an exponent of this group, headed the country with brief interruptions since the 1970s, and built a network of connection that characterises till this day the power structure of Azerbaijan. Still, the predominance of *Nakhichevanis* became more clear only in the 1990s. At present times, cronies of the presidential family and other *Nakhichevanis* are holding top government positions and control the access to the natural resources of the country (with all the benefits that this implies), while Ilham Aliev "inherited" the presidential post of his father.

The third grouping, the Kurdish, is not based on regional origins, but on ethnicity. According to Sidikov, Kurds occupy as much as 80 percent of high position in the state administration, in spite of the fact that there are only about 200,000 Kurds in Azerbaijan.²²⁰ This vastly dispro-

217 This section is mostly based on two articles by Bahodir Sidikov about post-Soviet clans in Azerbaijan, a chapter by Guseydova about the political role of refugees in Azerbaijan, and the handbook on Azerbaijan by Todua. Bahodir Sidikov, "New or traditional? 'Clans', regional groupings, and state in Post-Soviet Azerbaijan", *Berliner Osteuropa Info*, No. 21, 2004, pp. 68-74; Bahodir Sidikov, "Novoe ili traditsionnoe? Regionalnye gruppirovki v postsovetskom Azerbaydzhan", *Vestnik Evrazii-Acta Eurastica*, No. 2 (25), 2004; Irada Guseydova, „Bezheny i ikh polozhenie i rol' v sovremennom azerbaydzhanskom obshchestve”, in Dmitriy Efimovich Furman (ed.), *Azerbaydzhan I Rossiya: obshchestva i gosudarstva*, Letniy sad, Moscow, 2001; Zurab Todua, *Azerbaydzhan segodnya: spravochnye maerialy:vlast', neft', ekonomika, politicheskie partii, biografii, telephony*, Panorama, Moscow, 1995.

218 According to Bahodir Sidikov, "What is called *clannishness* is essentially a new phenomenon in post-Soviet Azerbaijan, although it is disguised in the garb of tradition." Bahodir Sidikov, *New or traditional...*, op. cit., p. 68.

219 Or "Azerbaijanis coming from Western Azerbaijan", according to local scholar literature. See Bahodir Sidikov, *New or traditional...*, op. cit., p. 69.

220 Bahodir Sidikov, *New or traditional...*, op. cit. p. 70.

portionate representation seems to be the result of Soviet legacies (the Soviet leadership preferred having Kurds in the state structure, fearing the strengthening of ethnic Azerbaijanis and their rapprochement with Turkey) and of their convenient situation in the Azerbaijani political system. Since they cannot legitimately aspire at the leadership of the country, they are not hampered by *Armenistanis* and *Nakhichevanis* and play a role similar to that of ethnic Tajiks in Uzbekistan.

The distinction between these groupings is sometimes blurred, and their membership is overlapping, as is the case for president Aliev, a native of Nakhichevan with ancestors coming from Armenia.

Armenistanis and *Nakhichevani's* may collaborate in case of external menaces (for example, attempts by local groupings from Baku or Gäncä to increase their power), but tend to compete to get the upper hand in Azerbaijan (as happened in 1998, when *Armenistanis* supported their fellow Mämmädov in the presidential elections).

Both *Armenistanis* and *Nakhichevanis* quietly admit that belonging to their grouping is very often fictitious, and self-identification might be determined by personal interests.

As it emerges from this brief outline, also in Azerbaijan there are structures that hide behind traditional (and therefore more socially legitimate) structures like clans and regional fellowships, formations that are new in essence and nature. These groupings are therefore peculiar of the post-Soviet years, and presently they can be either networks of reciprocal support for Azerbaijanis coming to Baku²²¹ or just the framework within which closer groups of interest connected with specific segments of the state structure, with direct contacts to the presidential family, or with access to national resources lobby their personal interests and those of their cronies.

²²¹ As much as 90 per cent of the state budget is officially spent in Baku, and by far most of Azerbaijan's business activities take place in Baku.

Chapter 5

Youth movements in CIS countries

*We almost completely lost the youth of the nineties.
They had little interest in politics, and perhaps that was even a good thing.
But now we are seeing a growing desire among young people
to become involved in politics – and this is something we must address.*

Vladislav Surkov, deputy director of the presidential administration²²²

*Наши отцы дали нам право голоса,
и будет очень сложно заставить нас замолчать.*

Founding declaration of Oborona²²³

*Майданом
Мы все больны Майданом
Мы все больны Майданом
И за Майдан умрем.*

Irina Vorobieva, Youth Yabloko, 22 May 2006²²⁴

After the “orange revolution”, whose success depended heavily on the active role of *Pora*, interest in youth organisations and movements increased sharply in all of the CIS countries.

Both government and opposition understood that after years of disillusionment, a new generation of young citizens has grown. Youth has been overwhelmingly passive during the first reckless decade that followed the crush of the Soviet Union, but, as the “orange revolution” graphically showed, the youth is ready to be active... it just needs some stimuli.

Danilin divides post-Soviet youth in Russia in age groups that have different characteristics and attitudes, depending on how much they have been influenced by Soviet reality. He defines those born between 1973 and 1979 the “lost generation”; people born in those years had

222 Uwe Klussman and Walter Mayr, “The West Doesn’t Have to Love Us – Interview with Vladislav Surkov”, 20 June 2005, *Der Spiegel*, <http://www.spiegel.de/international/spiegel/0,1518,361236,00.html>; <http://tinyurl.com/2lxoxp>.

223 <http://www.oborona.org/about/declaration/>; <http://tinyurl.com/nkuo5>.

224 <http://vorobieva-irina.livejournal.com/236543.html>; <http://tinyurl.com/mmn4v>.

a Soviet education but had to find a place and a job in the weird capitalist society of the 1990s, and at the same time they were too young to take a profitable part in the first years of privatisations.²²⁵ According to Danilin, the level of politicisation of this group is comparatively low, and generally speaking its members seem to have a rather patriotic worldview and a comparatively low level of protest potential. More interesting from the point of view of youth political organisations of the current years is the group of people born between 1980 and 1985; they have only vague direct memories of Soviet times and often do not have clear political ideas, since they have often heard different point of views from the oligarch dominated media of the 1990s and their parents. They absorbed some values like freedom, democracy and anti-fascism, but they might interpret them differently. Consequently, they are possibly the most active subjects of contemporary youth organisations. But even more attention is being dedicated to the people born between 1986 and 1990: very often they are not at all politicised, if not by their family, but exactly at this difficult age they can be politicised through youth organisations. In a medium term perspective, conquering the sympathy of those ending school is a determinant of success for both government and opposition.

The sudden growth of interest in political youth organisations of early 2005 in Russia is testified not only by the number of movements declaring to start activities, but also by the amount of attention that Russian publishing houses dedicated to the topic. In the second half of 2005, four full scale books have been written on the topic, and published soon thereafter, by Danilin, Mukhin, Savelev and Bomsford and Bordyugov; logically, they make up the main reference for this section.²²⁶

This “baby-boom” of youth organisations had its peak in February-March 2005, and has its most famous representatives in *Nashi* and *Oborona*. The first was made to save Russia from the “fascists” (a term that in the rhetoric of the movement refers mostly to liberals) and from the “orange” tide that is depriving post-Soviet countries of their identity and independence, while the second is a right-leaning coalition movement formed to bring real freedom and democracy in Russia, that takes as a model other movements that participated to “colour revolutions” in other CIS countries. Already in late 2005-early 2006, Russian youth political movements seemed to be already in crisis: none of them has been able to gather mass support, with the partial exception of *Nashi*, that had indeed massive actions, but only thanks to huge financial expenses.

Most of what has been written until now, is applicable to a certain extent to all other countries of the CIS, with the exclusion of the most authoritarian (namely, Turkmenistan, Uzbekistan and Tajikistan). Even in countries like Kazakhstan, where the formation of opposition youth movements is hindered, and patriotic (and pro-presidential) organisations dominate the scene, the effort of governmental forces in organising groups of young supporters to defend the regime is a sign of the weakness of the ruling elite.

At the same time, the existence of youth movements of different political views is a hope for the development of democracy in the region.

225 Pavel Danilin, *Novaya Molodezhnaya Politika 2003-2005*, Evropa, Moscow, 2006, pp. 20-30.

226 Pavel Danilin, op. cit.; Aleksey Mukhin, *Pokolenie 2008: nashi i ne nashi*, Algoritm, Moscow, 2006; Vladimir A. Savelev, *Goryachaya molodezh Rossii: Lidery. Organizatsy i dvizheniya. Taktika ulichnykh bitv. Kontakty*, Kvanta, Moscow, 2006; Falk Bomsford and Gennadiy A. Bordyugov, (ed.) *Molodezh i Politika*, Fond Fridrikha Naumanna, Moscow, 2006.

5.1 Russia

I will first consider different opposition movements, and then concentrate on the dynamics within the liberal opposition and the pro-presidential main movements.

5.1.1 Extreme and leftist opposition organisations

The first youth movement that expressed loudly and graphically its views in post-Soviet Russia, obtaining the attention of the media, has been the **National Bolshevik Party (NBP)**,²²⁷ founded in 1994 by Eduard Limonov, who is considered until now its leader. As of June 2005, the movement declared to have 22,000 members²²⁸ and about fifty of its activist in prison for political reasons. The ideology of the NBP is constantly evolving and changing following the ideas of its inspirer and theoretical guide Limonov.²²⁹ The movement shares some characteristics with early Italian fascism, and includes in its list of heroes and models from the twentieth century people as different as Che Guevara, Mussolini, Lenin, Stalin and Beria, and among the movements the Red Brigades and the Nazi SS.²³⁰ NBP seems to be mostly self-financed by its members, even if Boris Berezovsky most likely financed the movement at different times.²³¹ During all the years of its existence, the NBP made numerous actions of protest in Moscow and in other cities of the Russian Federation and the CIS. Among its members, it is possible to find both educated youth (that strengthen the ideological base of the movement) and young people with lower education that want to express graphically their dislike for the system, no matter the price (the latter constitute the bulk of participants to the most extreme actions).

In the last few years, the movement has repeatedly protested against Putin and the ruling government, and proposed other opposition movement to unite. Still, its ideological positions keep its coalition potential very low.

In the early 1990s, since the *Komsomol* declared its dissolution in 1991,²³² leftist youth did not really have an organisation of reference, even if it often participated to actions organised by the Communist party. The **Union of Communist Youth**²³³ was re-organised in 1999, and in 2005 declared to have about 28,000 members. Their main mission is to support the Communist Party and to educate the youth according to patriotic and communist value. Its main source of financing is the Communist Party. The Union of Communist Youth in 2004 united with other leftist movements to create the **Youth Leftist Front** in 2004, a short-lived umbrella organisation headed by Ilya Ponomarev that boasted as much as 35,000 associated members. In spite

227 <http://nbp-info.com/>

228 But some sources say they are even more, see Aleksey Mukhin, *Pokolenie 2008...*, *op. cit.*, p. 90.

229 For example, in 1994 it strongly supported the invasion of Chechnya by the Russian army, but in 2004 protest against the war in that same region.

230 "Ob Ideologii", *NBP-Info*, N.1 1999, <http://nbp-info.com/new/lib/nbpinfo1/02.html>; <http://tinyurl.com/lpnr6>.

231 Aleksey Muckhin, *Pokolenie 2008*, *op. cit.*, pp. 88-89; Vladimir Savelev, *op. cit.*, p. 169.

232 *Komsomol* was re-named *Rossiyskiy Soyuz Molodezhi* ("Russian Youth Union", <http://www.ruy.ru/>) in 1991, and became independent from party structures. It has now more than 200,000 members and more than one million people participate to its initiatives. I will not deal more specifically with this organisation, since it is mostly apolitical. Still, they claim that in time of elections they could take side with "that president that fits better the interests of the youth and society", Vladimir Savelev, *op. cit.*, p. 115.

233 <http://www.cprf.ru/skm/>

of rumours that the organisation had well known sponsors like Yukos and Berezovsky, after the Communists left the front in May 2005, the organisation practically disappeared.

The youth union **Za Rodinu** (“For the Motherland!”)²³⁴ is a branch of the Russian party *Rodina* (“Motherland”), and was founded in June 2004. Its ideology, as that of their party of reference, is national populist, with a leftist perspective. It is in opposition to government and *oligarchs*. Demonstratively, a group of activists of this organisation flew to London for an action of protest against Berezovsky. The movement supports the creation of an empire on the post-Soviet space uniting all Slavic peoples. As of June 2005, this organisation had about 5,000 members throughout Russia.

Another strong leftist movement, founded in 1999, is the **Avangard Krasnoy Maladexhi (AKM)** - “Vanguard of the Red Youth”²³⁵. The AKM officially counts about 6,000 members spread around different republics of the former Soviet Union, and is mostly self-financed by activists. Its declared goals consist in bringing the society on the Socialist path of development, establish the dictatorship of the proletariat and gradually re-create and enlarge the Soviet Union. It is notorious for its anti-Western demonstrations, and its members publicly burn American and NATO flags,²³⁶ as well as Putin’s portraits.²³⁷

5.1.2 Liberal-democratic opposition organisations

In spite of the fact that all the above mentioned organisations oppose Putin and his government, none of them resembles even vaguely the youth movements that supported “colour revolutions” in Georgia and Ukraine; on the contrary, most of them expressed solidarity with Belorussian government when after March 2006 elections the local opposition was protesting against electoral rigging. All of these movements are ready to protest against Russian government, but none of them would support a Yushchenko-like president. Because of their nationalist and revanchist rhetoric, these movements basically do not receive and could not accept any financial support from abroad.

The main pro-democratic youth movements united to form **Oborona** (“Defense”),²³⁸ an organisation that coordinates the action of mostly liberal democratic young activists. *Oborona* claims to be a non-partisan movement, and that supporting a specific party or candidate for presidential elections is not among its purposes.²³⁹ Still, it clearly declares its opposition to Putin’s regime and the system of “police authoritarianism” that he created.²⁴⁰ Its symbol, a closed fist, is the same of Serbian *Otpor* and Georgian *Khmara*.

When it was founded, in March 2005, *Youth Yabloko* was well represented in *Oborona*’s

234 <http://mrodina.su/>

235 <http://www.akm1917.org/>

236 18 May 2006, <http://www.akm1917.org/fotoalb/foto60.htm>; <http://tinyurl.com/kbdqx>.

237 01 May 2006, <http://www.akm1917.org/fotoalb/foto58-4.htm>; <http://tinyurl.com/kqx7h>.

238 <http://www.oborona.org/>; http://ru_oborona.livejournal.com/.

239 “Zayavlenie Oborony ob otnosheniach s demokraticeskimi organizatsiyami i politikami demokraticeskoy orientatsii”, 12 February 2006, http://www.oborona.org/news/archives/2006/02/zayavlenie_obor.html; <http://tinyurl.com/zex42>.

240 “Deklaratsiya dvizheniya ‘Oborona’”, <http://www.oborona.org/about/declaration/>; <http://tinyurl.com/nkuo5>.

council of coordinators, and the informal leader of the organisation became Ilya Yashin,²⁴¹ by far the most popular among the liberal democratic opposition young activists. But less than a year later, in January and February 2006, a harsh discussion among the leaders of the movement led Yashin and most other members of *Youth Yabloko*, to leave the movement. Apparently, the *yablochniki*²⁴² present in *Oborona* wanted to make the movement more explicitly political and give it a leader (namely, Yashin) that could make declarations in the name of the whole movement.²⁴³ Other members of the movement thought that such a resolution would have been against the founding ideals of *Oborona*, that wanted the movement to stay independent from any party organisation and based on a leaderless horizontal structure. Yashin declared that the whole debate was the consequence of different point of views concerning the future of Russia, and suggested that his opponents within *Oborona* were close to Kasyanov and had a positive myth of Russia under Yeltsin.²⁴⁴

It is difficult to estimate at this point the number of members of *Oborona*; according to Danilin and Savelev,²⁴⁵ the organisation officially had about 2,500 activists in late 2005, but probably not more than three hundred active members in Moscow. *Oborona* is one of the most active democratic opposition youth movements and it organises and participates to a number of initiatives in Moscow and in the regions. According to *Oborona*'s official website, monthly expenditures of the organisation do not exceed 1,500 – 2,500 euro per month, most of which are for the rent of their headquarters.²⁴⁶ Since the recent change of leadership, *Oborona* does not seem to be keen on organising demonstrations with *Youth Yabloko*.²⁴⁷

Both **Yabloko** and **SPS** (*Soyuz Pravych Sil* – “Union of Right Forces”) have youth branches that participate and directly organise numerous low-budget actions. Both organisations are comparatively old (*Youth Yabloko* was founded in 1995, *Youth SPS* in 2001), but have a limited membership.²⁴⁸ As the next paragraphs will make clear, liberal opposition's youth movements cannot definitely compete with pro-governmental groups both in terms of membership and fi-

241 <http://yashin.livejournal.com/>

242 Members of *Youth Yabloko*.

243 The official proposal as formulated on February 6, 2006, is online at http://www.oborona.org/news/archives/2006/02/sostoyalos_zase.html; <http://tinyurl.com/p8asv>. Read also an opinion of another member of the Coordinating Committee, opposing this resolution, http://community.livejournal.com/ru_oborona/119946.html; <http://tinyurl.com/mwwo4k>.

244 See in particular Konstantin Poleskov “Pochemu raskololas’ ‘Oborona’”, 13 February 2006, *Novaya Gazeta*, <http://2006.novayagazeta.ru/nomer/2006/10n/n10n-s11.shtml>; <http://tinyurl.com/og6h7>. Interesting details about the debate that led to the schism within *Oborona* are to be found in the blogs of the movement and of single activists. See for example some entries of *Oborona*'s blog in January and February 2006 (http://ru_oborona.livejournal.com/), Yashin's blog for the same period (<http://yashin.livejournal.com/>), or those of other activists (all the blogs link to each other). On-line debates seem to be no less important than real ones; for the Russian liberal democratic youth, internet, and especially their blogs hosted on livejournal.com, have possibly become the main platform for meetings and debate. Almost all members of the central Council of Coordinators has an own blog.

245 Pavel Danilin, *op. cit.*, p. 250; Vladimir Savelev, *op. cit.*, p. 205.

246 See monthly budgets at http://www.oborona.org/news/archives/novosti_oborony/ofitsialnaya_informatsiya/index.html; <http://tinyurl.com/lcvba>.

247 See Dmitriy Taratorin, “Boevaya Yunost’”, 28 April 2006, *Novye Izvestiya*, <http://www.newizv.ru/news/2006-04-28/45527/>; <http://tinyurl.com/q2tkp>. Nonetheless, for obvious reasons, activists of *Oborona* and *Youth Yabloko* participate to the same actions under their respective flags.

248 According to Savelev, about 2,500-3,500 each. Vladimir Savelev, *op. cit.*

nancial resources.

Curiously, in the last couple of years, a multitude of “virtual” movements declared loudly their existence, proposed a brand that could be successful, created a web-site and waited for funds to come. For example, a Russian copycat *Pora* organisation was founded in December 2004. Leaders of this self-proclaimed movement declared they had about 1,500 members, but specialists seemed to be very sceptic about such data: Mukhin suggests Russian *Pora* did not count more than one hundred member throughout the country, while Danilin estimated that the whole project involves “three to five people”.²⁴⁹ Apparently, they sought funding from Berezovsky and were ready to support Kasyanov as a candidate for presidency in 2008,²⁵⁰ but they failed miserably in their fund-raising mission to the point that the news website *pravda.ru* defined them “totally ridiculous rip-off[s] of the ‘orange’ youth movement”.²⁵¹ In early 2006, Russian *Pora* website²⁵² was already off the net, and in the following months there has been no more news concerning this group. *Khvatit*, a movement that existed only on the internet and as long as their site²⁵³ was online has a similar history, as well as *Idushchie Bez Putina*²⁵⁴ and others.

5.1.3 Pro-presidential organisations

For the time being, the strongest pro-presidential movement in Russia, and overall the strongest political youth organisation in Russia, is *Nashi*. Still, as *Idushchie vmeste* demonstrates, the movement may well lose importance quickly, and *Molodoya Gvardiya*, the renewed youth branch of *Edinaya Rossiya* is already gaining ground.

It is worth noticing that the initiator of all these projects is the deputy director of the presidential administration and chief ideologist of *Edinaya Rossiya* Vladislav Surkov.²⁵⁵ I would even suggest that without his intervention all the organisations mentioned in this section would have a very different outlook and role (as I think is the case with *Molodoya Gvardiya*) or would not exist at all (I am referring to *Idushchie vmeste* and *Nashi*). Surkov thinks that the youth has a key role in the process of establishing in Russia what he calls “sovereign democracy”. Sovereign democracy is not only an ideology, but also a project to support the formation of a

249 Aleksey Mukhin, *Pokolenie 2008*, *op. cit.*, p. 108; Pavel Danilin, *op. cit.* p. 259.

250 See Taras Kuzio “Berezovsky hopes to sell orange revolution to Russia”, 18 march 2005, *Eurasia Daily Monitor*. http://www.jamestown.org/publications_details.php?volume_id=407&issue_id=3268&article_id=2369446; <http://tinyurl.com/lcl79>.

251 Andrey Petyunin “Fighting for ‘orange revolution’ money in full swing”, 21 July 2005, *Pravda.ru*. http://english.pravda.ru/main/18/88/353/15837_revolution.html; <http://tinyurl.com/pc3r3>.

252 <http://www.pora.info.com>. As of March 2006, already off-line.

253 <http://www.hvatit.info>. As of March 2006, already off-line.

254 Their website, <http://www.noputin.com/>, is still online. All of their actions took place between January and May 2005, and by all evidence none of them involved more than ten people. Danilin estimates that *Idushchie Bez Putina* (“Going without Putin) had about three-four members, but they were no less known than *Oborona*, probably thanks to its name mimicking large pro-presidential movement *Idushchie vmeste* (“Going together”). See Pavel Danilin, *op. cit.*, p. 260. The people that created *Idushchie Bez Putina*, grouped around the figure of Roman Dobrochotov, later created the more successful *My* (<http://www.wefree.ru/>) as an answer to *Nashi*.

255 Deputy director and head of the department for domestic politics of the presidential administration. For further information about this very influential, but comparatively little known, personality see <http://www.surkov.info/>.

national political and economic elite that could and would take full responsibility for its own country. The creation of a stronger state based on a model of democracy tailored on Russia's peculiarities²⁵⁶ would allow Russia to be competitive on the world arena from any point of view and give back to this country a leading geopolitical role supported also by its status of energetic superpower. Indeed, Surkov declared that competitiveness is a political synonym of sovereignty.

According to this theory, Russia's youth should be prepared to run efficiently the country and prevent some kind of "colour revolutions" (defined as "soft invasion"²⁵⁷) from happening on its territory. And last but not least, the youth should spread Surkov's ideology (apparently largely coinciding with Putin's), among the population. The main documents of all the movements analysed in this section are therefore unsurprisingly imbued with this kind of ideas.

Idushchie vmeste ("Going together"),²⁵⁸ was founded in year 2000 by Vasilii Yakemenko, a former collaborator of the presidential administration. In spite of his close connection with Surkov, Yakemenko declared that the movement was his own idea. Still, financing came both from the state budget (through state or local committees for youth affairs) as well as from business structure close to the Kremlin.²⁵⁹

According to its official website, *Idushie vmeste* has about 50,000 members and 80 per cent of them are students.²⁶⁰

Idushchie vmeste used to commemorate the inauguration of the president of the Russian Federation every seventh of May with a demonstration in favour of Vladimir Putin; already in 2001, 10,000 people participated to this action, all of them wearing a t-shirt provided by the organisation, and in 2003, the number of participants grew to 20,000.²⁶¹

The basic document of *Idushchie vmeste* is its "moral code", a collection of ethic and social norms to be shared by members of the organisation that includes respect for the elders and unacceptability of heavy drinking, use of drugs and swearing. One of their most famous actions took place in 2002 and consisted in publicly tearing up and throwing away in huge dust bins books by writer Vladimir Sorokin,²⁶² guilty of pornography and amorality, in front of the theatre *Bolshoy*. In February of the same year, *Idushchie vmeste* offered a copy of a collection of Russian classics (of which the organisation published at its own expenses 10,000 copies) in ex-

256 In Surkov's understanding, a political system managed by a dominant party, namely *Edinaya Rossiya*.

257 Ariel Cohen, "Putin's Legacy and United Russia's New Ideology", 01 June 2006, *The Heritage Foundation*, <http://www.heritage.org/Research/RussiaandEurasia/>.

258 <http://www.idushie.ru>

259 In May 2003, Yakemenko declared that *Idushchie vmeste* spends at least ten dollars per month for each member of the organisation. On the same occasion, he declared that as much as 25 per cent of the expenditures were financed by activists themselves, or their parents. See Vladimir Savelev, *op. cit.*, p. 82.

260 See <http://www.idushie.ru/rus/about/index.php>; <http://tinyurl.com/pw92z>. According to Danilin, when the organisation officially declared to have about 100,000 members, it did not have more than five hundred active members. According to Mukhin, the leaders of the organisation declares to have about 60,000 members, of which 5,000-7,000 active members in Moscow. The discrepancies among data gathered at the distance of month is very telling about fluidity of youth movements in Russia. See Pavel Danilin, *op. cit.*, p. 254; Aleksey Mukhin, *Pokolenie 2008*, p. 137.

261 Vladimir Savelev, *op. cit.*, p. 77.

262 For English-language details about this rather interesting author, see David Gillespie and Elena Smirnova, "Vladimir Sorokin", 2003. <http://www.srkn.ru/criticism/gillespie.shtml>; <http://tinyurl.com/ndpeb>.

change of another book of dubious moral or artistic value.²⁶³

Idushchie vmeste changed in nature and relevance in March 2005, when its leader Yakemenko left the movement to start and head another project, *Nashi*. What is left of *Idushchie vmeste* should now deal only with cultural issues.

Nashi (“Ours”) had its biggest demonstration, almost a show off of wealth and power, on May 15, 2005. In occasion of the sixtieth anniversary of the victory on Nazi Germany, *Nashi* brought 60,000 young volunteers on the streets of Moscow to participate in the parade, wearing t-shirts and waving flags provided by the organisation.²⁶⁴

The whole name of the organisation is “anti-fascist youth movement ‘*Nashi*’”; *Nashi*’s leader Yakemenko, in its statement for the press about the foundation of the movement, publicly declared he recognised as “fascists” the National-Bolsheviks, and declared *Nashi* would fight against them and their fellows, including “[former liberal presidential candidate Irina] Khakamada and her *Komitet-2008* [opposition’s anti-Putin electoral platform], youth *Yabloko*, Berezovsky, Makashov and other amoral personalities”.²⁶⁵

The founders of the organisation had huge ambitions, and did not hide them.²⁶⁶ According to its manifesto,²⁶⁷ activists of *Nashi* do not want simply to support patriotic views, but claim they want to defend the sovereignty of Russia and give back to their country its role as global leader, whatever it means. Moreover, *Nashi* should develop a structure parallel to the state’s, and make sure its members obtain key position in state, economic and media sphere. In their own way, they propose a “bureaucratic revolution” in Russia, where the new moral, patriotic, dynamic and prepared youth coming from *Nashi*, should replace the old corrupt state of employees and statesmen that sold out Russia during the 1990s. As it is openly stated in the manifesto, “working as a network of mutual support, our movement will make use of the possibilities of our members that obtained access to positions in the systems of government to support other new members”.²⁶⁸ Accordingly, they openly support president Putin and his political course, but blame the state structure for Russia’s systemic problems.

Leaders of *Nashi* always claimed to be financially supported by big Russian companies, but did not deny they received support from state structures. Commissars of *Nashi* had already two personal meetings with Putin, in July 2005 and May 2006, which is rightly considered a unique sign of favour from the president.²⁶⁹ Still, in spite of its extraordinary and promising start, just one year after it was founded, *Nashi*’s finances seem to be quickly decreasing, regional branches are closing, and its initiatives are becoming less common and especially less expen-

263 Aleksey Mukhin, *Pokolenie 2008*, op. cit., pp. 148-149.

264 According to some estimations, the whole action cost about 1,2-1,5 million dollars. See Vladimir Savelev, op. cit., p. 91.

265 Vladimir Savelev, op. cit., p. 87.

266 Already in July 2005, less than five months since the formation of the movement, Yakemenko said *Nashi* planned to have as much as 300,000 members in 2007.

267 <http://www.nashi.su/manifest.html>; <http://tinyurl.com/p7ns3>.

268 <http://www.nashi.su/manifest.html>; <http://tinyurl.com/p7ns3>.

269 According to *Nashi*’s official web-site, the meeting that took place on May 18 at Putin’s residence in Sochi, lasted about three hours. See brief description and pictures at <http://www.nashi.su/news.php?n=4051&r=2>; <http://tinyurl.com/fvqht>.

sive.²⁷⁰ Some suggest Moscow's elite started fearing a movement that might turn uncontrollable; undoubtedly, a considerable number of active members and commissars were attracted by the brilliant perspective in the state structure the movement seemed to offer.

In 2005, *Nashi* seemed to be the best starting platform for young people with political ambitions or outright lust for power. Recently, attention started shifting to the renewed youth branch of *Edinaya Rossiya*, Russia's "party of power", that was renamed ***Molodaya Gvardia*** and was provided with more consistent resources. In particular, leadership of *Edinaya Rossiya* supported the proposal to include 20 per cent of activists of *Molodaya Gvardia* in its electoral lists of every level.²⁷¹ Needless to say, young careerists may find such a promise very attractive.

The first rumours about the formation of a new, more dynamic movement, to substitute *Molodezhnoe Edinstvo*, the former youth branch of *Edinaya Rossiya*, appeared on the press in October 2005.²⁷² Even before the organisation was officially founded, one of its would-be leaders declared: "I think the country needs a responsible political movement not dividing people in "ours" and "the others"; in *Molodaya Gvardiya*, just as in *Edinaya Rossiya*, all political tastes and factions will be represented, from the liberals to the conservatives and *pravoslavny*. Therefore, the motto "Who is not against us, is with us" is perfectly applicable to our organisation."²⁷³ *Molodezhnoe Edinstvo* could already count on eighty-six regional branches and about 70,000 members; it is not clear at this point what is the popularity rate of this organisation, but it is doubtlessly receiving more funding and attentions from *Edinaya Rossiya*, as well as more space in the media.²⁷⁴ *Molodaya Gvardiya* could definitely become a key player in time for the 2007 and 2008 electoral rounds.

As it clearly emerges from this brief overview of political youth movements in Russia, pro-governmental organisations have by far more members and financial resources than the opposition's. Besides, even within the opposition, liberal-democratic movements look tiny in comparison with those hailing nationalist and/or extreme leftist views.

The current balance of power is not only the result of the dominating patriotic worldview in Russia that implies a socially widespread mixture of nationalism and outspoken faithfulness to

270 For example, *Nashi* planned a huge anti-fascist march for March 2006. In an interview made in January 2006, Yakemenko looked still sure about the demonstration, that should have had more than 100,000 participants, and mentioned specifically costs and fund raising procedures. For "security reasons", apparently hiding budget problems, the demonstration was then moved to the following autumn. According to Yakemenko's figures, bringing to Moscow 77,500 people by train and 31,000 by bus would have cost about three million dollars for transportation only, including a 30 per cent discount on railway prices obtained through Kremlin's support. In the same interview, Yakemenko declared that the Kremlin did not directly financially support *Nashi*, but stressed that a recommendation from the Kremlin to some companies means that they just have to be generous. See Buribaev, A. "Na soveshchaniya k Surkovu menya ne priglashayut", 26 January 2006, *gazeta.ru*, <http://www.gzt.ru/society/2006/01/26/214345.html>; <http://tinyurl.com/hfnp6>.

271 Taratorin, D. "Boevaya Yunost", 28 April 2006, *Novye Izvestiya*, <http://www.newizv.ru/news/2006-04-28/45527/>; <http://tinyurl.com/qztkp>.

272 Vinogradov, M. "'Edinaya Rossiya' sozdaet 'Moloduyu Gvardiyu'", 17 October 2005, *Izvestia*, <http://www.izvestia.ru/politic/article2884419/>; <http://tinyurl.com/g4gjv>.

273 "Devidov prevratit 'Molodezhnoe Edinstvo' v 'Moloduyu Gvardiyu'", 24 October 2005, *lenta.ru*, <http://lenta.ru/news/2005/10/24/demidov/>; <http://tinyurl.com/m9ckn>. Evidently, this point of view is in clear opposition with *Nashi*'s.

274 For example, the participation of director Fedor Bondarchuk, author of "Devyataya Rota", the film earning the highest box office revenues in Russia's history, in the council of coordinators of *Molodaya Gvardiya* cannot but boast the popularity of the organisation. See <http://www.fedia.ru/politic/>; <http://tinyurl.com/ngako>.

the government,²⁷⁵ but also of considerable financial investments by the establishment.

In spite of its almost uncontested predominance, pro-governmental forces and groups of interest feel the need to invest more and more money in friendly youth movements. This apparently redundant abundance of resources invested in this field suggests that the establishment does not feel safe, yet, and that spending some millions dollars a year seems to be a good price for this kind of insurance.

At the same time, attaching youth to politics and fomenting their ambitions may well have long lasting consequences. Leaders of *Nashi* basically promise to their activists that they will have important positions in state or economic structures thanks to the highly qualifying seminars they attended, the leadership skills they developed working in the organisation, and the network of reciprocal support of *Nashi* members. If growing up all these young people will not see their ambitions satisfied (which is actually not unlikely), or even if they do, they might use the skills they acquired with aims substantially different from those of their former sponsors.

In any case, it is safe to say that all the rampant youth coming out of such movements will play a role in Russia, in a medium or even long term perspective; I want to stress that we are talking about tenths of thousands (but if these projects continues, it will be soon hundreds of thousands) of ambitious young people that received specific education in public relations, politics, and leadership skills, all of them connected in a network of reciprocal support, and some of them with important posts in business or state structure. If they will be really included in the party lists of *Edinaya Rossiya*, these young activists will have a guaranteed large representation in electoral bodies of all levels. It is definitely too early to predict the consequences of all of that, but a list of possible outcomes might include a growth of democracy within the “party of power” (transforming it in something vaguely resembling Italian Christian Democrats in the first several decades that followed the second world war), a bureaucratic generational revolution of unsatisfied young careerists (united around anti-corruption slogans), and even the (however extremely unlikely) formation of an organised opposition to whoever will be Putin’s picked successor.

5.2 Kazakhstan

There is a considerable number of youth organisations in Kazakhstan,²⁷⁶ but most of them are not political, and among them, as is the case for Russia, pro-presidential movements are far stronger than the opposition’s. The greatest difference between Russia and Kazakhstan lies in the comparative weakness of leftist movements, and the absence of an organisations comparable to Limonov’s *National Bolsheviks*. For the time being, no serious book or scholar article has been published dealing specifically with Kazakhstan’s youth movements, not all movements have a proper web-site, and it is particularly difficult to have proper information as of the real membership of such groups. For these reasons, I based this section on personal interviews with representatives of local youth organisations and online articles of local news web-

²⁷⁵ Anti-governmental statements are often considered anti-patriotic and anti-Russian.

²⁷⁶ As much as 450, according to a study by B. Dzhunsangaliyeva and B. Barlybaev, “Koloritnoe pokolenie”, *liter.kz*, <http://www.liter.kz/site.php?lan=russian&id=150>; <http://tinyurl.com/efgeq>.

sites.²⁷⁷

The **Youth Congress of Kazakhstan**²⁷⁸ (YCK) is an umbrella organisation that unites about 140 youth organisations, most of which deal with social issues or development programmes. YCK was founded by initiative of the president in 2002 to coordinate and support youth non-governmental organisations and is sponsored mainly with state budget's funds. Its main goal is to coordinate actions of different movements and to funnel governmental funds for specific initiatives or projects. Most of its initiatives do not deal with politics, but in the months preceding the December 2005 presidential elections, YCK supported a campaign called *Mne 18 - ja golosuyu!* ("I am 18, I am voting!"), aimed at raising youth participation to the elections, and another one called *Mama i Papa golosuyut za moe budushchee* ("Mam and dad vote for my future) whose aim was to push school pupils to convince their parents to go voting; if a kid declared he convinced at least one of his parents to go voting, he would receive a small gift.

During my interview with representatives of YCK in their Astana headquarters,²⁷⁹ I was told that YCK as such does not have a specific political position. Still, when I was showed various materials for the above mentioned campaigns, I found, among other things to be distributed, pins with Nazarbayev's picture and the text "Nazarbayev is my president". My interlocutors explained the presence of pro-presidential material with a decision democratically taken by the Congress to support the acting president. The argument ran that if a majority of the associations represented in the YCK freely decides to support the president because they think him to be the candidate that would guarantee better youth politics and a better future for Kazakhstan's youth, it is obviously legitimate to express the preferences of the congress during its actions. On the other side, this is an apparently legal way to support a specific candidate making use of money taken from the state budget.

Moreover, YCK signed an official agreement of cooperation with *Otan*, Kazakhstan's "party of power".²⁸⁰ According to this agreement, YCK and *Otan* collaborate on a number of issues, including, among other things, initiatives for convincing the youth in collaborating with the two sides of the agreement, supporting the politics expressed by the president in his long term plan "Kazakhstan 2030" and in his annual speeches to the parliament, common elaboration of programmes for youth politics and common expression of candidates to elections of all levels to represent the interests of the youth.

Evidently, a structure overwhelmingly funded with public funds clearly supports the dominating party and the acting president.

The largest youth political movement in the country is by far *Zhas Otan*,²⁸¹ the youth branch of Kazakhstan's majority party *Otan*. Officially, the movements counts as much as 105,000 and has a widespread network of local branches. Its action are mostly of patriotic character or in

277 Interviews held by the author in January 2006 in Astana and Almaty. See also B. Dzhunsangaliev and B. Barlybaev, "Koloritnoe pokolenie", *liter.kz*, <http://www.liter.kz/site.php?lan=russian&id=150>; <http://tinyurl.com/ef9eq>. See also Talanov, A. "Molodo – zeleno; Dollar kak dvigatel' barkhatnykh revolyutsii", 19 September 2005, *Megapolis*.

278 <http://www.zhastar.kz>.

279 Author's interview with D. Shushikova and A. Simonova, representatives of the Youth Congress of Kazakhstan, Astana, 24 January 2006.

280 "Soglashenie o sotrudnichestve mezhd u obshchestvennym ob"edineniem 'Respublikanskaya politicheskaya partiya Otan' i ob"edineniem yuridicheskikh lits 'Kongress Maladezhi Kazakhstana'", 30 March 2003, <http://tinyurl.com/fyf96>.

281 <http://www.otan.kz/zhas/>.

support of acting president Nursultan Nazarbayev.

Kaisar,²⁸² is probably the most interesting political youth movement in Kazakhstan. *Kaisar* was founded in July 2005, and since then its leader is Nurbol Baimukhanov, who later won the price of “Youth leader of the year” by the Youth Congress of Kazakhstan. The movement is supported by domestic businessmen, and seems to be financed well enough to have quite big and renovated offices in Almaty and to provide all of its members with organisation’s t-shirt and other gadgets. For the time being, *Kaisar* counts about 2,000 members.

The main declared goal of *Kaisar* is that of educating the youth in a patriotic spirit, and stimulate participation to politics of Kazakhstan’s young citizens to prevent that they be deceived and exploited by the domestic opposition or external forces against Kazakhstan’s interest, as happened in other countries of the CIS. Most of *Kaisar*’s actions are of patriotic nature and are meant to widen youth participation to politics. *Kaisar* constantly writes open letters and tries to get in contact with other youth movements, as well as political parties and single deputies, in order to express its opinion about current event in a direct but civilised manner. Still, one of *Kaisar*’s initiatives is *OppozikaTura*, a concourse of caricatures made by young authors mocking the opposition.²⁸³

As one of the organisation’s posters suggest, the movement proposes evolution instead of revolution as a way of improving the situation in Kazakhstan.

During last presidential elections, it officially supported president Nazarbayev, but *Kaisar*’s support to the current leader of the country does not unconditionally extend to the government or the state structure at large.²⁸⁴ From this point of view, the movement would not differentiate from Russian *Nashi*; indeed, on the official website of *Kaisar* there are sometimes links to *Nashi*’s initiatives. Still, when I interviewed the organisation’s leader Nurbol Baimukhanov,²⁸⁵ he conceded he did not look with favour at *Nashi*, stressed its artificiality, and claimed that a real youth organisation must stem from below and not from the higher echelons of power. In the same occasion, Baimukhanov stressed that *Kaisar* was not an organisation for young careerists (since they are already attracted by *Zhas Otan*), and that members of his organisation are just young people who care about their country and their own future.

It is somehow more difficult to evaluate opposition youth movements.²⁸⁶ **Kakhar**²⁸⁷ and **Aybat** propose themselves as revolutionary movements (in the sense of being in favour of a “colour revolution” in their country), but there is no information concerning their membership or their real importance. The latter does not even have an own web-site, which is generally considered to be the cheapest and easiest way to make one’s idea known, especially in semi-authoritarian regimes.

Generally speaking, all opposition youth movements exist in the almost total absence of fi-

²⁸² <http://www.kaisar.kz>.

²⁸³ http://www.kaisar.kz/index.php?option=com_datso gallery&Itemid=&func=viewcategory&catid=5; <http://tinyurl.com/jxw9z>.

²⁸⁴ See for example, Zinulin, A. “Eshche raz o molodezhnoy politike”, 01 June 2006, *kaisar.kz*.

²⁸⁵ Author’s interview with Nurbol Baimukhanov, 18 January 2006, Almaty, Kazakhstan.

²⁸⁶ Basic reference for opposition movements are the transcription of the conferences held in club Polyton, Almaty, Kazakhstan, in autumn 2005. See <http://www.club.kz/index.php?lang=ru&mod=discuss>; <http://tinyurl.com/hmvrC>.

²⁸⁷ <http://www.kahar.name>.

financial support, and often are not even registered. Registration is apparently very difficult to obtain, and without it an organisation cannot have an own bank account, a fundamental element to start a proper fund-raising campaign.

Among youth oppositionists, it is possible to distinguish some leftist organisations, like Kazakhstan's branch of the **Avangard Krasnoy Molodezhi** ("Vanguard of the Red Youth"), **Sotsyalisticheskoe Soprotivlenie** ("Socialist Opposition", whose members – about 200 people – mostly come from the Leninist-Trotskyist left wing of the Communists party) or **Soyuz patrioticheskoy maladezhi Kazakhstana** ("Union of the Patriotic Youth of Kazakhstan" - UPYK). The UPYK was created by students of the Eurasiatic university in 2000-2001, but soon had to move out of the university and form as an independent organisation. It managed to obtain registration, and in a first phase it collaborated local Communist party, which offered them help in building a network in the regions. Eventually, not to become just a youth branch of the communist party, UPYK found his own position in the opposition, but apparently till this day it involves only a restricted number of people. Since October 2005, the leader of the organisation Azamat Zhetpisbaev is in self-exile in Kyrgyzstan, and publishes on different on-line web-sites statements of various genre, from open letter to Nazarbayev to messages to other opposition youth organisations. One of these declaration is signed by "Azamat Zhetpisbaev, Head of the International Committee for the defence of Abzhan Makhambet,²⁸⁸ Coordinator of the Coordinating Council of the Council of Independent Youth of Kazakhstan, Head of the Kyrgyz branch of the foreign office of Kazakhstan's opposition, acting first secretary of the Union of the Patriotic Youth of Kazakhstan"²⁸⁹, in another he is the "general secretary of the Committee for the resignation of Nazarbayev",²⁹⁰ and so forth. None of the organisation that Zhetpisbaev is supposed to represent has a solid basis, which seems to be typical of Kazakhstan's youth opposition organisations.

Some members of UPYK and some other pro-democracy activists formed the movement *Aybat*, that concentrates more on the necessity of the change of form of government (from presidential to parliamentarian) for a democratic development of Kazakhstan's political system, and calls for the union with other opposition movements.

Kakhar is one of the rare opposition youth movements with a proper web-site,²⁹¹ and the one that takes more inspiration from Ukrainian *Pora* and other similar movements in the post-Soviet space. The movement is not officially registered. *Kakhar* paraphrases black *Pora* and its reference to *Kuchmizm*, defining *Nazarbizm* the current corrupt and undemocratic system dominating in Kazakhstan. Moreover, in 2005 *Kakhar* was the initiator of seminars with activists from Ukrainian *Pora*. The movement does not have a defined leader and is supposed to be the most radical among youth opposition organisations, to the point that the press described them almost as terrorists.

The student council *Elim-ay* unites about 200 people, and was started mostly to defend stu-

²⁸⁸ Abzhan Makhambet is a fellow opposition activist arrested in Kyrgyzstan, deported in Kazakhstan and there allegedly tortured.

²⁸⁹ <http://www.c-asia.org/akt/index.php?cont=long&id=1519&year=2006&today=08&month=02>; <http://tinyurl.com/s7m5w>

²⁹⁰ <http://www.kubhost.com/~kubkz/article.php?sid=11063>; <http://tinyurl.com/p326q>.

²⁹¹ <http://www.kahar.name>. Only the "Association of Young Professionals of Kazakhstan" (see later) has an own web-site, while most other do not have it.

dents' interests in public universities, but has always been active also in politics and even expressed its own candidates to Almaty local elections.

The *Obshchestvo Molodykh Professionalov Kazakhstana* ("Association of Young Professionals of Kazakhstan")²⁹² was created²⁹³ by young professionals aged between 20 and 40 based in Astana that thought that the present system limited the opportunities of development to young entrepreneurs and professionals, and consequently harmed the economy of the whole country. In particular, they want to fight against the corruption and the unprofessionalism widespread at every level of the state structure. The organisation counts about 500 members.

Overall, Kazakhshtan's pro-democracy youth opposition movement have almost no funds, have a restricted membership, and have no experience in mass actions. Besides, they do not agree on the necessity of uniting among themselves or openly support one presidential candidate. Generally, all of them seem to have little trust in the current democratic opposition, and even while generally sharing ideals they do not like the idea of openly supporting compromised candidates destined to certain defeat. Anyway, that same opposition has shown no interest in collaborating with the above-mentioned organisations.

It is also important to remember that youth opposition is active almost exclusively in Almaty, very distant (about twenty-two hours by train) from Astana, Kazakhstan's capital city where all state buildings and ministries are located.

As in Russia, we see that pro-governmental organisations are dominating in Kazakhstan. Youth opposition movements started too late to have a whatsoever role in the December 2005 presidential elections, and the lack of collaboration with Tuyakbai's main opposition party kept these organisations at the margins of the political arena. Still, these same organisations might play an important role in the next years, especially in case of a weakening of Nazarbayev's grip on power. Still, without proper financing it is very difficult to imagine that a youth organisation could play an important role at national level. Contrarily to Georgia, where Western financing was crucial, and partially Ukraine, Western funds stay carefully out of Kazakhstan's politics,²⁹⁴ and obviously geopolitical reasons are not extraneous to this behaviour.

292 <http://www.ompk.kz>.

293 The official registration took place in July 2005.

294 When I visited their headquarters in January 2006, both Kazakhstan's Soros Foundation and Counterpart International, a US aid financed organisation for the support of NGOs, denied to support in any way projects connected with political activities or development of democracy.

Chapter 6

By way of conclusion

This study is meant above all to be some kind of reference book for all those interested in the processes of change of power in the countries of the Commonwealth of Independent States. It is based on three simple premises:

- Countries of the CIS had very different experiences in the last fifteen years but it still makes sense to study them together.²⁹⁵
- In CIS countries, power (understood as a mixture of influence on politics and economics in a country held by a restricted number of people) does not simply shift from an elite to another or from a ruling party to another one but *changes* in nature and structure.
- Analysing examples from different countries of the CIS is useful for interpreting and understanding politics in the region, as well as current and future developments.

In the last few years, journalists and sometimes even scholars tended to oversimplify or ideologise the political events happening in the countries of the post-Soviet space. The basic idea was that with the right recipe and a fair amount of money, it was possible to change leadership in the semi-authoritarian regimes of the region, turning these countries into puppets of the West (as the argument usually ran in Russia) or into vanguards of democracy in a region that historically lacked it.

Understanding what are the consequences of “colour revolutions”, or the perspectives of development in the countries where the same elite is still holding power, is clearly beyond the goals of this study. What I meant to do was to offer an empirical approach that could help in comprehending inferentially how power changes and re-shapes in the post-Soviet space. Accordingly, I consciously neglected theoretical considerations, in order to give more space to specific case studies, and sometimes even anecdotal narratives. In a region where the political system is not consolidated, a more systematic approach is bound to meet insurmountable difficulties and would be of little help.

Common wisdom suggests that to find something you should first know what you are looking for. This is the kind of problem that a Western political observer approaching the countries

²⁹⁵ A quick look at the press of the new independent states might make this concept clearer. Kazakhstan’s newspapers will write more about Russia, or even Ukraine and Belarus, than about China, a neighbouring country that might doubtlessly have a key role in Kazakhstan’s future. Generally speaking, countries of the CIS, even if rather dissimilar, look at each other to find understandable political, social and economic references.

of the post-Soviet space for the first time has: you most often have political parties, elections, and a constitution that is generally no worse than that of Western democracies, but nonetheless politics work in a completely different way. Even people familiar with the history of the Soviet Union and the countries of the region after they obtained independence might miss or misinterpret some elements that have recently become essential in the political life of this region, or old factors that took a new shape.

For this reason, I collected a quantity of materials, in great part not yet available in English and mostly not older than two years, that offer an overview of some of the main elements characterising shift and/or change of power in the countries of the CIS, and tried to give an insight into other aspects less known to the wider public (such as the dynamics of political youth movements).

The examples I provided may push a heedful beholder to dedicate more attention to certain factors that for the time being might not look determinant while approaching the study of a country of the region from a political point of view.

In a region where people generally accept a top-down structure of power with a dominant role of the centre in the decision making process of a state, studying how this structure changes, re-shapes, and passes from an elite to another is particularly important to understand how politics, economics and the society will develop in the next decades.

In my research I tried to offer an outline of some of this mechanisms, and I endeavoured not to fall into partisan ideologisations, conspiracy theories or outright oversimplification. I most sincerely hope that the reader will have found of some interest the content of this study as an introduction to this subject or as a useful platform for further research in this field.

Bibliography

Occasional papers and lectures

Astourian, Stephan H., “From Ter-Petrosian to Kocharian: Leadership change in Armenia”, *Berkeley Program in Soviet and Post-Soviet studies – Working Paper Series*, Winter 2000-2001.

ECPR-Epitsentr, Eurasian Centre for Political Researches, Agency of Social Technologies “Epitsentr”, *Grupy vliyaniya’ vo vlastno politicheskoy sisteme Respubliki Kazakhstan*, 2005, <http://www.mizinov.net/articles/?artid=10280>; <http://tinyurl.com/e5hvz>.

EIM, European Institute for the Media, *Monitoring the media coverage of the March 2002 parliamentary elections in Ukraine: Final report*, August 2002, <http://www.eim.org>.

Herron, Eric and Paul Johnson, ‘It doesn’t matter who votes, but who counts the vote’: *Assessing fraud in Ukraine’s 2002 Parliamentary elections*, Paper presented at the Midwest Political Science Association Conference, Chicago Illinois, April, 2003.

Kosals, Leonid, *Interim outcome of the Russian transition: clan capitalism*, Discussion Paper No. 610, Kyoto Institute of Economic Research, 2006.

Kravchuk, Robert S., *Budget Deficits, Hyperinflation, and Stabilization in Ukraine: 1991-96*. Ukrainian Research Institute Working Paper, Harvard University, 1997. <http://www.huri.harvard.edu/work4.html>; <http://tinyurl.com/gkc7e>.

Kuzio, Taras, *Ukraine After the Elections: Domestic and Foreign Policy Considerations*, lecture given at the Harriman Institute, Columbia University, 19 April 2000. www.taraskuzio.net/lectures/kuchmaer.pdf; <http://tinyurl.com/jbl4e>.

Schatz, Edward, *State Constructivism and Clans in Central Asia*, draft paper, 09 February 2001.

Sherr, James, *Ukraine’s Parliamentary Elections: The Limits of Manipulation*, Conflict Studies Research Centre, Occasional Brief No. 91, 2002.

Volumes

Afanseva, Elena, *Gosudarstvo ili Revolyutsiya?*, Evropa, Moscow, 2005.

Birch, Sarah, *Elections and Democratization in Ukraine*, Macmillan, London, 2000.

Bomsford, Falk and Gennadiy A. Bordyugov, (ed.) *Molodezh i Politika*, Fond Fridrikha Naumanna, Moscow, 2006.

Danilin, Pavel, *Novaya Molodezhnaya Politika 2003-2005*, Evropa, Moscow, 2006.

Domisevich, Rafal' and Yuriy Nazarkin (ed.), *Grazhdansky kontrol natsionalnoy politiki bezopasnosti: opyt stran SNG, FRPZ*, Moscow, 2004.

EIM, European Institute for the Media, *Monitoring the media coverage of the March 2002 parliamentary elections in Ukraine: Final report, August 2002*. <http://www.eim.org>

IA Regnum, *Rossiya i "Sanitarnyi Kordon"*, Evropa, Moscow, 2005.

International Crisis Group, *"Cracks in the Marble: Turkmenistan's Failing Dictatorship"*, *ICG Asia Report*, No. 44, 17 January 2003.

International Crisis Group, *"Moldova: Regional tensions Over Transdnistria"*, *ICG Europe Report*, No. 157, 17 June 2004.

International Crisis Group, *"Armenia: Internal Instability Ahead"*, *ICG Europe Report*, No. 158, 18 October 2004.

Kara-Murza, Sergey, *Eksport Revolyutsii: Yushchenko, Saakashvili...*, Algoritm, Moscow, 2005.

Egor Kholmogorov, *Zashchitit li Rossiya Ukrainu?*, Evropa, Moscow, 2006.

Kolesnikov, Andrey, *Pervyi Ukrainskii: Zapiski s peredovoi*, Vagrius, Moscow, 2005.

Kotlyarevskii, Yuriy L., *Oranzhevaya Revolyutsiya: Glazami Konsultanta*, Feniks, Rostov na Donu, 2005.

Krajewski, Andrzej, *Ukraina 2004: Relacje polskich obserwatorów wyborów prezydenckich*, Ajaks, Warsaw, 2005.

Kuchma, Leonid, *Ukraina – ne Rossiya, Vremya*, Moscow, 2003.

Kushnarev, Evgeny P., *Kon ryzhii: Zapiski kontrrevolyutsyonera*, Kharkov, Kharkiv, 2005.

Leontev, Mikhail (ed.) *Grozit li Rossii "oranzhevaya" revolyutsiya?*, Yauza – Eksmo, Moscow, 2005.

Liparteliani, Giga, *Demokratiya s pustyshkoy, ili fashizm v shortakh*, Saint Petersburg, Roza Mira, 2005.

Meyer, M. M. (ed.) *Srednyaya Azia: Andizhansky stsenarii?*, Evropa, Moscow, 2005.

Mirzoev, Sergey, *Gibel' prava; legitimnost' v 'oranzhevych revolyutsyakh'"*, Evropa, Moscow, 2006.

- Mlechin, Leonid**, *Ministry inostrannykh del: Tainaya diplomatiya Kremlya*, Tsentrpoligraf, Moscow, 2003.
- Monchalovskiy, O. A.**, “O nazvaniyach ‘Ukraina’, Ukrainsky” in M.B. Smolin (ed.), *Ukrainskaya” bolezni’ russkoy natsii*”, Imperskaya Traditsya, Moscow, 2004, pp. 187-189.
- Mukhin, Aleksey**, *Pokolenie 2008: nashi i ne nashi*, Algoritm, Moscow, 2006.
- Mukhin, Aleksey**, *Diaspory i zemljachestva: voprosy vliyaniya*, Algoritm, Moscow, 2005.
- Mukhin, Aleksey**, Yana Zdorovets and Anna Luneva, *Oranzhevy zakat, ili Istoriya o tom, kak possorilis’ Yulia Vladimirovna i Viktor Andreevich*, Algoritm, Moscow, 2005.
- Nowakowsky, J. M.**, *Ukraina na zakręcie: Drogi i bezdrozha pomarańczowej rewolucji*, Trio, Warsaw, 2005.
- Pavlovsky, Gleb O. (ed.)**, *Kirgizsky perevorot. Mart – aprel’ 2005*, Evropa, Moscow, 2005.
- Petrov, M. N.**, *Mekhanizmy gosudarstvennykh perevorotov: Istoriko-teoreticheskoe issledovanie*, Kharvest, Minsk, 2005.
- Pocheptsov, Georgiy**, *Revolyutsiya.com: Osnovy protestnoi inzhenerii*, Evropa, Moscow, 2005.
- Pogrebinsky, Mikhail B. (ed.)**, *Oranzhevaya Revolyutsiya: Ukrainskaya versya*. Evropa, Moscow, 2005.
- Savelev, Vladimir A.**, *Goryachaya molodezh Rossii: Lidery. Organizatsy i dvizheniya. Taktika ulichnykh bitv. Kontakty*, Kvanta, Moscow, 2006.
- Sharp, Gene**, *From Dictatorship to Democracy: a Conceptual Framework for Liberation*, The Albert Einstein Institution, Boston, 2002
- Smolin, M. B. (ed.)**, *Ukrainskaya bolezni’ russkoy natsii*, Imperskaya Traditsya, Moscow, 2003.
- Stoyakin, Vasyi’**, *Vyshye dolzhnostnye litsa Ukrainy: kratky biografichesky spravochnik*, Panorama, Moscow, 1996.
- Todua, Zurab**, *Azerbaydzhan segodnya: spravochnye maerialy: vlast’, neft’, ekonomika, politicheskie partii, biografii, telephony*, Panorama, Moscow, 1995.
- Yanevskiy, Daniil**, *Khronika “Oranzhevoi” Revolyutsii*, Folio, Kharkiv, 2005.
- Yanevskiy, Danilo**, *Oblichchya “pomaranchevoy” revolyutsii*, Folio, Kharkiv, 2005.
- Yashin, Ilya**, *Ulichniy protest*, Galleya-Print, Moscow, 2005.
- Zatulín, Konstantin F. (ed.)**, *Na fone oranzhevoy revolyutsii: Ukraina mezhdú Vostok i Zapadom: Vchera, segodnya, zavtra*, Moskovskie uchebniki i Kartolitografiya, Moscow, 2005.
- Zhil’tsov, Sergey S.**, *Neokonchennaya pesa dlya „oranzhevoi” Ukrainy: Po sledam sobytii*, Mezhdunarodnye otnosheniya, Moscow, 2005.

Essays

Birch, Sarah, “The Ukrainian Parliamentary and Presidential Elections of 1994”. *Electoral Studies*, Vol. 14, Nu. 1, March 1995, pp. 93-99.

Bojkun, Marko, „The Ukrainian Parliamentary Elections in March-April 1994”, in *Europe-Asia Studies*, Vol. 47, No. 2, March 1995, pp. 229-249.

Borisenok, E. Yu. „Sovetskaya Ukrainizatsya v regional’nom izmerenii” in **Boris Nikolaevich Florija (ed.)**, *Belorussiya i Ukraina*, Nauka, Moscow, 2003, p. 228-238.

Borisova, Elena, „Rol’ neformalnykh institutov v upravlenii Kazakhstanom”, *Vestnik Evrazii*, No. 1, 2002, pp. 28-48.

Bremmer, Ian and Cory Welt, „Armenia’s New Autocrats”, *Journal of Democracy*, Vol. 8, No. 3, 1997.

Brovkin, Vladimir, “Fragmentation of Authority and Privatization of the State”, *Demokratizatsiya*, Vol. 6, No. 3, Summer 1998, pp. 504-517.

Collins, Kathleen, „Clans, Pacts, and Politics in Central Asia”, *Journal of Democracy*, Vol. 13, No.3, July 2002, pp. 137-152.

Collins, Kathleen, “The Logic of Clan Politics, Evidence from the Central Asian Trajectories”, *World Politics*, No. 56, January 2004, pp. 224-261.

Diuk, Nadya and Myroslava Gongadze, „Post Election Blues in Ukraine”, in *Journal of Democracy*, Vol. 13, No. 4, October 2002, pp. 157-166.

Irada Gueseydova, „Bezhency i ikh polozhenie i rol’ v sovremennom azerbaydzhanskom obshchestve”, in **Dmitriy Efimovich Furman (ed.)**, *Azerbaydzhan I Rossiya: obshchestva i gosudarstva*, Letniy sad, Moscow, 2001.

Klobukar, T.F., **Miller, A. H.** and **Erb, G.**, „The 1999 Ukrainian Presidential Elections: Personalities, Ideology, Partisanship and the Economy”, *Slavic Review*, Vol. 61, No. 2, Summer 2002, pp. 315-344.

Kuzio, Taras, „The 2002 Parliamentary elections in Ukraine: Democratization or Authoritarianism?”, in *Journal of Communist Studies and Transition Politics*, Vol. 19, No. 2, June 2003, pp. 24-54.

Matsuzato, Kimitaka „A Populist Island in an Ocean of Clan Politics: the Lukashenka regime as an exception among CIS countries”, *Europe-Asia Studies*, Vol. 56, No. 2, March 2004, pp. 235-261.

Nikolayenko, Olena, „Press Freedom during the 1994 and 1999 Presidential Elections in Ukraine: A Reverse Wave?”, in *Europe-Asia Studies*, Vol. 56, No. 5, July 2004, pp. 661-686.

Pirozhkov, S., **Perpelitsa N.**, „Ukraina: Voenno-Granzhdanskije Otnosheniya i Rol’ Grazhdanskikh Ekspertov v Politike Bezopasnosti”, in **Rafal’ Domisevich** and **Yuriy Nazarkin**

(ed.), *Grazhdansky kontrol natsionalnoy politiki bezopasnosti: opyt stran SNG, FRPZ, Moscow, 2004.*

Prokhorov, Aleksandr Mikhailovich (ed.), *Bolshaya Sovetskaya Entsiklopedya*, „Ukrainskaya SSR”, Sovetskaya Entsiklopedya, Moscow, 1970-1981.

Rogozin, N. P., „*Razvitie partiynoy systemy Ukrainy*”, *Polis*, Vol. 1, 2004, pp. 89-100.

Ruble, Blair A., „*Oligarchs, Retread Nomenklaturshchiki, Clansmen, Warlords, and Polyarchs: Five Divergent Paths to the Russian Future*”, *Demokratizatsiya*, Vol. 6, No. 3, Summer 1998, pp. 504-517.

Schatz, Edward, „*Reconceptualizing Clans: Kinship Networks and Statehood in Kazakhstan*”, *Nationalities Papers*, Vol. 33, No. 2, June 2005, pp. 231-254.

Sidikov, Bahodir, „*New or traditional? ,Clans’, regional groupings, and state in Post-Soviet Azerbaijan*”, *Berliner Osteuropa Info*, No. 21, 2004, pp. 68-74.

Sidikov, Bakhodir, „*Novoe ili traditsionnoe? Regionalnye gruppirovki v postsovetском Azerbaydzhan*”, *Vestnik Evrazii-Acta Eurasica*, No. 2 (25), 2004.

Vladyko, Elena, „*Economic Factors in Political Success: An Analysis Based on the Presidential Election in Ukraine in 1999*”. *International Journal of Sociology*. Vol. 35, No. 2, Summer 2005, pp. 48–62.

Internet resources

(All links were last checked in July 2006.)

Avangard Krasnoy Maladexy

<http://www.akm1917.org/>

British Broadcasting Corporation

<http://www.bbc.co.uk/>

Caravan, website of a Russian language Kazakh printed newspaper

<http://www.caravan.kz/>

CentrAsia, Russian language news website

<http://www.centrasia.ru/>

CIS-EMO, electoral monitoring organisation

<http://www.cis-emo.com/>

Discussion club „Polyton”, Almaty, Kazakhstan

<http://www.club.kz/>

Communist Party of the Russian Federation

<http://www.cprf.ru/>

Documentary film network

<http://www.documentary-film.net/>

Edinaya Rossiya („United Russia”)

<http://www.edinros.ru/>

Ekspert, website of a Russian printed weekly magazine

<http://www.expert.ru/>

Evrazia, Russian news website

<http://www.eurasia.ru/>

European Institute for the Media

<http://www.eim.org/>

Fedor Bondarchuk, official website of the Russian film director

<http://www.fedia.ru/>

fergana.ru, news agency

<http://www.fergana.ru/>

Freedom House

<http://www.freedomhouse.org/>

Hrani Plyus, Ukrainian on-line newspaper

<http://www.grani.kiev.ua/>

Gazeta, news website

<http://www.gzt.ru/>

The Heritage Foundation

<http://www.heritage.org/>

Idushie Vmeste („Going together” – Russian youth movement)

<http://www.idushie.ru/>

InoPressa (offers translations of international press into Russian)

<http://www.inopressa.ru/>

International Crisis Group

<http://www.crisisgroup.org/>

Izvestia, website of a Russian printed newspaper

<http://www.izvestia.ru/>

The Jamestown Foundation

<http://www.jamestown.org/>

Kahar, Kazakh youth movement

<http://www.kahar.name/>

Kaisar, Kazakh youth movement

<http://www.kaisar.kz/>

Kharkiv Group for Human Rights Protection

<http://www.khpg.org/>

Kazkommertsbank

<http://www.kkb.kz/>

Kyiv, news and information Ukrainian website

<http://www.kyiv.osp.com.ua/>

Kyiv Post, website of an English language Ukrainian newspaper

<http://www.kyivpost.com/>

lenta.ru, Russian news website

<http://www.lenta.ru/>

Liter, Kazakh news website

<http://www.liter.kz/>

Livejournal, blog host.

<http://www.livejournal.com/>

Memo 98, media monitoring

<http://www.memo98.sk/>

zona.kz, Kazakh on-line newspaper

<http://www.mizinov.net/>

Soyuz Molodezhi „Za Rodinu”, Russian youth movement

<http://mrodina.su/>

Nashi, Russian youth movement

<http://www.nashi.su/>

National Bolshevik Party

<http://nbp-info.com/>

Novye Izvestiya, website of a Russian printed newspaper

<http://www.newizv.ru/>

Nezavisimaya Gazeta, website of a Russian printed newspaper

<http://www.ng.ru/>

Idushchie bez Putina, Russian movement

<http://www.noputin.com/>

Novaya Gazeta, website of a Russian printed newspaper

<http://www.novayagazeta.ru/>

Oborona, Russian youth movement

<http://www.oborona.org/>

Obshchestvo Molodykh Professionalov Kazakhstana

<http://www.ompk.kz/>

Orange Ukraine, Dan and Lesya McMinn's blog

<http://www.orangeukraine.squarespace.com>

Organization for Security and Cooperation in Europe, official website

<http://www.osce.org/>

Otan („Fatherland”, Kazakh party)

<http://www.otan.kz/>

Pora („yellow Pora”), Ukrainian youth movement

<http://www.pora.org.ua/>

pravda.ru, on-line newspaper

<http://www.pravda.ru/>

Radio Free Europe/Radio Liberty

<http://www.rferl.org/>

Regnum, news agency.

<http://www.regnum.ru/>

Reporters Sans Frontières

<http://www.rsf.org/>

Rossiyskiy Soyuz Molodezhi

<http://www.ruy.ru/>

Spiegel, website of a German printed magazine

<http://www.spiegel.de/>

Yulia Tymoshenko, official website

<http://www.tymoshenko.com.ua/>

Ukrainska Pravda

<http://pravda.com.ua/>

Policy Documentation Center, Central European Initiative

<http://pdc.ceu.hu/>

Ukrainian Monitor, monitoring of the 2006 parliamentary elections

<http://prostir-monitor.org/>

rusenergy.com, Russian language news website

<http://www.rusenergy.com/>

Slavica Research Center, Hokkaido University

<http://src-h.slav.hokudai.ac.jp/>

Vladimir Sorokin

<http://www.srkn.ru/>

strana.ru, Russian news website

<http://www.strana.ru/>

surkov.info, unofficial website about Vladislav Surkov

<http://www.surkov.info/>

Public monitoring of electoral campaign 2002 financing

<http://www.vybory.org.ua/>

The Standard, Chinese business newspaper

<http://www.thestandard.com.hk/>

Ukraina.ru, Ukrainian news website

<http://www.ukraine.ru/>

Ukrainian Canadian Congress

<http://www.ucc.ca/>

versii.com, Russian news website

<http://www.versii.com/>

My, pro-democracy Russian youth movement

<http://www.wefree.ru/>

Wikipedia, the free encyclopaedia

<http://www.wikipedia.org/>

Wolna Ukraina

<http://www.wolnaukraina.pl/>

GIORGIO COMAI

He contributes to the publications and research of the University of Bologna's Istituto per l'Europa Centro-Orientale e Balcanica. His interests include the political systems of former Soviet republics, especially in the Caucasus region. He is working at Osservatorio Balcani e Caucaso, a think-tank based in Italy focused on socio-political developments in the Balkans and the Caucasus, and he is currently working on a research project on youth policies in the northern Caucasus thanks to a grant provided by a local foundation.



giorgiocomai@gmail.com



Queer Theatrical Performance and Social Action in Belgrade

by Irene Dioli

This thesis was defended in October 2006 under the international Master's program MIREES: Master of Arts in Interdisciplinary Research and Studies on Eastern Europe. At present the program is a second cycle Joint Degree conferred by the University of Bologna (Forlì Campus), the Vytautas Magnus University at Kaunas, the Corvinus University of Budapest, and the Saint-Petersburg State University. The program is jointly carried out with the cooperation of the University of Ljubljana.

Table of contents

| | |
|--|------------|
| Introduction | 106 |
| Chapter 1 | |
| Exploring Queerness in Performance: Methodology and Theory | 109 |
| 1.1 The project: genesis, focus, and methodology..... | 109 |
| 1.1.1 <i>The what and the why</i> | 109 |
| 1.1.2 <i>The how: what is qualitative research?</i> | 110 |
| 1.2 The fieldwork..... | 112 |
| 1.2.1 <i>The where, the when, and the who</i> | 112 |
| 1.2.2 <i>Cultural and performance events</i> | 113 |
| • The lecture series “Razumevanje” (“Understanding”)..... | 113 |
| • The theatrical activism tour “16 days against violence in Serbia”..... | 114 |
| • The celebration of the 15 th anniversary of lesbian and gay activism in Serbia..... | 114 |
| • The festival “Queer Beograd: Party & Politics”..... | 114 |
| 1.2.3 <i>Academic events</i> | 114 |
| 1.3 The theoretical framework: queer studies and performance studies..... | 115 |
| 1.3.1 <i>Performance and performativity</i> | 115 |
| 1.3.2 <i>Queer studies: unveiling hetero- and homo-normativity</i> | 118 |
| Chapter 2 | |
| Queerness in Serbia | 120 |
| 2.1 “Queerness” in post-socialist Serbia: between re-traditionalisation and globalisation..... | 120 |
| 2.1.1 <i>Sexual difference in the socialist and post-socialist contexts</i> | 120 |
| 2.1.2 <i>Globalisation and LGBT activism</i> | 123 |
| 2.2 Sexual diversity and nationalism..... | 126 |
| 2.2.1 <i>National and sexual identity in conflict</i> | 126 |
| 2.2.2 <i>Female homosexuality and nationalist communities</i> | 129 |
| 2.3 “Queeroslavija”, or what “queer” means in Serbia: Queer Beograd Festivals 1&2..... | 134 |
| 2.3.1 <i>Queer Beograd Festival: first act</i> | 134 |
| 2.3.2 <i>Preparing a space: Party and Politics Festival</i> | 136 |
| Chapter 3 | |
| Queer Performance and Political Activism: Queer Beograd Festivals | 139 |
| 3.1 Act Women Belgrade: feminist activism, queer strategies..... | 140 |
| 3.1.1 <i>Act Women: a case study of alternative theatre in contemporary Belgrade</i> | 140 |
| 3.1.2 <i>Transkitchen rhythmic therapy</i> | 143 |

| | | |
|-------|--|-----|
| 3.1.3 | <i>Queer feminism and the transvestite character</i> | 144 |
| 3.2 | Border-crossers: queer identities and queer politics..... | 145 |
| 3.2.1 | <i>The performers: artists and activists</i> | 145 |
| 3.2.2 | <i>“Sometimes I feel like a boy, dressed as a girl, dressed as a boy, dressed as a girl, dressed as...”:</i> <i>queer identities and self-definitions</i> | 147 |
| 3.2.3 | <i>Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border poli-</i> <i>tics</i> | 152 |
| 3.3 | East-West transit: queerness as political instrument..... | 157 |

Chapter 4

| | |
|--|------------|
| Conclusion: Queer Political Performance in Belgrade | 161 |
|--|------------|

| | |
|----------------------------|------------|
| Post Scriptum | 164 |
|----------------------------|------------|

| | |
|---------------------------|------------|
| Bibliography | 165 |
|---------------------------|------------|

| | |
|--|-----|
| Monographs..... | 165 |
| Academic articles..... | 168 |
| Journalists' articles..... | 171 |
| Films (fiction)..... | 171 |
| Scripts, reports, and other sources..... | 171 |
| Research interviews and written narratives..... | 172 |
| <i>List of written narratives (see Appendix)</i> | 172 |
| <i>List of interviews</i> | 172 |

Appendix 1

| | |
|---|------------|
| Written narratives: on queer Beograd festivals | 174 |
|---|------------|

| | | |
|------|--|-----|
| A1.1 | Women, sticks, colours, art, love, kisses by Maja..... | 174 |
| A1.2 | Reflexions by Jelena..... | 175 |
| A1.3 | Persiste, Resiste, Existe, Respect by Zoe..... | 176 |
| A1.4 | Great moment and reality depression by Conni..... | 177 |
| A1.5 | Crazy Dream by moon..... | 177 |
| A1.6 | As if... by Ksenija..... | 178 |

Appendix 2

| | |
|------------------------------------|------------|
| Sample Queer Glossary | 181 |
|------------------------------------|------------|

Appendix 3

| | | |
|------|--|-----|
| A3.1 | Queer Beograd Festival #1..... | 188 |
| A3.2 | Queer Beograd Festival #2..... | 189 |
| A3.3 | Transkitchen Rhythmic Therapy..... | 190 |
| A3.4 | Capitalist Whore Fantasy..... | 191 |
| A3.5 | Border- Crossers..... | 192 |
| A3.6 | East-West Transit: Queer Cabaret..... | 193 |
| A3.7 | Street Performance: Red Card for the Abuser..... | 194 |
| A3.8 | Gay Pride in Zagreb..... | 195 |
| A3.9 | Ten Years of Activism Celebration..... | 195 |

Introduction

Even the most self-evident givens of sexual embodiment belong not to some ubiquitous human nature but to the shifting world of cultural meanings and social practices. Ethnographic research shows that human beings articulate extraordinarily varied notions of sexuality – of gendered, sexual bodies – and that these understandings are intricately interwoven within dense cultural fabrics. Historical research shows that people have repeatedly altered both their own sexual practices and their mental construction of erotic desire. These changes have never sprung into being *ex nihilo*, out of nothing. Metamorphoses in sexual and gender relations have always been inseparably linked to political, economic, and cultural changes¹.

Performance has emerged as central to the production of the new world disorder².

Queer is not an identity category: it is a process of continual disruption³.

This study explores queer theatrical performance and its social and political relevance in the post-Yugoslavian context; namely, in the city of Belgrade, where the field research took place.

Over the past three decades, in the Anglophone West, four linked political and intellectual movements, have questioned common cultural assumptions and hierarchic understandings of social and identity categories: the sexual revolution, feminism, gay liberation, and minority rights⁴. At the same time, anthropology has been a major force in contemporary theories of sexuality, particularly in the critiques of gender and heterosexuality as naturalised universals⁵, and a specific anthropology of homosexuality has developed⁶. An analogous, though different, process now seems to be developing in the former Yugoslavian context, or, at least, in

1 R. N. Lancaster and M. di Leonardo, “Embodied meanings, carnal practices”, p. 10. In R. N. Lancaster and M. di Leonardo (eds.), *The gender and sexuality reader. Culture, history, political economy*, New York and London, Routledge, 1997, pp. 1-10.

2 B. Kershaw, *The radical in performance. Between Brecht and Baudrillard*, New York and London, Routledge, 1999, p. 5.

3 Linnel Sidcombe, Australian queer theorist. Quoted by Jet Moon, interview n. 18.

4 R. N. Lancaster and M. di Leonardo, *op. cit.*, p. 10

5 G. Rubin, “Studying sexual subcultures: excavating the ethnography of gay communities in urban North America”, p. 17. In E. Lewin and W. Leap (eds.), *Out in theory: the emergence of lesbian and gay anthropology*, Urbana and Chicago, University of Illinois Press, 2002, pp. 17-68.

6 E. Blackwood, “Reading sexualities across cultures: anthropology and theories of sexuality”, p. 77. In E. Lewin and W. Leap, (eds.), *op. cit.*, pp. 69-92.

the Serbian capital, where social activism in different realms (gender and sexuality, politics, ethnic minorities, civil rights...) are developing a common perspective, focusing on the basic right to diversity and pluralism. Thus, a common focus on human rights is bringing together, at least partially, feminist, anti-militarist, and LGBT organisations, which have been developing common projects and initiatives, the basis for their cooperation lying in the struggle for democratisation, full citizenship, and certainty of human rights for all categories and individuals. For instance, the queer theatre group “Act Women” is part of the feminist organisation “Women at work”, and works in close collaboration with LGBT rights organisations (Labrys, Gayten...) and groups that work on democratisation at a mostly political/human rights level (Stanipani Collective).

This work focuses on the performance of sexual diversity (“queerness”) on the theatrical stage in Serbia. Queer performance is analysed from a socio-anthropological perspective, as an expression of identity as well as a means of social and political action. Indeed, the field research emanated several complex and intertwined issues, such as the relationship between sexual diversity and nationalism, between local and global queer movements and culture, and between different theoretical perspectives in sexual diversity studies. This study is concerned with the specificity of queer cultural expression in a post-communist and (post) nationalist context such as in Serbia, where a normative clash is highly notable.

The field research was conducted through qualitative methods, such as participant observation and interviews, complemented by the analysis of relevant textual materials. Given the complexity and multiplicity of factors shaping the issues which emerged, the interpretation is further informed by an interdisciplinary approach, referring to contributions from disciplines such as anthropology, sociology (context analysis), and queer studies (performance analysis).

The aim of the first chapter is to provide an outlook of the methodological and theoretical framework of the dissertation, as well as to give the reader some preliminary information about the context and development of the research process. The chapter illustrates the genesis, focus, and methodology of the project, the concept of “qualitative research”, and the main methodological instruments used. It also outlines the development of the field research and the interdisciplinary theoretical approach informing our interpretation, with a special focus on the concepts of “performance”, “performativity”, “queerness”, and “queer studies”.

The second chapter provides the historical and social background for an understanding of the perception and expression of queerness in Serbia, by outlining a historical overview of sexual diversity issues in Yugoslavia and in post-Yugoslav Serbia, and by dealing with discrimination issues as well as with the emergence of sexual rights movements with an LGBT focus. Special attention is paid to the conflicting factors of globalisation and re-traditionalisation, which shape the socio-political context for the expression of sexual diversity in Serbia today in a complex way. The social and political implications of queerness in Serbia are explored, both on a theoretical level and through qualitative research methods, with specific reference to the issue of nationalism. Finally, the chapter provides an account of Belgrade queer festivals as occasions that exemplify both identity formation and political action.

The last chapter focuses on the Queer Beograd Festivals 1&2 (May and December 2005), the first events devoted to the concept of queerness through discussion and performances in Serbia. These festivals bring together queer performers from Eastern and Western Europe, in order to promote tolerance and the right to sexual difference, as well as to address wider so-

cial issues. By exploring the connection between sex and politics, the performances observed on stage at these occasions address socio-political issues such as the existence of the nation-state, border policies, consumerism and the compression of public space, as well as sexual practices and gender identities (e.g., sadomasochism and gender-bending).

The analysis of such performances, together with the concepts provided by the interviews with the performers, can be used to produce a definition of queer performance, as it emerged from the material we have been looking at, as political performance. The performances analysed here are clearly addressing, challenging, and transgressing dominant ideologies of gender, sexuality, and authority. The key elements of this critique are expressed through parody, sexual display or violation of taboos, and subversion by socio-political critique and activism. The resistance to dominant ideologies is underpinned by the participation in a queer subculture, which makes queer performance a political one, posing a double challenge to both hetero- and homo-normativity.

Chapter 1

Exploring Queerness in Performance: Methodology and Theory

The aim of this first chapter is to provide an outlook of the methodological and theoretical framework of the dissertation, as well as to give the reader some preliminary information about the context in which the research took place.

The first section is centred on the genesis, focus, and methodology of the project; furthermore, it presents the concept of “qualitative research”, and illustrates the main methodological instruments used.

The second section outlines the development of the research process, also by providing some contextual information, in order to introduce some of the elements that are discussed in the body of the dissertation.

The last section is devoted to outlining the interdisciplinary theoretical approach informing our analysis, with a special focus on the concepts of “performance”, “performativity”, “queerness”, and “queer studies”. Each of these concepts is a complex and multi-faceted one, presenting intersections with other theoretical fields and debates. In order to remain as consistent as possible with the theme of the dissertation, we will mostly concentrate on how the concept under scrutiny is used in the present work, thus focusing only on those aspects that are most relevant in this regard.

1.1 The project: genesis, focus, and methodology

1.1.1 *The what and the why*

The post-communist period in Serbia could be defined by the juxtaposing of two contrasting, yet coexisting tendencies: re-traditionalisation and globalisation. Such opposing forces tear the homo post-sovieticus between the return to traditional values and behaviours and the exploring of the global context, be it active participation or passive exposition. As the re-traditionalisation process involves with particular intensity the realm of gender roles and expectations, the conflict is especially strong for gender and sexual minorities: the “queer” popula-

tion. The concept of “queer” is a complex one, which will be duly investigated throughout the chapter: yet, it can be broadly explained by referring to the idea of “gender as performance”, as opposed to the idea of “sexual identity as biologically coded”.

This project was born with the aim of investigating the ways theatrical performance can play, develop, and explain the idea of gender as performance, and thus help in the construction and elaboration of non-conventional gender and sexual identities, ostracised by a conservative local context. In order to do so, the research progressed through two main stages:

it explored the general socio-political context shaping the lives of gender and sexual minorities in Belgrade. The capital was chosen as the research site, as the urban environment represents a most favourable locus for the anthropology of eccentricity: it is undoubtedly the place where minorities are most visible (or less invisible), better organised, and the conflict between tradition and globalisation is most vivid;

it analysed, by looking at the life and work of queer theatre groups/ performers and at their performances, how theatrical performance responds to the issues of queerness, nationalism, and traditionalism, as well as the relationship between them.

These aims were pursued by participating in the everyday life of queer minorities in Belgrade, as well as by working with queer theatre groups/ performers, both locally and internationally. Therefore, the research was carried out through a distinctly qualitative approach.

In the following paragraph, we are going to explain in further detail what qualitative research is and how we used its instruments.

1.1.2 *The how: what is qualitative research?*

What exactly is qualitative research? Broadly, it is a way to study people or systems by interacting with and observing the subjects regularly. In opposition to quantitative research, which relies on quantitative measurements, analysis, and mathematical models, qualitative research involves investigating the participants’ opinions, behaviours and experiences from the informants’ points of view, and interpreting these on a firm theoretical basis from within the humanities. It is essentially narrative-oriented, and focuses on how individuals and groups view and understand the world, and construct meanings out of their experiences⁸.

Therefore, it seeks insights through loosely structured, mainly verbal information, such as opinions and values, rather than statistical data; the analysis that follows is interpretative, subjective, impressionistic and diagnostic. Qualitative research can be used in order to explore an unknown issue, identify the main dimensions of a problem, draw assumptions, and understand motivations.

Qualitative research approaches began to gain recognition in the 1970s: until then, the very phrase ‘qualitative research’ was marginalised as the method of the “soft sciences”, and disciplines like anthropology and sociology used terms like ethnography, fieldwork, and participant observation instead. During the 1970s and 1980s, qualitative research began to be used in other disciplines, and became a significant method in the field of social sciences. Ethnography was used in qualitative research in sociology, especially in the US, where it has its roots in the

⁷ G. Rubin, *op. cit.*, p. 24.

⁸ I. Holloway and S. Wheeler, “Ethical issues in qualitative nursing research” p. 227. In *Nursing Ethics* 2, 1995, pp. 223-232.

Chicago School⁹.

Because of their emphasis on the in-depth knowledge and the elaboration of images and concepts, qualitative methods have been viewed as particularly useful for the areas of social research focusing on marginalised groups and innovative interpretations of the historical and cultural significance of various events¹⁰. Qualitative research most often deals with a limited sample of individuals that does not necessarily need to be representative for a wider group, as in our case, which deals with a group's specificity.

The typical tools of qualitative research are the following: participant observation, interviewing, and content or text interpretation.

Participant observation is a research method involving direct participation of the researcher in the events being studied. Usually, it involves living in a culture different than one's own, while also keeping a detailed record of observations and interviews. The aim of this research strategy is to gain a close and intimate familiarity with a given group of individuals, their understanding and conceptualising of the world, and their practices, through an intensive involvement with people in their home environment. The method originated in the fieldwork of social anthropologists and in the urban research of the Chicago School¹¹.

Content analysis has been defined as "the study of recorded human communications, such as books, web sites, paintings and laws"¹². It involves the study and interpretation of written and visual material as well as the systematic analysis of observations obtained from records, documents and field-notes (speech, written text, interviews, images). In a popular formulation by mass-media scholar Harold Lasswell, textual analysis is structured around the following core questions: "Who says what, to whom, why, to what extent and with what effect?"¹³. Furthermore, a difference has been highlighted between prescriptive analysis and open textual analysis. The former uses a closely-defined set of communication parameters (e.g. specific messages, subject matter), whereas the latter identifies the dominant messages and subject matter within the text under scrutiny¹⁴.

A specific aspect of qualitative methods is represented by the issue of self-reflexivity. In any qualitative research exercise, the researcher is not to be considered an impersonal, objective observer and collector of "truths". His or her position, identity, background, and expectations are not completely irrelevant to the choice of the approach to an issue or the interpretation of fieldwork results. Rather than trying to erase the scholar's subjectivity and individuality from the scholarly work, qualitative research attempts at confronting them with awareness, as well as considering them a possible asset when engaging in field work in close contact with the indi-

9 The expression "Chicago School" refers to the first major body of works (emerging during the 1920s and 1930s) specialising in urban sociology, and the research into the urban environment by combining theory and ethnographic fieldwork in Chicago, then applied elsewhere. In a positivist approach, it applied scientific techniques to the collection and deductive analysis of data to explain different types of individual and social phenomena. It has focused on human behaviour as determined by social structures and physical environmental factors, rather than genetic and personal characteristics.

10 C.C. Ragin, *Constructing social research: the unity and diversity of method*, Thousand Oaks, CA, Pine Forge Press, 1994, p. 55.

11 P.A. Adler and P. Adler, *Membership roles in field research*, Newbury Park, Sage Publications, 1987, p. 26.

12 E. Babbie, *The practice of social research*, Belmont, Wadsworth, 2004, p. 43

13 W. Severin and J. Tankard, *Communication theories*, New York, Longman, 1997, p. 47.

14 McKeone, *Measuring your media profile*, Cambridge, Gower Press, 1995, pp. 62.

viduals or groups being investigated. This exercise requires, and required in the present study, to be able to both empathise and distance oneself. For instance, my personal as well as scholarly interest in queer performance, together with being approximately the same age as most respondents, enabled me to establish immediate contacts and easily “fit in” in my fieldwork environment. On the other hand, when critically analysing the materials in a scientific perspective, it was necessary to make a conscious effort in order to distance myself from my own personal enjoyment or distaste of a specific performance, festival, form of activism, and so forth.

As far as the present work is concerned, research methods included the following: participant observation; theme-guided, open, semi-structured interviews; interpretive content analysis. The interviews involved the local queer population, mostly activists and human-rights workers as well as performers, whereas content analysis focused on the performances “as text” and the written narratives collected. Finally, the research included participant observation during relevant events and volunteer work or cooperation with queer and/or theatre collectives in Serbia. In order to gain additional insight, I also attended academic events and conferences, both in and outside Serbia, and thus tested some of the ideas to be developed in the thesis as work-in-progress reports or academic papers. The next paragraph introduces both the respondents and the events that constituted the most significant opportunities for research, thus outlining the development of the project.

1.2 The fieldwork

1.2.1 *The where, the when, and the who*

The field research started in Zagreb (Croatia), in the beginning of October 2005, during the first “Transgressing Gender Conference – Two is not enough for gender (e)quality”, which was the first important academic event in this field in the former Yugoslav area, gathering activists and academics from Croatia, Slovenia, and Serbia, as well as from the rest of Europe and the United States. This three-day academic event, accompanied and concluded by queer performance happenings, was the starting point to a better definition of my research questions, as well as an opportunity to test some preliminary hypotheses by presenting and discussing the paper “Female homosexuality, patriarchy, and nationalist communities”.

From October 2005 to the end of March 2006, the research was conducted in Belgrade, with occasional trips to locations in the surrounding region (Velika Plana and Leskovac). During this period, continuing collaborations with local organisations included volunteer working with the following activist and theatre groups: *Žene na delu* (Women At Work), Queer Beograd Collective, and Act Women Belgrade.

Žene na delu (Women At Work) is a small feminist NGO based in Belgrade, that began working in the winter of 1996. The organisation facilitates the exchange of information with the purpose of helping women to promote and define their own economic and political initiatives, as well as building and strengthening communication networks among different women, and identifying specific issues relevant to women. Activities involve women of different ethnic and

professional backgrounds, physical abilities, sexual orientation, and legal status (refugee vs. resident).

The Queer Beograd Collective was the first organisation to define itself by explicitly using the term “queer”; its aim is to create events on an ongoing basis, in order to develop queer politics and culture in Serbia. Its most important result was the organisation of the first queer cultural events, in May and December 2005. More detailed accounts of Queer Beograd festivals will be provided in the second and third chapter.

Act Women is an alternative theatre group created in 1999 and including two permanent members, Zoe Gudović from Belgrade and Biljana Stanković from Novi Sad, who develop several projects in collaboration with non-permanent members. Given their social focus, the projects are usually financed by sponsorships from social organisations or personal donations from volunteers.

This group’s work is mostly focused on feminist and social issues, with plays aiming at exposing the taboos of contemporary Serbian society while provoking the public. The group performs at both international and local events and festivals, and also organises festivals, theatre camps, and street events. The main concept of its work can be summed up as “the creation of a non-hierarchical theatre where every person will be fully responsible and equally participating in every part of the performance making process”¹⁵. The classic relationship between text and performance, or between director and actors are abolished: ideas for performances stem from working with different marginal groups in contemporary Serbian society, as well as from re-elaboration of personal experience. Rehearsals include physical training, exploring of personal experiences, and discussion of relevant theoretical and feminist concepts.

In addition, I participated as a volunteer or as observer in several cultural, activist, and performance events, mostly in Belgrade, during which I was able to interview participants and collect relevant material and literature. The next paragraph lists the most important ones.

1. 2. 2 Cultural and performance events

- **The lecture series “Razumevanje” (“Understanding”)**

The conference cycle, organised by the gay and lesbian cultural centre DEVE¹⁶, took place at Belgrade municipal library from October to December 2005. Lectures, held by local academics and attended by an average of 20-25 participants, focused on the following topics: tolerance and acknowledgement of identity differences; personal, collective and gender identity; liberalism and conservatism in the study of sexology; trans-sexuality, and the relationship between feminism and cultural studies.

These lectures, and related debates, constituted an opportunity to gain insights to the local academic understanding of some of the issues under scrutiny in this study, as well as into their reception by the local public.

¹⁵ Zoe G., interview n. 8.

¹⁶ DEVE is a gay and lesbian cultural centre: its main activities include publication of local literature or scholarship, translation of classic works related to sexual diversity, and organisation of cultural events focused on a theoretical discussion of LGBT issues.

- **The theatrical activism tour “16 days against violence in Serbia”**

The annual campaign “16 days against violence in Serbia”¹⁷ stems from the research done by the Health program of the Autonomous Women’s Centre in Belgrade, reporting that every fourth woman in Serbia survived physical violence, every fifth had serious injuries, and 78% of women victim of violence never address any institution. In the 2005 campaign (November 25th – December 10th 2005), in which I participated as photographer, a short performance called “Red card for the abuser”, denounced a lack of efficiency of the Serbian institutions in addressing violence and demanded consistent implementation of protective measures prescribed by the Family Law. It was shown in order to inform the public about the new law against violence in the family recently approved by the Serbian Parliament. The travelling performance reached squares and markets in Belgrade, Velika Plana, Leskovac, Zrenjanin, Uzice, Valjevo, Sombor, and Grocka.

- **The celebration of the 15th anniversary of lesbian and gay activism in Serbia**

On December 2-4 (2005), in a three-day event, lesbian and gay activists celebrated two important jubilees: 15 years of lesbian and gay activism in Serbia and Montenegro and the tenth anniversary of Labrys (a Serbian lesbian rights organisation). The celebration, held within the space of the Centre for Cultural Decontamination¹⁸, was organised by Labrys, Gayten (a centre for the promotion of the rights of sexual minorities), and Women in Black, with the cooperation of individual volunteers. The program included: the theatre performance “Free Fall”, an exhibition of photographic works, workshops and open discussions on discrimination and legal issues, the history and future of LGBT activism in Serbia, and the relationship between the LGBT and queer groups. Namely, the workshop devoted to “The discussion about queer strategies in culture” focused on the relationship between the concepts of “LGBT” and “queer”, and between activism and cultural production as a way of expressing identity.

- **The festival “Queer Beograd: Party & Politics”**

The festival, which took place on December 16-18, (2005), focused through workshops and performances on the interconnected issues of freedom of sexual diversity, radical feminism, anti-fascism, anti-racism, and anti-capitalism. Artists and activists from the local and foreign scene explored how the combination of cultural work and grassroots activism can increase the social and cultural space available to queer minorities.

1.2.3 Academic events

Some of the ideas to be developed in the present study or work-in-progress reports were presented as papers at the following academic conferences and conference panels:

1. Transgressing Gender Conference: two is not enough for gender (e)quality. 7/10/2005 (Zagreb, CESI & Women’s Room). “The social relevance of female homosexuality”
2. Contemporary structural and value changes in SEE societies. 19/11/2005 (Belgrade,

¹⁷ Part of the international campaign “16 Days of Activism Against Gender Violence”

¹⁸ The Centre for Cultural Decontamination is a cultural centre whose aim is to raise awareness of normativity in the Serbian mainstream culture, and thus give space and voice to alternative views. This translates into hosting feminist, LGBT, and anti-nationalist and anti-militarist events, as well as promoting the work of non-mainstream local artists.

Faculty of Sociology). “Queer culture in post-socialist Serbia: between re-traditionalisation and globalisation”

3. Lavender Languages and Linguistics Conference. 10/2/06 (American University, Washington). “Stone femmes, boi dykes, and gender-variant feminists: queer lesbian performances at Queer Belgrade Festivals 1&2”
4. 7th International Postgraduate Conference on “Inclusion and exclusion”. 18/2/06 (London, School of Slavonic and Eastern European Studies UCL). “LGBT movements in post-socialist Serbia: between re-traditionalisation and globalisation”.

Furthermore, some of the ideas put forward in this thesis were preliminary developed in a paper published under the title “Female homosexuality, patriarchy, and nationalist communities” in Hodžić, A. and J. Postić, eds. (2006). *Transgressing Gender: Two is not enough for gender (e)quality: The Conference Collection*. Zagreb: CESI & Women’s Room.

The participation in academic events greatly helped in shaping and enriching the interdisciplinary theoretical framework of this study, including contributions from queer theory, performance studies, post-colonial and globalisation theory, sociology, and anthropology.

The following section looks at two of the most crucial scholarly fields and debates involved in the theoretical aspects of this project:

1. the relationship between performance studies and anthropology;
2. the relationship between gay/lesbian studies and queer studies.

1.3 The theoretical framework: queer studies and performance studies

1.3.1 Performance and performativity

The notion of performance is the object of a wide debate in both the academic and the artistic world: therefore, any attempt to provide a clear-cut definition of what performance is and how it differs from “traditional” theatre would be problematic. Yet, the following quote effectively captures, on the descriptive level, the essence of what is understood to be “performance”.

Performance has been a way of appealing directly to a large public, as well as shocking audiences into reassessing their own notions of art and its relation to culture. The work may be presented solo or with a group, with lighting, music or visuals made by the performance artist him or herself, or in collaboration, and performed in places ranging from an art gallery or museum to an “alternative space”, a theatre, café, bar or street corner. Unlike theatre, the performer is the artist, seldom a character like an actor, and the content rarely follows a traditional plot or narrative. The performance might be a series of intimate gestures or large-scale visual theatre, lasting from a few minutes to many hours; it might be performed only once or repeated several times, with or without a prepared script, spontaneously improvised, or rehearsed over many months.¹⁹

19 R.L. Goldberg, *Performance art: from futurism to the present*, London, Thames & Hudson, 2001, p. 18.

Performance studies focuses on the critical analysis of performance and performativity, engaging performance as both an object of study and as a method of analysis. Examining events as performance aims at providing insight into the performance of self and life: in this perspective, understanding the performative nature of behaviour introduces an element of reflexivity and critique to otherwise descriptive accounts of social phenomena. Performance studies incorporates theories of drama, dance, art, anthropology, philosophy, cultural studies, and sociology²⁰.

The origins of performance studies as an academic field can be related to the research collaborations of director Richard Schechner and anthropologist Victor Turner, emphasising performance as being between theatre and anthropology. Drawing on the “drama analogy” characterising both anthropological thinking (for example, Turner’s analysis of the dramatic structure of social conflict) and sociological analysis (see Goffman’s interpretation model of social behaviour according to “scenes” and “characters”), Schechner discusses the intersections of theatrical and ritual behaviour, allowing the connection between anthropological practice and performance studies: transformation of being and conscience; intensity of involvement by both performer and viewer; performer-public interaction; a structured sequence of stages preceding and following the actual performance (training, workshop, rehearsal, warm-up, cool-down, aftermath²¹); transmission of performative know-how²².

A consequence of this approach is the consistent stressing of the importance of intercultural performances as an alternative to either traditional proscenium theatre or traditional anthropological fieldwork. Performance studies, then, focuses on the broad spectrum of practices and “communicative behaviours”²³, including theatre, dance, and ritual, and draws upon disciplines such as anthropology, history, sociology, semiotics, architecture, and theatre studies (among others) in order to approach, describe, interpret, theorise and understand performance, in all its variety, as a complex and multi-faceted cultural process.

Recent developments in performance studies have emphasised the pro-active and “revolutionary” potential of performance²⁴. This perspective stresses the development of the idea of performativity, a concept related to the pragmatics of language and to the work of John L. Austin, Judith Butler, and literary critic Eve Kosofsky Sedgwick²⁵. In this perspective, performance studies is strongly connected to the fields of feminism, psychoanalysis, and queer theory.

Performativity theories understand the daily behaviour (or performance) of individuals as based on social norms or habits, primarily in the sex and gender realms. Philosopher and feminist theorist Judith Butler has used the concept of performativity in her analysis of gender development, as well as in her analysis of political speech, whereas Eve Kosofsky Sedgwick describes “queer performativ-

20 See R. Schechner, *Performance Studies: An Introduction*, New York, Routledge, 2006.

21 R. Schechner, “Punti di contatto fra il pensiero antropologico e il pensiero teatrale”. In F. Deriu, *Richard Schechner. Magnitudini della performance*, Roma, Bulzoni Editore, 1999, p. 31.

22 See R. Schechner, “Punti di contatto fra il pensiero antropologico e il pensiero teatrale”. In F. Deriu, *Richard Schechner. Magnitudini della performance*, Roma, Bulzoni Editore, 1999.

23 F. Deriu, “Lo spettro ampio delle attività performative”. In F. Deriu, *Richard Schechner. Magnitudini della performance*, Roma, Bulzoni Editore, 1999, p. x.

24 W.B. Worthen, “Drama, performativity, and performance”, p. 1093. In *PMLA* 113, 5 (October 1998), pp. 1093-1107.

25 See J.L. Austin, *How to do things with words*, Oxford, Clarendon Press, 1962; J. Butler, *Excitable speech: a politics of the performative*, London, Routledge, 1997; E. Kosofsky Sedgwick, *Tendencies*, Durham, Duke University Press, 1993.

ity” as an ongoing project for transforming the way we may define - and break - identity boundaries. Sedgwick attempts to find “new ways to think about lesbian, gay, and other sexually dissident loves and identities in a complex social ecology where the presence of different genders, different identities and identifications, will be taken as a given”²⁶.

In her theory of gender performativity, Butler argues that gender is a type of “speech act” whereby bodies enact sexed or gendered identities according to socially sanctioned codes. Butler maintains, however, that these almost compulsive performances may be exposed by their parody through repetition. In this respect, she uses drag²⁷ as an example of pantomimic signification, a type of gesture capable of revealing and potentially resisting the discursive mechanisms that constitute us as sexed and gendered subjects. Not only does it allow a body that is biologically sexed as “male” to re-signify itself as “female” by performing the social codes of femininity (or viceversa), but, in doing so, it exposes the mechanisms by which gender is socially produced. Thus, in a context of compulsory sexual identification, drag makes resistance possible by revealing the arbitrariness of binary gender inscriptions.

Drag fully subverts the distinction between inner and outer psychic space and effectively mocks both the expressive model of gender and the notion of a true gender identity²⁸.

This branch of performance theory, which is going to prove crucial in our analysis of queer theatre production, stresses the subversive and pro-active potential of performance. This approach has become increasingly popular in the last decades, both in theatrical practice and in theatrical analysis, as a reaction to a perceived loss of individual agency connected to the development of mass-capitalism:

the critical interest in the metaphor of performance—with its emphasis upon actors acting upon the world—reveals not only a perceived loss of individual agency, but a desire to imaginatively recuperate a sense of agency that would allow for the possibility of resisting the otherwise deterministic structures of social and political relations²⁹.

In this perspective, the substitution of a service economy for an industrial one has changed both our sense of the commodity and of the labourer’s relationship to it. In a late-capitalist service economy, where the primary commodity of exchange is labour power itself, “the very act of serving, doing, making becomes itself fetishised. In such an economy, the act of serving, doing, making (in short, the act of acting) not only becomes a thing, but in its newly intensified form of alienation threatens to erase the actor”³⁰. This return to the notion of performance reveals a desire to recognise the ways in which our very language has erased the material conditions of existence: while capitalism’s ever-expanding logic of rationalisation seeks to colonise the mind, the actual material body remains largely outside that logic, offering itself up as “a ki-

26 E. Kosofsky Sedgwick, *op. cit.*, p. xiii

27 Drag in its broadest sense means a costume or outfit that carries symbolic significance, but usually refers to the clothing associated with one gender role when worn by a person of the other gender. The two types of drag performers are drag kings and drag queens.

28 J. Butler, *Gender trouble: feminism and the subversion of identity.*, New York, Routledge, 1990, p. 37.

29 J.A. Walker, “Why performance? Why now? Textuality and the re-articulation of human presence”, p.149. In *The Yale Journal of Criticism*, 16, 1 (2003), pp. 149-175.

30 *Ibid.*, p. 175.

netic force of political resistance”³¹. The turn to performance in contemporary social and cultural theory would suggest that recent attempts to reassert the body’s materiality in fact reveal a desire to recover a lost sense of agency.

As a consequence, performance studies today can be defined as a radical field that chooses as its objects of study those activities that performatively challenge dominant socio-political values.

The combination of the concepts of “performativity” and “queerness” gives origin to a complex discourse which is both identity-constituting and identity-fracturing. Such discourse will be explored in the following paragraph.

1.3.2 Queer studies: unveiling hetero- and homo-normativity

“Queer” is not merely an umbrella term for gender and sexual diversities such as “lesbian, gay, bisexual, transgender” (“LGBT”). It indicates

the open mesh of possibilities, gaps, overlaps, dissonances and resonances, lapses and excesses of meaning when the constituent elements of anyone’s gender, of anyone’s sexuality, aren’t made to signify monolithically ³².

Furthermore, again in Sedgwick’s formulation, queer studies “spin the term outward along dimensions that can’t be subsumed under gender and sexuality at all: the ways that race, ethnicity, postcolonial nationality criss-cross with these and other discourses”³³.

The concept of “queer” questions the social construction of identity, including the construction of heterosexuality as well as lesbian, gay, bisexual, transgender, and inter-sex identities, by focusing on the way sexuality, sex, and gender have been, and continue to be, regulated and controlled.

In the same fashion, queer studies is not the same thing as LGBT studies. If LGBT studies focus on homogenous constructions of collective and separate identities based on sexual practices, queer studies has emerged as an interdisciplinary field of study, incorporating scholarship from sociology, anthropology, law and politics, science and technology studies, history, literature, communications, rhetoric, and the arts. Queer studies highlights relations of power and privilege and challenges the interrelations of sex, gender, and sexuality. “To queer” means to disrupt norms, and the meaning of queer studies could be summarised in questioning the very notion of the “norm”. Thus, the aim of queer studies is to analyse anti-normative sexual identities, performances, discourses and representations, in order to destabilise the notion of normative sexuality and gender. Some of the primary scholars in this field are Michel Foucault, Judith Butler, Monique Wittig, Eve Kosofsky Sedgwick, and Judith Halberstam.

For the present work, the most significant contribution from the field of queer are the concepts of “hetero-normativity” and “homo-normativity”. Hetero-normativity is a term coined by Michael Warner in 1991³⁴, and used in the discussion of sexual behaviour, gender, and society, primarily within the fields of queer theory and gender theory. It is used to describe and chal-

31 R. Martin, *Performance as a political act*, New York, Bergin & Garvey Publishers, 1990, p. 84.

32 E. Kosofsky Sedgwick, *op. cit.*, p. 8

33 *Ibid.*, p. 9.

34 M. Warner, “Introduction: fear of a queer planet”, p. 9. In *Social Text*, 9, 4 (1991), pp. 3-17.

lenge the manner in which social institutions and policies are seen to reinforce normative understandings of sex and gender as dichotomous and complementary.

This term has been used in the exploration and critique of the traditional norms of sex, gender identity, gender roles and sexuality, and of the social implications of those institutions. It is descriptive of a dichotomous system of categorisation that directly links social behaviour and self-identity with one's biological sex: more than a norm, a normative principle leaving no space for outsiders and deviations³⁵. Also, included in the norms established by society for both genders is the requirement that the individuals should feel and express desire only for partners of the opposite sex. If confronted with the possibility of non-heterosexual partnership, the hetero-normative model maintains there are always a "male" (active) and a "female" (passive) partner.

If hetero-normativity denies the possibility of plurality in sexual/ gender behaviours and relationships, homo-normativity denies the legitimacy of plurality and diversity in the non-heterosexual realm. This term refers to the way gay and lesbian movements, in their struggle to achieve acknowledgement, equality, and non-discrimination, have suppressed and delegitimised the most "dangerous" and less visible forms of sexual diversity, such as bisexuals, transsexuals, and sadomasochists. Therefore, homo-normativity is a mainstream ideological discourse that claims to speak for the silent majority of 'virtually normal' lesbians and gays, often by stigmatizing groups or individuals that deviate from the attempt to create a reassuring, safe, marketable, and homogeneous collective identity.

In the next chapter, we are going to explore how the concept of "queer", born in US academia, is used and perceived in Serbia, where our research took place.

³⁵ J.T. Weiss, "The gender caste system: identity, privacy, and hetero-normativity", p. 124. In *Law and Sexuality* 10 (2001), pp. 123-186.

Chapter 2

Queerness in Serbia

As highlighted in the previous chapter, queerness is an extremely complex concept, coexisting, and sometimes conflicting, with a straightforward LGBT identity discourse. It is also a concept which, born and developed in the specific context of US academia, has rapidly become widespread and enjoys varying degree of popularity in academic and activist circles dealing with issues of sexual difference. It is important, therefore, to come to an overall understanding of what “queerness” means in Serbia: how it was introduced; how it is perceived by academics, activists and the sexually diverse population; how it contributes to the formation of identity.

The aim of this chapter is to provide a historical and social background for the understanding of the perception and expression of queerness in Serbia: in order to do this, the first section will outline a historical overview of sexual diversity issues in Yugoslavia and in post-Yugoslav Serbia, dealing with discrimination issues as well as with the emergence of sexual rights movements with an LGBT focus. Special attention will be paid to the conflicting factors of globalisation and re-traditionalisation, complexly shaping the socio-political context for the expression of sexual diversity. In the second, the social and political implications of queerness in Serbia will be explored, both on a theoretical level and through qualitative research methods, with specific reference to the issue of nationalism. Finally, the last section will provide an account of Belgrade queer festivals as occasions of both identity formation and political action.

2.1 “Queerness” in post-socialist Serbia: between re-traditionalisation and globalisation

2.1.1 *Sexual difference in the socialist and post-socialist contexts*

Yugoslavia was no exception to the repression and domestication of sexuality which is common in Communist systems. Rigid codification of gender roles and a rhetorical emphasis on the myth of warrior masculinity accompanied the ferocious stigmatisation of male homosexuality as an expression of weakness, as well as the virtual cancellation of female homosexuality, which can also be put in the wider context of the suppression of female sexuality, pleasure, and the possibility of individual choices.

Until 1994, male homosexuality was illegal in both Yugoslavia and, then, Serbia: sexual intercourse with the consent of both adult male partners was considered to be a criminal act and the punishment was up to one year of imprisonment.

Under the Penal Code of 30 June 1959, sex between men was illegal in all of the former Yugoslavia. During the first half of the 1970's, the power over penal legislation was devolved from the Federal Republic to the eight states and provinces. Serbia and Kosovo chose to retain the ban, with Section 110.3 and 81.2 of the respective Penal Codes (effective from 1977) making male homosexual conduct ("unnatural debauchery") illegal and subject to a penalty of up to one year's imprisonment. In Vojvodina sex between men was decriminalised, but with a discriminatory age of consent of 18. There were no references to lesbian relationships³⁶.

Female homosexuality, on the other hand, was virtually invisible, legally and illegally; therefore, there was no specific stigma against lesbian women. However, lesbians did suffer discrimination as single women, as narrated in this short excerpt from the Report on lesbians in Yugoslavia:

Being a lesbian in Yugoslavia means that you don't exist at all. You don't exist legally, you don't exist illegally. You are an offensive word, a bad character from a cheap novel or a heroine from the midnight porno movie on the Third Channel of Belgrade Television. But being a woman who loves women, a single woman or a woman without a man to stand behind, means to live hard and in fear. A woman in Yugoslavia is validated by the man who she is with. If she chooses the way of living she desires, it means that she's condemning herself to the endless battle for her integrity. A single woman will be the second choice for the job offer if there is a married one who applied for the same position. Married women are learned to obey and respect the authority. A single woman will hardly find a decent apartment for herself. Landlords are suspicious of single women's morality. A single woman will get fired from her job if there is a need for reducing the staff. She eats less. A single woman will work in the graveyard shifts all of the time. She doesn't have any family obligations. Two women living together are suspicious and not loved by their neighbours. People prefer 'normal', healthy families with children and a head of the family³⁷.

Naturally, the earliest sexual rights activists worked clandestinely: the first gay and lesbian organisation in Serbia, Arkadia, was secretly founded in 1990, and officially registered after the de-penalisation of homosexuality, on July 14th 1994. Such depenalisation, though, was virtually ignored by the media, and it is even still unknown who initiated the law reform. After de-penalisation, other organisations developed, gradually including bisexual and transgender issues: Labrys and Gayten have been so far the most visible and active NGOs. Labrys, a group for lesbian human rights, was founded in 1995, with the following mission statement: "We consider the right to a different sexual orientation an essential human right, and we strive for the elimination of all forms of discrimination of lesbians and women whose sexual orientation is not heterosexual". The goals of this group are: helping lesbians and women of different sexual orientation to accept their identities; networking with lesbian groups from the wide ex-Yugoslavia; lobbying for the legislative acknowledgement of the rights of same-sex oriented people; lobbying non-governmental and governmental organisations to acknowledge lesbian rights as part of human rights. Gayten-LGBT (2001) promotes the education of professionals, institutions and public on LGBT rights, as well as the dismantling of all forms of discrimination and

³⁶ Hosi Wien Auslandsgruppe, Rosa Liebe unterm roten Stern: zur Lagered Lesben und Schwulen in Osteuropa, Hamburg: Frulings Erwachen, 1984.

³⁷ IGLHRC (1995)

violence towards the lesbian, gay, bisexual and transgender population in all segments of society. The organisational structure is non-hierarchic and based on principles of solidarity, empowerment, transparency, antimilitarism, and non-conflict communication. The inspiration to adopt this name came from Gethen, the name of the imaginary world of androgynous beings, created by Ursula Le Guin in her book “The left hand of darkness”³⁸: the Gethens portray the third gender, beings of fluid and changeable identity, who above all depend on their own personal choices.

As for a number of transitional countries, decriminalisation of homosexuality has been a recent event. Most often, the legislative change was prompted by international pressure and was conceived by local political elites as an ‘admission ticket’ to international organisations and donor conferences. Being neither the outcome of grassroots action nor the result of broad consensus on human rights, the exclusion of homosexuality from the penal code did not end everyday discrimination and harassment³⁹. Depenalisation provided, of course, more space for visibility and free expression; on the other hand, enhanced visibility did, in turn, stir stronger reactions by the more conservative strata of society. The first Pride Parade in Serbia (2001) ended in violence, with nationalist and religious groups beating up the activists⁴⁰. In 2004, a second parade was organised, but cancelled due to threats of violence and to the police not being able to guarantee safety for participants. Since then, sexual-rights activists have rarely dared to take a public course of action: although several organisations exist and provide the sexually diverse population with a reasonable range of activities and events, the life of such community is virtually invisible to the non-involved. Safety issues prevent organisations and activists to make their location, address or phone number public: for example, the sign outside Labrys’ headquarters simply reads “Centre”. Furthermore, organisations find no support or legitimisation from political parties or unions, and are therefore severely isolated in the domestic Serbian context. Communication and cooperation with the sexual rights movements from the ex-Yugoslav space are strong, but the lack of means, funds, and structures hampers their efficacy and long-term significance. Against this backdrop, the relationship with analogue foreign groups and global actors in general becomes crucial; yet, the process of globalisation and

38 See U. Le Guin, *The left hand of darkness*, New York, Ace Books, 1969.

39 D. Van der Veur, 2001, *Caught between fear and isolation: lesbian women and homosexual men in Albania*, Amsterdam, COC Netherlands, 2001.

40 A pride parade is part of a festival or ceremony held by the sexually diverse community of a city to commemorate the struggle for equal rights, sometimes in the context of a longer celebration including performances, dances, street parties, and the like. On June 30, 2001 several groups from Serbia attempted to march through Belgrade’s streets and peacefully demand their rights and an end to oppression. The event was registered with the local police for safety reasons and according to the law; however, when the people started to gather in one of the city’s main squares, a huge crowd of soccer fans, clerics leading ultra nationalist youth, and skinheads stormed the event, attacked and seriously injured several participants and stopped the manifestation from taking place. The event was extremely tense as the police was not equipped to suppress riots or protect the Pride marchers. The conflict unravelled in the streets of Belgrade as the opposers of the event took to the streets triumphantly singing songs about killing gays and lesbians. Some of the victims of the attack took refuge in the building of the student cultural centre where a discussion was planned following the Pride event. The building was surrounded by attackers in attempt to stop the forum from happening, and the attempt was successful. There were harder clashes between poorly equipped police and assailants in the area where several police officers were injured as well. The aftermath was characterised by sharp criticism of the assailants and government and security officials from NGOs and public personalities. Government officials did not particularly comment on the event, nor were there any consequences for some 30 young men arrested in the riots. This was the first Pride march organised in the region, and all attempts to organise subsequent Pride marches failed.

the increasing contacts with foreign organisations, especially NGOs, has created opportunities as well as problems, frustration, and resentment. In the next section, the various and conflicting aspects of globalisation in theory, research, and political action will be analysed from an academic as well as a political perspective.

2.1.2 Globalisation and LGBT activism

Globalisation is obviously a multi-faceted phenomenon, combining empowering and oppressive factors. How does this translate in relation to LGBT activism and life in Serbia? Discussions with LGBT activists focused on two main, contentious aspects: empowerment and universalisation.

An obvious effect of sexual liberalisation is the spreading of LGBT movements, which found resources and funding in the communication and cooperation with similar organisations from abroad; movements in Serbia also benefited from the globalisation of sexual-orientation human-rights issues which took place during the 1990s⁴¹. Two arguments support the claim that globalisation is a positive factor when discussing the rights of sexual minorities. The first refers to external political pressures, which in Serbia have been intensifying with the EU accession process. The second argument points to the existence of a new generation of sexual minority activists, whose political and social visibility should be attributed, to a large extent, to the development of civil society in Eastern Europe after 1989, as suggested by international contacts and donors. Familiar with the international accomplishments and more accustomed to collective action than the older generations, their agenda is increasingly proactive and media-conscious⁴². Yet, support and funding can bring along the hegemony of Western values and expectations, which is traditionally resented and regarded critically by local activists, as well as questioned from an academic perspective. What follows is a sample of respondents' views on this matter:

For this reason I would like to describe a bit why I predominantly don't identify or name myself queer, but rather lesbian. [...] For me, using this term - which more or less has Anglo-American connotation - is very questionable. [...] There are these western paradigms which are most commonly translated, not just translated but sometimes copy/pasted to other regions, but not the other way around. This is also often the case with the term queer. It is very questionable, what we do with this translating of the concepts⁴³.

"Queer" is a term that has been generated in a different culture, which in its Serbian use does not have an immediate equivalent to the meaning that is implied in English. Translation of Queer theory into a Balkans cultural and political context, although in my opinion being a necessary move, seems to be a very complex and demanding task. One can enumerate a huge list of possible obstacles for such translation. Since knowledge is a product of power relations it is strongly connected with specificities of place and time. As queer theorist from Poland, Joanna Mizielińska claims, "Taking certain knowledge/theory out of its context is never done innocently; applying it into another context creates tensions, uncertainty and doubts..."⁴⁴.

41 T. Greif, "Do lesbian women have human rights?", p. 234. In Đ. Knežević (ed.), *Women and politics: sexuality between the local and the global*, Zagreb, Ženska Infoteka, 2004, pp. 234-247.

42 A. Štulhofer and T. Sandfort, "Introduction: sexuality and gender in times of transition", p. 14. In A. Štulhofer and T. Sandfort (eds.), *Sexuality and gender in postcommunist Eastern Europe and Russia*, New York, The Haworth Press, pp. 1-25.

43 Maja, Party & Politics roundtable

44 Jelisaveta, Party & Politics roundtable

When I'm in a different place, my gender identity shifts – I don't know what it is right now coz I don't know the Balkans, and it doesn't know me... what I am is directly related to where I am. I have to find myself in different places – being a butch dyke, queer, trans, trannyfag, a boi, a boy, a lesbian, a girl, an authority figure, a criminal, a westerner, aged 15 or 29, recognised, unrecognised, feared, noticed, ignored. It depends on where I am and what I'm doing, and who's looking at me. I don't know much about the lesbian and gay scene and trans issues in Serbia, and I'd really like to. [...] What is the situation with gender here? Would I be welcome in women only space in Serbia? Do gender terms like butch bottom, boydyke, boi with an 'I' have any meaning? Am I even visible here? Or do I have to choose between being a lesbian or a boy? I have to admit I have a discomfort about coming here to talk about these things – I feel a little like a queer imperialist missionary coming from the west to save poor backward Serbia. There is a stereotype of small-town or poor countries' gay culture as being oldfashioned or backward... as if one day they'll catch up with us... but who's to say that the journey is the same as ours that it's heading in the same direction, that people here want what we wanted... that we are their future? Who's to say we're not just interpreting Serbian culture. Through our eyes, and seeing what we think is there if they were us, like the missionaries going to the new world? I want to know what I can learn from being here⁴⁵.

This brings us to the issue of universalisation. In the last decade, globalisation of the sexual rights movement has led to a well-funded introduction of Western discourses of LGBT rights in Eastern Europe. If, on the one hand, globalisation has helped bring visibility to such issues, the introduction of Western discourses and policies has been regarded also as potentially oppressive, when such discourses and policies are being transported into new contexts. Why?

LGBT communities are constructed in post-socialist Eastern Europe through specifically Western discourses of the sexual act as political identity, introduced primarily through NGOs with an LGBT focus. 'Coming out' as community formation requires the subject to identify communally with their preference of sexual practices, and presupposes that such orientation is a permanent and unchangeable identifying factor. The diversification of sexualities in the West, privileged as primary and political forms of identification, remains mainly in the form of the heterosexual/homosexual binary, while bisexual and transgender categories serve to recapture individual identities that fail/refuse to fit the heterosexual/ homosexual normative binary. The universalisation of this binary discourse is now under discussion in the theoretical literature, as the politicisation of sexual identity is a specific moment in the trajectory of Western activism, but may not necessarily be applied to every other country. The conflation of sexual practice with identities of civil relevance and the concept of politicising non-normative sexual practices may not be necessarily accepted. Therefore, the local statement by the LGBT population may be, for example, not to build a politically active community primarily identified through sexual practice, but a society where political identification is not mainly based on sexual practice.

A very radical view of globalisation of LGBT movements states the following:

The LGBT movement claims to be globalising a new multiplicity through freeing supposedly pre-existing categories of sexual identity from social repression, but this can be more easily read as a movement of containment⁴⁶.

This is a quote from a study conducted on this topic in the wider Balkan region, which found

45 Sally, Party & Politics roundtable

46 S. Woodcock, "Globalization of GLBT identities: containment masquerading as salvation or why lesbian have less fun". Paper presented at the conference "New social movements and sexuality". Sofia University, October 8th 2004.

a generalised refusal between women who had and wanted to have sexual relationships with other women to identify as lesbian. Narratives from women interviewed even described the pre-LGBT past as more free for women who wanted to have sexual relationships with other women, as ‘coming out’ “places one outside the established and policed structures of patriarchal protection”⁴⁷. In this case, activists are seen as oppressors rather than liberators, inasmuch as they impose an unwanted label on people who do not wish to identify on the basis of their sexual practices.

This perspective is, in turn, problematic. On the one hand, the notion of community identification based on sexual practice should not be taken for granted, and normative impositions of identity are to be avoided. Yet, a statement such as “coming out places one outside the established and policed structures of patriarchal protection” is assuming that such policed structures are necessarily comfortable, and may bring women who love women back to forced invisibility. The refusal to identify as lesbian can, of course, depend on flexible practices and identities, but also on fear of societal rejection or internalised homophobia: to build acceptance of alternative sexual identities and provide the words and the conditions to express them openly may be as important as to avoid the imposition of such identities.

Considering the picture that emerged from my interviews with local groups, it seems that gay activists are more enthusiastic about globalising and westernising their practices, whereas lesbian and feminist activists show disillusionment about globalisation:

“things that I can see from Belgrade as global are McDonalds, the World Bank, the Internet, Cosmopolitan Serbia/Montenegro edition, and increased use of the English language”⁴⁸.

Thus, globalisation is mostly perceived as imposition of oppressive structures and alien models of appearance and behaviour. The Serbian eco-feminist idea of globalisation expresses this as an outgrowth of patriarchal capitalism, whereby global tendencies arrive in Serbia and are put in service of men and patriarchy. Examples of this in Serbia are new forms of commodification of sex and indoctrination with fake beauty ideals. According to the interpretation of a local feminist sociologist, the neo-liberal tendencies and newly conservative moral codes spread by populist politicians added up to a “misogynistic cultural package” combining Western beauty ideals and patriarchal, nationalistic, warrior-chic turbo-folk culture in Serbia⁴⁹. With specific reference to homosexuality, Serbian activists complain about the lesbian-chic commodification of women, pointing out the occasional lesbian kiss or music video used to attract attention from the male and straight audience. In this case, the lesbian relationship gains visibility, but only to be used for consumption in a hetero-normative context.

Regarding NGO policies, activists complain about the imposition of visibility and the focus on sexuality in disregard to other rights⁵⁰. Western models of activism, like “coming out” and

47 *Ibid.*

48 T. Nikolić, “Sexuality of local women facing the demands of global sexual context”, p.284. In Đ. Knežević (ed.), *op. cit.*, pp. 284-292.

49 I. Kronja, “Women, transition and the beauty myth”, p.274. In Đ. Knežević (ed.), *op. cit.*, pp. 274-283.

50 J. Kerkez, “Global tendencies in regional GLBT movement policy development”, p. 269. In Đ. Knežević (ed.), *op. cit.*, pp. 268-273.

pride parades, are viewed with suspicion⁵¹. Yet, the “rituals of global belonging”⁵² (as an interviewee defined them), such as festivals organised in collaboration with organisations from other ex-Yugoslav countries, but also with contributions and participation from Eastern and Western Europe (Queer Zagreb, Queer Beograd), are very popular, and cooperation on the level of networking with lesbian groups from the ex-Yugoslavia and gay and lesbian groups in Serbia and Montenegro is a usual *modus operandi*. Therefore, it seems that contact and communication on the micro-level (with foreign individuals or chosen groups) are searched for and appreciated, whereas globalisation at the institutional level is seen as an imposition of alien concepts.

The picture that emerges from the present research outlines a network of conflicting relationships: the local actors are confronting a hostile national context, but look at globalisation with both hope and resentment. Western models of activism are often perceived as alien and unnecessary; on the other hand, the restrictions imposed by the local, conservative environment make it difficult to develop grassroots models of action. The sexually diverse population, therefore, seems to be caught in a peculiar situation of double exclusion: the global scene seems to reserve them a merely passive role, whereas the domestic environment is still widely hostile, inasmuch as the strength of nationalist tendencies, in which gender rhetoric plays a major role, is a strong factor against the acceptance of sexual diversity.

The next section is devoted exactly to the relationship between national and sexual identity in Serbia, explored both on the theoretical level and through interviews.

2.2 Sexual diversity and nationalism

2.2.1 National and sexual identity in conflict

In the last two decades, the demise of Yugoslavia and the intensification of nationalist trends, together with the economic crisis, have triggered a re-traditionalisation process in Serbian culture and society⁵³. Contrary to the globalisation process, during the 1990s the ex-socialist regime in Serbia was leading the country into isolation, rejecting transition, and causing the absence of development, which has been defined as “state-directed nondevelopment”⁵⁴. Against this backdrop, the re-adoption of traditional conservative values can be seen as an instrument for re-gaining security in the precarious socio-economic environment, and has affected with particular intensity the sphere of family and gender relations, with re-patriarchalisation

⁵¹ *Ibid.*, p. 268.

⁵² Mirjana, interview n. 10.

⁵³ See for example S. Naumović, “Instrumentalised tradition: traditionalist rhetoric, nationalism and political transition in Serbia, 1987-1990”. In M. Jovanović, K. Kaser, and S. Naumović (eds.), *Between the archives and the field: a dialogue on historical anthropology of the Balkans*, Belgrade-Graz, Institut für Geschichte der Universität Graz, pp. 179-218. See also T. Bringa, “The peaceful death of Tito and the violent end of Yugoslavia”. In J. Bornemann (ed.), *Death of the Father*, Oxford – NY, Berghahn, pp. 148-200.

⁵⁴ T. Đurić-Kuzmanović, “Gender inequalities in a nationalist, nontransitional context in Serbia, emphasising Vojvodina, during the 1990s”, p. 29. In Štulhofer and Sandfort (eds.), *op. cit.*, pp. 29-55.

of the social structures and the revival of nationalist ideologies acting coherently as factors of rigid codification of gender roles⁵⁵. Some women did adopt nationalism as an expression of equality with men in the fight for a greater country⁵⁶; yet, they did so only by adopting the roles assigned to them by nationalist rhetoric, those of victims and mothers⁵⁷. It may also be noted that exclusion of women from the battlefield belongs to right-wing nationalism, whereas, for example, the Partisans did admit women into their ranks.

The patriarchal model of community and national homogeneity is potentially threatened by homosexuality, as the homosexual person contradicts the gender role assignment of a nation made out of Soldiers and Mothers. Indeed, nationalist communities perceive the homosexual and the feminist as the most dangerous traitors of the nation⁵⁸. Furthermore, the same-sex couple testifies, by its very existence, the plurality of interpersonal and social relational models and questions the codification of gender roles. By deconstructing the hierarchic dichotomy male/female, it threatens the entire set of structures underpinning the model of the national community. The nationalist emphasis on so-called “pure” models of masculinity and femininity explains the violent rejection of homosexuality and the reaction against LGBT activism in a nationalist contest such as under Milosevic in a wide part of Serbian society.

Nationalism produced a reaffirmation of traditional gender roles: men as macho warriors, women as a means of continuity of the nation through childbearing, and homosexuals as traitors to the nation. Furthermore, homosexuality was perceived as a foreign import: as Western-style gay identity was being promoted by Western activists and their local counterparts, nationalists were able to use discomfort with non-standard sexuality to amplify hostility to national and ethnic others. Western enemies were branded as homosexuals; in turn, and by association, local homosexuals allegedly became Western agents. This comprehensive other-phobia is consistent with the political myths related to the existence of a “pure” Serbian nature corrupted by contact with Europe and the West, a topos consistently present within the national political discourse⁵⁹.

For example, at Belgrade Pride 2001, participants and NGO representatives were attacked and beaten by nationalist and religious groups. Their slogans, like “We do not want gays in Serbia” or “Serbia for the Serbs and not for the gays”, explicitly showed the deep connection between nationalism and gender traditionalism, which emerges clearly by this interviewee’s account:

55 See R. Iveković “Le pouvoir nationaliste et les femmes”, Bologna, Europe and the Balkans International Network & Ravenna, Longo Editore, 1996 ; R. Iveković and J. Mostov (eds.), *From gender to nation*, Ravenna, Longo Editore, 2002; I. Iveković, “Neopatriarchy and political violence”, Bologna, Europe and the Balkans International Network & Ravenna, Longo Editore, 1996.

56 Ž. Papić, “From state socialism to state nationalism: the case of Serbia in gender perspective”. In *Refugee: Canada’s periodical on refugees* 14, 3, pp. 59-65.

57 T. Đurić-Kuzmanović, *op. cit.*, p. 40.

58 See Ž. Papić, “Women in Serbia: post-communism, war, and nationalist mutations”, in S.P. Ramet (ed.), *Gender politics in the Western Balkans. Women and society in Yugoslavia and the Yugoslav successor states*, University Park, The Pennsylvania State University Press, 1999, pp. 153-170; T. Pavlović, “Women in Croatia: feminists, nationalists, and homosexuals”, in S.P. Ramet (ed.), *op. cit.*, pp. 131-152; J. Mertus, “Women in Kosovo: contested terrains. The role of national identity in shaping and challenging gender identity”, in S.P. Ramet (ed.), *op. cit.*, pp. 171-186.

59 See for example Čolović’s essays “Nature”, “Europe”, and “Škerlić, Pan-Slavdom and The Rotten West”, in I. Čolović, *The politics of symbol in Serbia. Essays in political anthropology*, 2002. London: Hurst & Company.

Fascists and nationalists came to beat people. It was very interesting, they all looked like men, like what traditional men look like. I don't know if there were inter sex or female or other among them, but they all looked very masculine and wanted to present themselves as men. They were all referring to their national identity, and they were all referring to God. These are the three things that mostly stand together. Also, it was interesting that they were shouting on the street to people: "Go to Croatia!" and "ustase!" It is also interesting that when I went to gay pride in Croatia, nationalists were shouting: "Go to Serbia!" and "chetniks", which is the same thing but there. We can see the same pattern, this was happening several years after the war. Serbian identity is mainly constructed as opposition to Croatian – and any other – but Croatian identity was in that time the biggest threat to Serbian identity. The biggest illness in "our nation" was/is considered "virus" that came from "other nation". I think it's the same in Croatia, probably everywhere⁶⁰.

Indeed, during the war in the early 1990s, Serbian TV stations denounced homosexuality as a perversion alien to Serbian culture, accusing gays of subverting national defence; homosexuality was caricatured as a western disease. A TV news anchor in Belgrade talked about "the gay government of Tony Blair" and called both Blair's wife and Hillary Clinton "lesbians"⁶¹. When one of the founders of Arkadija was killed, the investigators dwelled on the "seditious activities" of the organisation, which was accused of conducting "a special war against our country". Graffiti sprayed on the American centre in Belgrade read "Clinton faggot" and "Madelein Albright, we don't practice sodomy"⁶². This manipulation of anti-gay sentiment for propaganda purposes led to a sharp rise in homophobic violence and police harassment.

Against this backdrop, one aim of my interviews was to understand whether people perceived a conflict between their sexual and national identities. Results indicate that, given the relationship between nationalism and rigid gender roles, sexual identity is chosen as the dominant one: identifying on the basis of national belonging is perceived as limiting, whereas identification through alternative sexual practices seems to be perceived as empowering. Embracing difference in sexual identity is interpreted as going against "the order", as clearly indicated by the following narratives:

Serbia is totally homophobic society and lesbian and gay identities have power of disrupting this society. I'm talking about politics of identity. Like national identity of Albanian people had the power in Kosovo to disrupt Serbian oppression⁶³.

[Being gay] has positive effects because it's negative, it is challenging the national ideal⁶⁴.

A positive effect of the term, as a lesbian or a homo, is a negative part of it – opposing, fighting back, the rebellious element⁶⁵.

I don't identify nationally, and that's why I always like to remind that not all people belong to any ethnicity or even nationality⁶⁶.

A poll proposed last September by the website Gay-Serbia obtained similar results: out of 306 respondents, 164 identified primarily through their sexuality, 54 with their nationality, 54

60 Ksenija, Party & Politics roundtable

61 S. Friess "Gay Serbians find acceptance is a casualty of war", p. 20. In *The Advocate* (May 11, 1999).

62 K. Booth, "Enemies of the state: gays and lesbians in Serbia". In *Lavender Magazine* 5, p. 123.

63 Ksenija, Party & Politics roundtable

64 Maja, Party & Politics roundtable

65 Luka, Party & Politics roundtable

66 Maja Pan, Party & Politics roundtable

with neither of them, and 28 with both equally⁶⁷.

According to the interviews, women and men perceived the relationship between different aspects of their identity in a different way: although most respondents of both sexes preferred the sexual identification over the national one, men were divided, whereas women virtually unanimously rejected a national identification. Therefore, we could hypothesise that, as nationalist ideologies are more blatantly oppressive towards (LGBT) women than towards (LGBT) men, women tend to reject national identification as an instrument of oppression, whereas men are able to identify primarily through national belonging, without seeing sexual identity as a conflicting factor. It would seem therefore, that female homosexuality is more problematic in terms of conciliation with a national identification. In the next section, this conflict will be explored on a theoretical level.

2. 2. 2 *Female homosexuality and nationalist communities*

Promoters of the patriarchal order in Serbia have rarely addressed female homosexuality as a potential threat: being a relationship between two non-subjects⁶⁸, it easily slides into invisibility. How could two women exist, and relate to each other, without the male as polarising factor of their energy?

The mainstream perception of female homosexuality in Serbia makes sense of women by means of male categories: thus, female homosexuality is seen as an appropriation of masculinity, usually by one member of the couple, while the other fulfils the woman's traditional passive role. Such interpretation defines the homosexual relationship as a protest of virility, constructed within, and as a reaction to, the patriarchal order: the male is only apparently excluded from the picture, but the principle of masculinity is always present. More than that, it is what informs the relationship and allows its very existence. In this perspective, a relationship between two women is not a danger to the patriarchal order: it is the exception confirming the rule of the male-female hierarchic relationship.

It can be argued, then, that the subversive potential of female homosexuality does not lie in the usurpation of male prerogatives, but in the challenging of the very model of an uneven relationship based on pre-defined roles. The unquestioned, hierarchically charged dichotomy between male and female is the basic relational model informing the whole structure of the community: if its legitimacy and "naturalness" are questioned, the whole set of patriarchal values is potentially threatened. In this light, we are able to look at female homosexuality as a social practice, as raising the awareness of its existence can help in the deconstruction of hierarchic community structures.

In the patriarchal frame of mind, the woman exists only in relation to the man and inasmuch as she fulfils specific functions: a woman existing and acting outside the boundaries set for her is problematic, even in conceptual terms. In order to make sense of something that cannot make sense in this context, female homosexuality has been interpreted with reference to masculinity and normative gender role assignment: thus, it has been conceived as an imitation of men, appropriation of male prerogatives, or rebellion against patriarchy.

67 www.gay-serbia.com

68 The term "subject" is a problematic one: here, it is used in order to indicate the autonomous entity, entitled to action, in opposition to the passive "object".

The commonplace assumption of the lesbian who “wants to be like a man” has been reinforced by the advent of psychoanalysis: according to Freud, female homosexuality spreads from a masculinity complex of the active member of the couple, paired up with the insufficient sexual development of the passive member; homosexual couples would reproduce either the man-woman or mother-child relationship⁶⁹. This influential statement highlights a heterosexist bias which reduces the possibilities for multiple models of relationships to two basic units linked to the reproductive process, thus casting women in the exclusive realm of nature and “naturalness” and simultaneously limiting their potential for participation and interaction in the social sphere. Such interpretations dismiss the homosexual relationship between two females as mere role-play: the possibility for genuine interaction between women is not recognised.

It is not only in the patriarchal frame of mind that homosexuality fails to be accepted as a legitimate social practice. Feminism traditionally looked at it with resistance and diffidence as well. The classic feminist text *The Second Sex* by Simone de Beauvoir, for instance, though crucial in deconstructing the hierarchic sexual binary casting the woman in the pure female principle and preventing her from achieving full individuality, ends up by reproducing the heterosexist bias in her own analysis of female homosexuality. The feminist philosopher characterises female homosexuality as either rebellion, or as being caused by fear of femininity and sexuality. According to de Beauvoir, a sexual interest in another woman is a recognition of women in general as sexual objects, and it is, therefore, a reinforcement of women’s passivity: a truly active female subject would face men and turn them into sexual objects⁷⁰. The lesbian, on the other hand, will suffer because she will not fulfil her potential of femininity: she desires to be “normal and complete” (my emphasis)⁷¹, but she is not able to have a relationship with a man. De Beauvoir’s interpretation, in the end, does not differ substantially from Freud’s: homosexuality is an escape, a way of solving a problem⁷², and the problem (i.e. the origin, the founding principle) is the relationship between man and woman.

In patriarchal terms, the world is conceived as phallogocentric: a relationship between two women, excluding men, is hardly conceivable or likely to be considered as a serious issue. Even Christian predication, although very strict towards women, virtually ignored female homosexuality: a woman’s morality is to be judged according to her behaviour towards her husband, because that is what she exists for; as a consequence, women’s sins are those involving their men’s honour and moral salvation only⁷³. Western religions here find a parallel in law: even authoritarian, conservative states who criminalise male homosexuality have rarely paid the same attention to female homosexuality. For example, in contemporary Serbia, in spite of the ultra-conservative backlash and relentless re-sexualisation of politics, female homosexuality is not criminalised, while the repressive emphasis in relation to women is placed on feminism rather

69 L. Irigaray, *Speculum de l’autre femme*, Paris, Les Editions de Minuit, 1974. Italian edition by L. Muraro, *Speculum. L’altra donna*, Milano, Feltrinelli, 1975, p. 94

70 S. De Beauvoir, *Le deuxième sexe*, Paris, Librairie Gallimard, 1949. Italian edition by R. Cantini and M. Andreose, *Il secondo sesso*, Milano, Il Saggiatore, 1994, pp. 463-5.

71 *Ibid.*, p. 470.

72 *Ibid.*, p. 482.

73 P. Lupo, *Lo specchio incrinato. Storia e immagine dell’omosessualità femminile*, Venezia, Marsilio Editori, 1998, p. 192

than on alternative sexual practices⁷⁴.

Yet, if female homosexuality is acknowledged as a social practice (here the focus is not on sexual activity only, but on what might be called “homo-sociality”, that is to say a relational model between same-sex people comprising sexual activity as well as the forming of stable couple and/or family relationships and social networks), it becomes highly problematic, for the reasons linked to the crucial role played by women in the building and maintenance of national communities. In this context, the female body does not belong to the woman herself, nor to an individual man only: on the symbolic level, it is the collective property of the male-led community⁷⁵. It is not a personal space or the locus of individuality, but a social territory which can and must be used by and disputed between males⁷⁶: as Friedland puts it, women are the oldest currency⁷⁷. The stability of the community is therefore threatened when women happen to create an exclusive social bond and the female body becomes “no man’s land”. Women forming a homosexual couple symbolically leave the patriarchal community, in which they are included as subordinates, and establish their own: by doing so, they also establish themselves as independent subjects. Instead of competing in looking for alliance with the superior cast, as demanded by patriarchal patterns of socialisation⁷⁸, women replacing loyalty to the other sex with loyalty to their own implicitly recognise themselves as subjects: in a psychoanalytical perspective, they give up self-denial to regain the narcissistic ideal denied to them by male-centred mindsets⁷⁹.

Homosexuality is particularly problematic in national communities based on ethnicity, which, as stressed by Rada Iveković in her analysis of gender in nationalist ideologies, set the most rigid boundaries for women, as their inclusion as subordinates and their proper functioning is essential to the maintenance of the community structural order. Indeed, even though the national community is based on the exclusion of women from the public sphere, it cannot exist without women themselves, as they are charged with the crucial task of reproduction, on the biological as well as symbolical and ideological level⁸⁰. Women’s functions in ethnic nations can be summarised as follows: biological reproduction (securing the continuity of the nation); reproduction of ideology (supporting and perpetuating the nation’s ideological and moral standards, both through correct behaviour and the education of sons and daughters); reproduction of boundaries, with emphasis on purity in the reproductive process and non contamination with other nations: namely, the emphasis on motherhood is a way of constraining women’s sexuality and sanctioning their body as a source of community legitimisation⁸¹. The last point may be considered the crucial one, as it explains the pervasiveness of the phenomenon of rape

74 V. Kesić, “Gender and ethnic identities in transition. The former Yugoslavia – Croatia”, p. 69. In R. Iveković and J. Mostov (eds.), *op. cit.*, pp. 63- 80.

75 E. Balibar and I. Wallerstein, *Race, nation, class. Ambiguous identities*, London, New York, Verso, 1991, p. 18.

76 R. Iveković and J. Mostov, “Introduction”, p. 10. In R. Iveković and J. Mostov (eds.), *op. cit.*, pp. 9-25.

77 R. Friedland, “Money, sex, and God: the erotic logic of religious nationalism”. In *Sociological theory*, 20, 3 (November 2002), pp. 381-425.

78 R. Iveković and J. Mostov, .), *op. cit.*, p. 16.

79 L. Irigaray, *op. cit.*, p. 101.

80 F. Anthias and N. Yuval-Davis, *Woman - nation - state*, Basingstoke, MacMillan, 1989, pp. 6-11.

81 U. Butalia, *The other side of silence: voices from the partition of India*, Durham, Duke University Press, 2000, p. 150.

in ethnic wars, which serves as a means to weaken and contaminate, physically and symbolically, the women of the enemy nation, and thus the nation itself⁸².

Monique Wittig's statement that "lesbians are not women"⁸³ applies appropriately in this context, where women are identified with the functions assigned to them. Indeed, women engaged in homosexual relationships are less likely to cooperate and fulfil the functions assigned to them: even if they have children, they do not correspond to the idealised notion of motherhood. As unmarried women, they have no place in the community, because women, being excluded from the social contract, can enter society only by signing the marriage contract⁸⁴. Conversely, homosexual women do not belong to a male head of the family, who would mediate between the private and public spheres by exercising control over them in the name of the community and making their bodies "viable" as social territory symbolising the collective space. Lastly, they are less likely to be mobilised for support of the dominant ideology, nor to transmit patriarchal values, because it is not automatic for them to identify with the community overlooking their own selves.

Yet, what potentially undermines nationalism is not only the direct loss of control over women's bodies, but, in a wider perspective, the very questioning of the hierarchic binary. Nationalistic ideologies can be made sense of through sexuality, as they are based on two assumptions: the existence of ontological binary categorisations (the core one being male/female, which also translates as Self/ Other on the psychoanalytical level and dominant/ submitted on the political one) and the "natural" and unquestionable hierarchic relationship between them. Sexuality and sexual/ gender codes are therefore core elements of nationalism, as highlighted by Rada Iveković, because the sexual binary serves as an instrument to build, by means of analogy, other hierarchies based on race and class, where the Other is debased and annihilated. This can be easily seen in ethnic wars, when violence is strongly gendered inasmuch as the victim part is automatically perceived as feminine, and the dominant side is identified and invested with the feature of masculinity⁸⁵. On the other hand, there are analogies in the treatment of women and ethnic minorities in Balkan neo-patriarchal regimes: women, as well as other minority groups, are excluded from full citizenship and equally excluded from full participation in the public sphere⁸⁶.

By looking at the gendered character of nationalism, it is easy to see that homosexuality, showing by its very existence the arbitrary character of the binary systems at the basis of nationalistic ideologies, can become an instrument for questioning ideological and social homogenisation and asserting pluralism in the social sphere. For example, a document by Women in Black (October 1998) stated the necessity to take care of people from other ethnicities, nationalities, faiths, races, and sexual orientations⁸⁷.

Patriarchal systems function by including women only as non-specific entities, defined by

82 See D.Q. Thomas and R.E. Ralph, "Rape in war: challenging the tradition of impunity". *SAIS Review*, 14, 1 (Winter-Spring 1994).

83 See M. Wittig, *The straight mind and other essays*, New York, London, Harvester Wheatsheaf, 1992.

84 C. Pateman, *The sexual contract*, 1997. Italian edition by C. Biasini, *Il contratto sessuale*, Roma, Editori Riuniti, 1998, p. 233.

85 See R. Iveković, "Le pouvoir nationaliste et les femmes", *op. cit.*

86 *Ibid.*

87 Đurić-Kuzmanović, *op. cit.*, p. 39.

the function they perform⁸⁸: they are not incorporated as fully autonomous individuals, but only as long as they fit the predefined model of femininity⁸⁹. This is valid in the domestic as well as in the public domain: more precisely, the hierarchy established in the private sphere is the core and the structural model for building the collective space.

Any relationship not conforming to such patterns leaves the space for a potentially equal and not pre-codified interaction: women are not confined by their very anatomy in a predefined role, as the patriarchal order demands. The very idea of a same-sex relationship undermines the unquestioned pre-determination of the individual's fate on anatomical grounds. Some homosexual couples may seem to reproduce the traditional roles of heterosexual relationships⁹⁰: yet, this pertains to the individuals' choice, and it is not based on any pre-determined hierarchy. What characterises homosexual relationships is not necessarily the absence of roles, but the fact that they can be either adopted or rejected, ignored or negotiated. The very notion of negotiation threatens the established order, because it shows the performative character of gender; it represents the space of potentiality in opposition to the reproducing of immutable codes. To use Judith Butler's categories⁹¹, it stresses accomplishment over disposition. This is what makes homosexuality potentially subversive: by questioning the core hierarchic dichotomy (sex), it potentially threatens other hierarchic stratifications based on race, ethnicity or class.

Foucault suggested seeing sex through power: on the other hand, by looking instead at power through sex and thus unveiling the gendered roots of social inequality, sex and gender can turn from instruments of discrimination into potential instruments for social pluralisation. By asserting difference and the right to difference in the realm of gender identity and sexual orientation, as well as questioning the dogma of women's dependence upon men, female homosexuality testifies the potential multiplicity of social and interpersonal relational models, thus contributing to question on the conceptual level the unchangeable character of authoritarian and hierarchical social structures.

The analysis of female homosexuality in relation to nationalism and oppressive systems in general brought us to establish a connection between sexual oppression and authoritarianism in a wider sense; consequentially, stating the right to sexual diversity can also be interpreted as a means to challenge and unveil socio-political hierarchies which are naturalised or taken for granted. In this perspective, the concept of "queerness" goes beyond the sexual realm and becomes a key to a wider form of social protest. This seems to be what happened in Serbia, where, after the violent episodes of 2001 and 2004, a group of activists founded the first organisation to call itself "queer", the Queer Beograd Collective, including seven women and one man. This collective renounced the formula of pride parades and started organising "queer festivals", where discussion of sexual orientation issues would be accompanied by reflection upon, war, clericalism, nationalism, militarism and machismo, thus stressing the interconnectedness of all forms of oppression. In this context, "queer" is perceived as refusing social rules felt as oppressing and constantly re-questioning both the norms of patriarchal traditions and rigid

88 N. Loraux, *The divided city. On memory and forgetting in ancient Athens*, New York, Zone Books, 2002, p. 28.

89 Pateman, *op. cit.*, p. 234.

90 P. Bourdieu, *La domination masculine*, Editions du Seuil, 1998. English edition by Richard Nice, *Masculine domination*, Cambridge, Polity Press, 2001, p. 119.

91 J. Butler, *The psychic life of power. Theories in subjection*, Stanford, Stanford University Press, 1997, p. 135.

categorisations of LGBT or straight sexualities.

2.3 “Queeroslavija”, or what “queer” means in Serbia: Queer Beograd Festivals 1&2

2.3.1 *Queer Beograd Festival: first act*

After the violence experienced at the 2001 Pride and the cancellation of the 2004 Pride due to the threat of violence, the collective envisioned the idea of an indoor festival as a feasible and safer alternative to public parades. The first Queer Beograd Festival took place in May 2005 with the aim of celebrating the right to sexual diversity, “building positive energy in the queer community”⁹², providing a safe space for the sharing of ideas and culture and, through this, tackling the pervasive homophobia of Serbian society. What follows is the festival’s manifesto.

Queer Beograd is a group of eight people who decided to stand against the violence. Because the first attempt to organise a Pride Parade in Belgrade in 2001 was blocked by a large group of violent homophobic hooligans. Because this violence is a result of politics of war, clericalism, nationalism, militarism and machismo that has characterised mainstream politics in Serbia during last 15 years. Because the second attempt to make LGBT community and politics visible on the streets of Belgrade in 2004 had to be cancelled as organisers again couldn’t guarantee for participants’ safety.

Because the state and citizens are still ignorant toward problems of LGBT population and all the others who are different. Because human rights are abused on daily basis.

That is why this year we had a new concept – we refused to spend time on worries about violence that might happen and hiring private security or police. We wanted to build exciting cooperation between people on an international and local level, to have fun, and to promote queer politics.

In this context to be queer means to refuse social rules and to constantly re-question supposed norms of patriarchal tradition. To create space beyond the rigid boxes of LGBT or straight sexuality, allowing each other the ‘privilege’ of self definition. To present a radical politics that sees the interconnectedness of all forms of oppression.

Participants from Belgrade, Novi Sad, Macedonia, Croatia, Slovenia, Berlin, Munich, Frankfurt, Vienna, and London attended the festival, which lasted 5 days and featured a variety of events both inside the main venue (a formerly abandoned building) and in public spaces such as city parks and streets. The main venue featured art exhibitions from local artists: “Self portraits” by Alenka Spacal (Slovenia), “Toilets” by Deivan (Belgrade), and “Doomsday Graphics & Shaved Women” by Nenad Vukmirović and Andrea Tomašević (Belgrade). An info point-café was set up for participants to relax, eat, socialise, and read local and foreign materials on queer issues. Activities included self-defence training as well as workshops focusing on theatre, gender and sexuality, safer sex, polygamous relationships, Roma women’s issues and S/M culture. The evening program included film screenings (Dana Budisavljević, Croatia), performances by Act Women (Belgrade) and Jet Moon (London), and concerts by musical bands Tribade (a lesbian band from Paris), Lollobrigida girls (Zagreb), and Bitcharke (Belgrade). On

92 Katja, interview n. 9

the last day of festival, activists organised a street party in the centre of Belgrade, with the theme ‘no more violence in the streets’. Participants danced, played music, and distributed food and informative hand-outs about discrimination and tolerance, with mostly positive reactions by the public and no explicit violence or threats.

This festival can be considered the start of grassroots queer activism in Belgrade: for the first time, according to the interviews and written narratives provided by the members of the collective, activists ideated and organised an event which was not an imitation of Western rituals, like the Pride parades. The new formula was chosen and developed as appropriate to the demands of the local context, e.g. safety, and fulfilling for the participants, who were able to become involved, active subjects rather than passive recipients of the initiative. Foreign participants were contacted and invited through personal networks, and were welcomed as “friendly guests” who took part in the event on a peer-to-peer level. After the end of the festival, the collective recalled the experience as something completely new and unexpected in the oppressive local context, to the point that they defined it “a dream” or “unreal”.

It says on the door: ‘Attending this festival is allowed to registered participants only’. Well, yea, unfortunately, here you can’t do it differently, and it turned out later that there was no need to. Coz it was closed, yet so open, unreal⁹³.

From this distance (and so little time has passed) all is still confusing. I am confused. I feel like I’m lost in a wonderful labyrinth. And if I tried to find a way out...I don’t no...seems like all the halls in it are right and every exit is better than the previous⁹⁴.

I am thinking what was this week? was it real? isnt it all just one oth these moments, isnt it just an illusion? It feels like a dream, where everything is so clear and you thinking, thats the way,wow, thats it, everything is all right..Then you have to leave, you are somewhere else and you dont know really how to explain what happened to others, and slowly its all gone and you are back in reality life and you think nothing is alright, you are just tooooo crazy, you are just sick⁹⁵.

.... it began as a crazy dream.... something we didn’t really think was possible but we did it!!!!⁹⁶

...And then, there was the opening...I think that it was in this moment that I started to dream. As if every pore in my body was open and Beograd suddenly seemed like a free spirited city⁹⁷.

On the other hand, the following narratives emphasise the empowering aspect of the collective’s work, which created an unprecedented event and broke a longstanding feeling of isolation and passivity, creating a sense of power, hope, and individual validation.

The most incredible thing was the energy born within our little, very sweet collective, without it none of this would have happened. Wonderful women and a man gathered, worked, worked... Usually, I go trough life as an observer and it seems like everything that happens to me is actually happening to some other wonderful creature, or on the big screen, in electric box or on a colorful stage (Matrix?) This time it’s completely different, I feel more alive than ever. With such feelings maybe we

93 Maja, written narrative 1

94 Maja, written narrative 1

95 Conni, written narrative 4

96 Moon, written narrative 5

97 Ksenija, written narrative 6

can change the world; all we need to do is cherish them. And I know we will⁹⁸.

In Belgrade collective started to gather. Small, but sweet and enthusiastic. WE know what we want. New or at least other/different culture. We want, as queers, to offer to people of Belgrade and elsewhere a slightly different fun. And we succeed⁹⁹.

As if its not a big deal, we are organizing a Queer festival in Beograd. I almost have no idea who the people around me are. All I know is that I want to do something different, something that will finally problematize everything. From patriarchy to capitalism. A place where we will not hesitate to spit on all kinds of discrimination, without quasi tolerance. Because we are sick of homophobia, nationalism, clericalism, borders, identities, equalizing experiences, exclusion of people & animals, machines. Finally, we will give to ourselves and to one another the right to define the world, the one we want to create, with the knowledge that we also are determined by patriarchal-capitalist system we live in. I think that after a long time I finally felt creative, and sure that what I do is worth while¹⁰⁰.

Street party... People come, people go, they stay with us, eat the food we giveaway.. Everything's ok, no fascists, or they are here, but finally they are the silent ones¹⁰¹.

We didn't kiss on the street, but we danced. We didn't say much, but we said what was important. For few hours we have conquered the main square...¹⁰².

Is everything ok? I'm not crazy, only confused, there's no conclusion, the process continues. And I want to continue working like this, with this crew of people, where queer means that we break the boxes that system squeezed us in. We break our own, one to another, and so on...¹⁰³.

The last quote defined queer as “breaking the boxes” of pre-determined roles and identities, in a constant process of re-elaboration that involves the sexual as well as the socio-political sphere. This notion of queerness as a comprehensive non-conformist approach to mainstream and difference was further explored, elaborated and canonised on the occasion of the second festival, where the focus shifted from the reclaiming of human rights and community formation to specifically discussing the concept of queerness and its potential in the local context. If the first festival sought to reclaim the right to existence for sexual minorities, the second one moved beyond to discuss notions of space and places for living such difference.

In our culture, the only place that we have now is the place of resistance¹⁰⁴.

2. 3. 2 *Preparing a space: Party and Politics Festival*

After our first festival in Beograd we realised its not enough to try and stage a queer DIY festival in Serbia, because for a start no one knows what queer is! On one hand this is useful because the fascists and homophobes don't come to attack us, on the other it means we don't make contact with

98 Maja, written narrative 1

99 Zoe, written narrative 3

100 Ksenija, written narrative 6

101 Ksenija, written narrative 6

102 Ksenija, written narrative 6

103 Ksenija, written narrative 6

104 Luka, Party & Politics roundtable

the community of people we want to play with. We don't want to create a new kind of closet, but we use the word queer for a reason, for us it means more than the right to freedom of sexual expression. As a radical queer collective, we differ from the mainstream LGBT organisations in that we work on all kinds of politics: But it came to us that we needed to explain why, why do we connect all kinds of politics together? Why do we refuse to stay in the 'identity politics' box? How does queer relate to the Balkans context – not just as some western import? And what the hell is queer anyway???. So many questions, but this is how we began to open the way to building a social space where not only discussions but actual change could occur. We wanted to present a politicised vision of queer, to provide a platform to explore and educate on important issues such as racism, capitalism, gender, fascism and nationalism. To actively show how these things connect by putting speakers alongside each other whose lives didn't fit into neat categories and who were living beyond the boundaries. In Serbia as elsewhere the one experience many people have of queer is as an academic concept, somehow separated from the activities of day-to-day life. But we wanted to show how people were living their politics in action, putting their theories into practice and from this developing a dynamic approach to being in the world¹⁰⁵.

The second festival, “Queer Beograd Party & Politics”, took place in December 2005 and lasted three days. Like the first one, it was entirely self-financed by the members of the collective, and charged an entrance fee of 100 dinars (approximately two euros), although organisers made a point of not refusing admission to anyone. The working language of the festival was English, with translation to Serbian provided by volunteers; participants were involved in organisational matters like safety measures and cooking. The admission brochure stated that “sexism, racism, homophobia, transphobia, nationalism and violence will not be tolerated”. The festival programme focused on seminars and discussions as well as performances, movie screenings and party events. The roundtable seminars (“Radical queer theory and action”, “Sex and politics”, “Gender and identity”, and “Art and politics”) were held by activists, artists, and students from former Yugoslavia, United Kingdom, United States, and Italy, and followed by discussions with the public. The evening performance was also a cooperation between performers from Belgrade and London.

The core theme of this event was the discussion of the notion of “queer”, its meaning, potential, and possible application in the local context. In the general awareness regarding this concept as an imported one, “queer” emerged as a useful tool to contrast discrimination on multiple levels, as shown by the following quotes from the roundtable debate on identities and politics of identity:

The conventional translation of queer would be “homosexual”. However, the much more provocative meaning of the term refers to a non conformist approach to theory and politics, or to a disident attitude towards mainstream knowledge and global capitalistic politics.

Queer represents the possibility to think differently – to queer logic of binarism, exclusion, limits and territories.

Queer should represent the constant way of subversion and undermining of the dominant, homophobic, or if I can say so –otherphobic - ideologies and the ways of deploying power.

Queer politics calls for suspending of the politics of identity: it is an argument against certain normativity, what a proper lesbian or gay identity is, and/or should be.

Attempts at the translation of queer theory can be read as simply another form of imperialism as many people have done, but also, and perhaps more productively, as a useful means of creating a form of 'global queerhood' and to achieve globally what cannot be achieved at the merely local level. It offers the possibility to create communities beyond borders, a kind of 'imagined' or maybe 'desired' community, and it also provides tools with which to fight against global homophobia.

Let's take Serbian cultural and political context as a framework: translating queer theory into it requires from us to look and to see from different perspectives at once: On the one hand, the non-identity approach that queer theory and practice has to offer seems as very important and powerful

105 Moon, Party & Politics roundtable

tool for fighting against every kind of otherphobia (which in my opinion rises up dramatically in last 15 years!); on the other hand, identity approach, might, at least one day, allow Serbian sexual and other minorities, certain rights, certain power and pride.

I will explain a bit, what it means to be anti-assimilationist. It is a way of criticising, rejecting the whole society - its different aspects such as capitalism, patriarchy, monotheism and most of all, or above all, the prime condition of the society – gender binary system that separates male and female as only two possible genders.

How can we escape already written text on the body? How can we escape this notions of female and male, and definitions of male and female? What is the power that keeps us from re-interpreting and deconstructing biological body, what kind of hidden or exposed power lays behind it? What are the means for re-writing this body?

The last quote poses a crucial question on determinism and resistance: such interrogative can find a potential answer in a notion of queerness as a pro-active concept, as well as in the introduction of the idea of “performance” which is put forward by the following statement:

Pushing for transgression of normativity, queer offers what seems like strategy of resistance towards the identity politics. The idea of identity as free-floating, as not connected to the “essence”, but instead to the performance.

The next chapter will examine the performances shown at the Queer Beograd festivals as examples of political performances dealing with both sexual and social issues, coherently with the comprehensive meaning which is attached to queerness in the Serbian context. By combining the ideas performance on stage and performance of gender, theatre offers displaced, harassed, and invisible subjects a way to formulate a non-normative sense of identity, and at the same time to elaborate, present, and discuss topoi of their socio-political activism.

Chapter 3

Queer Performance and Political Activism: Queer Beograd Festivals

As we have seen in the previous chapter, “queer” is a relatively new concept in the Balkans: local activists have so far focused on basic work on LGBT rights, which are largely denied in the Serbian nationalistic context.

The Queer Beograd Festivals 1&2 (May and December 2005) were the first events focusing on the concept of queerness through discussion and performances. These festivals bring together queer performers from Eastern and Western Europe, in order to promote tolerance and the right to sexual difference as well as to address wider social issues. The interconnectedness of “freedom of sexual diversity, radical feminism, anti-fascism, anti-racism and anti-capitalism” (from the Queer Beograd manifesto) is the common element shared by the performances analysed in this chapter:

1. “Transkitchen rhythmic therapy” (Act Women, Belgrade);
2. “Border-crossers” (Jet Moon and Sally Campbell, London);
3. “East-West transit: queer cabaret”, a performance created in cooperation by Western and Eastern European artists.

By exploring the connection between sex and politics, these performances address socio-political issues such as the existence of the nation-state, border policies, consumerism and the compression of public space, as well as sexual practices and gender identities (e.g., sadomasochism and gender-bending¹⁰⁶). The chapter looks at the form and content of these performances, and focuses on the visual and linguistic signs used by the performers in order to deconstruct and parody gender stereotypes, question common assumptions, and connect apparently unrelated issues. Such analysis will allow us to accomplish three main objectives:

1. to look at the way the performers identify and define themselves, as well as at the strategies used to create a hyper-real performance of gender, also by using theoretical con-

¹⁰⁶ Gender-bending is a gender performance which plays with traditional gender identities, gender roles, and gender presentation. Examples of gender-bending in relation to physical performance or appearance include people prominently displaying secondary sex characteristics of different genders together, such as breasts *and* a beard. Gender-bending is generally an intentional attempt to present a confusing gender identity which contributes to dismantling the perception of a gender binary.

tributions by Butler and Halberstam;

2. to analyse the issues brought up by the performances under scrutiny, and how they are addressed in a lesbian, feminist, or queer perspective;
3. to come to a definition of queer performance as political, both questioning hetero- and homo-normative gender assumptions and addressing wider socio-political issues.

In the following section, we will start by looking at the history and projects of the queer theatre duo Act Women Belgrade, also by contextualising its activities and organisational structure in the alternative theatre scene in Belgrade. Then, we will analyse specifically the performance “Transkitchen rhythmic therapy”, and finally, in the light of such analysis, we will look critically at the relationship between feminism, queer activism, and transvestism.

The material and information to be presented in this part of the dissertation were collected during a period of collaboration with Act Women, during which I had the opportunity to research the genesis and previous activities of the group, as well as examining the current year’s projects.

3.1 Act Women Belgrade: feminist activism, queer strategies

3.1.1 Act Women: a case study of alternative theatre in contemporary Belgrade

The development of an alternative theatre scene in Yugoslavia started after the Second World War. As far as Belgrade is concerned, the first alternative theatre was Atelier 212, founded in 1956 and featuring a non permanent ensemble performing avant-garde plays. Afterwards, the city of Belgrade developed a rich and lively non-mainstream theatrical scene¹⁰⁷.

Let us now turn to the main features of alternative theatre groups. The motivation for their founding is usually a combination of the following elements: inadequate repertoire, need for experimentation, selective allocation of finances by institutions, slowness and bureaucracy of the administrative apparatus, lack of contemporary texts, and ageism¹⁰⁸ in the theatrical system¹⁰⁹. As pointed out by Belgrade academic and critic Ćolić Biljanovski¹¹⁰, non-mainstream theatre formations are usually characterised by the following elements:

- self-organisation, regulated by constitutions and self-management agreements;
- self-financing, by means of donations, personal investments, and sponsorships;

¹⁰⁷ Among the many companies, groups, and formations which played a role in this scene, we can mention the Drama Company A, the RAS foundation, Bitef theatre, Dah theatre, and Ister theatre. In 2002, the private theatre *Slavija* was founded and started featuring its own festival.

¹⁰⁸ Ageism is bias against a person or group on the grounds of age.

¹⁰⁹ See D. Ćolić Biljanovski, “Transformation and interculturality in the theatrical system – Institutional, alternative, and private theatre”. In D. Ćolić Biljanovski (ed.), *Dreamers of the Serbian National Theatre*, Beograd, Narodno Pozorište u Beogradu, 2005, pp. 195-236.

¹¹⁰ Ibid.

- flexibility of roles, without a rigid work division; this kind of organic, flexible organisation reflects the syncretic and multi-disciplinary character of theatre, combining literature, music, acting, architecture, scenography, costume design, directing, movement, and make-up¹¹¹;
- absence of a permanent ensemble;
- organisation of work by projects, which makes the production cheaper;
- use of non-conventional locations for performances.

These are also the features that characterise Act Women, a formation born in 1999 and including two permanent members, Zoe Gudović from Belgrade and Biljana Stanković from Novi Sad, who have developed several projects in collaboration with non-permanent members. The artistic planning and ideation are basically shared between the two permanent members, whereas the technical details are usually a task for the project's collaborators. Although there is no fixed division of roles, Zoe could be considered as the troupe leader and producer, as she deals with the main organisational problems and coordination of tasks, and is responsible for finding and keeping contacts. Given their social focus, the projects are usually financed by sponsorships from social organisations or personal donations by volunteers.

The group's work is mostly focused on women's active art, with plays aimed at exposing the taboos of contemporary society while provoking the public. They performed at international and local events and festivals, like Ladyfest in Vienna and Rdece Zore in Ljubljana. The ideas for performances stem from working with different marginal groups (the Roma people, victims of violence, abandoned children, the lesbian and gay population). The group also organises festivals, theatre camps, and street events. The main concept in its work is, according to the founders, "the creation of a non-hierarchical theatre where every person will be fully responsible and equally participating in every part of the performance making process".

According to Dragičević Šešić's criteria, Act Women may be defined a para-theatre formation, as the group develops, outside mainstream theatrical institutions, projects with a social focus, without commercial ends¹¹². The thematic focus against physical as well as ideological violence makes the group fit conceptually in the wider context of the post-socialist alternative theatre, often devoted to social action and reflection¹¹³. The preference for the street and the square as a locus for communication reflects a striving towards the socialisation of culture, i.e. the use of inclusive and open spaces rather than "exclusive" locations¹¹⁴. The emphasis on street politics theatre stresses the aspects of participation, protest, and propaganda, with performances mostly directed towards communicative, informative, and cultural aims, rather than aesthetic ones.

I will tell shortly about what I do in queer culture and queer art here in Serbia. For me, there is always a question about art, responsibilities and artist involvement in social issues and how we connect

111 A. Ujes, *Organizacija scensko-umetničkih delatnosti*, Beograd, Zavod za udžbenike i nastavna sredstva, 1981, p. 3.

112 M. Dragičević Šešić, *Umetnost. Alternativa*, Beograd, FDU, 1992, p. 26.

113 N. Petkovska, "General balkanization: the theatre of the post-socialist period", p. 85. In J. Lužina (ed.), *Balkan theatre sphere*, Skopje, Faculty of Dramatic Arts, 2003, pp. 77-86.

114 M. Dragičević Šešić, *op. cit.*, p. 19.

those things. I'm always asking myself about the issues such as protests, direct actions or music and concerts in the streets. For me, that is social engagement. Because as artist, we are going to the open space to show our work so that people/audiences can get another perspective of things we do. And how we build new strategies in connecting art and activism, to show reality in different way, which is familiar, and not too theoretical¹¹⁵.

Since 2001, the group has been working on theatre education through various projects, mainly workshops, first addressing women and feminist activists, then extending their focus to young people in general. The theatre workshops are meant to inspire the creativity of the participants by promoting communication, exchange and solidarity as elements of personal development, with theatre techniques (body work, voice techniques, creating scenes) giving structure and frames to the personal working process. The workshops' aim can be summarised as follows:

- connecting women, young people, and children who are interested in theatre work;
- working on the body and the voice as important elements of one's identity;
- raising awareness of one's own creative potentials and working on one's own creative expression.

In 2001, in cooperation with the Association for Women's Initiatives, the group organised a series of theatre workshops for women's movement activists. The aim of the workshops was for women's activists to get introduced to contemporary theatre trends and learn theatre techniques they could actually use in their future work. At the same time, the aim was to create space for artistic collaboration among women activists. The workshops, each one lasting three days, were devoted to concentration skills and voice meditation. The workshops were tutored by Jill Greenhalgh, a theatre director from Wales, founder of the Magdalena project (an international network of women in contemporary theatre) and Birgitte Grimstad, a Norwegian folk singer engaged in experimental theatre.

Act Women's projects for the season 2005-2006 included a play, ("Transkitchen rhythmic therapy") to be performed in various locations in Belgrade as well as at foreign festivals, and the theatre-activism tour "16 days against violence in Serbia", with a short performance ("Red card for the abuser") accompanied by leaflets distribution and meetings with authorities in seven towns. The costs of the performance were covered by the Balkan Initiatives Community Fund, and all media broadcasting was free. All the coordination, logistic and activist work, as well as the design of the campaign, was a free contribution by volunteers.

The performance "Red card for the abuser" focused on the increasing incidence of domestic violence in Serbia (with unemployment and social instability resulting in worsening domestic situations¹¹⁶), the lack of efficiency of institutions in the implementation of protective measures prescribed by the Family Law, and the non-criminalisation of marital rape¹¹⁷. This performance is therefore a feminist one, as it addresses the institutionalisation of violence and gen-

115 Zoe G., interview.

116 See Ž. Papić, "Postcommunism and gender: war, nationalist mutation, and the social position of women in Serbia". In *Sociologija*, 38, 4 (1996), pp. 1-18.

117 T. Nikolić, "Serbian sexual response: gender and sexuality in Serbia during the 1990s", p. 131. In A. Štulhofer and T. Sandfort, *op. cit.*, pp. 125-147.

der in the family, and this issue has long been a core concern of feminist activism¹¹⁸.

In the following paragraph, we are going to look at “Transkitchen rhythmic therapy”, the main performance for the season 2005- 2006, which was performed in Belgrade, Zagreb, Vienna, and Ljubljana. It is also performed for a children-only audience for educational purposes, like sensitisation to gender stereotypes and to the issue of mass media power. When performed for a young audience, the act is “cleared” of any sexual content.

3. 1. 2 *Transkitchen rhythmic therapy*

According to the creators, “Transkitchen rhythmic therapy” is:

a multi-media performance about consumerism, diets, parallel realities. A freak show in the form of a tele-shop, dealing with numerous auto-destructive diet programmes and the concept of consumerist society.

This performance is a parody of TV shows creating standardised needs and promising their instant satisfaction. It can be seen as a constant breaking of taboos involving body images, gender identities, and sexual practices, besides being a mocking of consumer society and the homogenisation of desires.

The show begins with a sketch – a parody of classical ballet. The actors wear white tutus recalling *The Swan Lake* and perform the most traditional ballet movements. Yet, the model of ideal, ethereal femininity typical of ballet is turned into grotesque by the fact that the performers are utterly overweight. Grotesque turns into obscene when the unconventional ballerinas start simulating sexual acts on stage. Thus, this opening part is dominated by the aesthetics of the “monstrous feminine”. The explicit and disturbing displaying of fat and sexuality questions normative sizeism¹¹⁹ and common taste by challenging the audience’s notion of what is beautiful and sexually attractive.

Then the performers exit, while an off-stage voice introduces the presenter of a popular TV show, which offers a “magic” solution to lose weight and find love. The central part of the performance starts with Zoe undergoing her transition to her male persona and appearing on stage as the presenter. What follows is a parody of mass entertainment and a critique of the external determinants of beauty and obscenity (obscenity being the opposite of beauty in mass entertainment¹²⁰) as they are provided by consumerist ideologies and compulsory heterosexuality in popular images of beauty. This is also a criticism to marketing and consumption in the use of images of women’s beauty.

The primary focus of “Transkitchen rhythmic therapy” can be defined as feminist, dealing with fake ideals of femininity and using grotesque as a way to challenge them. It is not by chance, also, that the stage is arranged as a kitchen, a place traditionally associated with women and women’s issues. Yet, traditionally feminist issues are addressed by using gender-bending, male personas, and explicit sexual displaying. This creates an interesting combination of

118 T. De Lauretis, “The violence of rhetoric. On representation and gender”, p. 266. In R.N. Lancaster and M. di Leonardo (eds.), *op. cit.*, pp. 265- 278.

119 Discrimination and prejudices based on size and body type.

120 See N. Zack, “Feminist aesthetics in feminist theory: a recent case study”. (2005). <http://www.aesthetics-online.org/ideas/zack.html>

a traditional feminist background and the use of typically queer strategies, like grotesque and cross-dressing.

This performance thus represents a non-orthodox evolution of first-wave lesbian feminism, a theoretical approach which originated in the 1970s and presented sexual orientation as a political choice, thus arguing for a homogeneous community¹²¹. On the other hand, this performance is coherent with a queer understanding of feminism, focusing on diversity rather than likeness¹²².

In the following paragraph, we are going to look at the transvestite character as a means of “queering” a story, namely by referring at the role of two transvestite characters in the early history of cinema in former Yugoslavia.

3.1.3 Queer feminism and the transvestite character

Two films from Yugoslavia in the early 1990s feature trans-gendered characters: Srđan Karanović’s *Virđina*¹²³, about a girl raised as a boy at the beginning of the 20th century, and Želimir Žilnik’s *Marble Ass* (1995), about a transvestite prostitute in contemporary Belgrade. Judith Butler argues that drag reveals the imitative structure of gender itself¹²⁴; yet, as emerges from the comparison between the two movies, it is only male transvestism that challenges the patriarchal order, whereas female transvestism is an appropriation, and therefore an acknowledgment of male privileges.

The first film involves the traditional phenomenon of Albanian “sworn virgins”¹²⁵. Although effective in recounting the internal and contextual displacement of the transvestite figure causing gender trouble, in the end the movie basically reaffirms naturalised gender differences¹²⁶. Indeed, it presents the choice of dressing and living as a man as a way of claiming dignity, power, and autonomy, thus implying the inescapability of female submission. However, when the protagonist chooses to end the impersonation and live as a woman, she is confronted with the inevitable solution of traditional marriage. Thus, in this case dressing up as the opposite gender is a form of freedom only if it represents an ascension to a superior status. Conversely, a scene of the film shows a man harassed and forced to dress up as a woman as a form of humiliation. Indeed, as female work and dress were considered shameful for a man, dressing men in female garb and parading them through the town was even used as a form of punishment in Albania, especially for those who refused to go to war¹²⁷.

121 A. Stein, “Sisters and queers: the decentering of lesbian feminism”, p. 378. In R.N. Lancaster and M. di Leonardo, *op. cit.*, pp. 378-391.

122 *Ibid.*, p. 386.

123 *Virđina*, 1991.

124 See J. Butler, *Gender trouble...*, *op. cit.*

125 A sworn virgin is a woman who takes a vow to become a man, either in order to remain unmarried, or if her parents deem it so due to a lack of sons. A sworn virgin becomes the head of the household and assumes the relative responsibilities, and must remain celibate. This can be regarded as a sacrifice of one’s gender, but also as an opportunity for the social prestige and mobility otherwise denied to women. Yet, it must be considered that sworn virgins are nonetheless subject to the custom which prevents them to freely express their sexuality, be it hetero- or homosexual.

126 K. Moss, “From sworn virgins to transvestite prostitutes: performing gender and sexuality in two films from Yugoslavia”, p. 85. In A. Štulhofer and T. Sandfort (eds.), *op. cit.*, pp. 79-94.

127 T. P. Vukanović, “Virđzine”. In *Glasnik Muzeja Kosova i Metohije*, 1961, pp. 79-112.

The second movie, on the other hand, inverts this practice by making the heroine of the film (an anti-war story) a transvestite. By presenting a woman who is both a transvestite and a prostitute as the positive character in the story, the movie subverts traditional gender and moral codes that normatively impose the Mother and the Virgin as the sole models of behaviour for women.

Yet, in a queer studies perspective, we can look at gender and sexual transgression as a signifier that goes beyond the gender and sexuality realm. For example, Garber argues that the presence of a transvestite character in a text indicates a crisis of categories elsewhere¹²⁸, and one need not look far for such a crisis in Yugoslavia at the time the movie was shot, in the early 1990s. Transvestism can be regarded as the disruptive element that intervenes, not just as a category crisis of male and female, but as the crisis of category itself¹²⁹: the transvestite figures are used to destabilise other categories.

The possible expansion of queer discourse into the socio-political realm is best exemplified by the performance discussed in the next section, which focuses on the disruption of binary gender roles and normative understandings of sexual practices by bringing together the personal performance of gender in everyday life and the practice of radical queer politics and no-border activism.

3.2 Border-crossers: queer identities and queer politics

3.2.1 The performers: artists and activists

“Border-crossers” is a performance by the London duo formed by two artists and activists called Jet Moon (Miss Moon on stage) and Sally Campbell (also known as Sal Tomcat or Alex Woodland). The work by these two actresses was of great importance in the development of Queer Beograd Collective’s activities, and thus deserves closer consideration for a number of reasons.

First, Jet Moon is among the founding members of the Queer Beograd Collective: her work and her perspective, as well as her experience as both an artist and an activist, held a strong influence in shaping both the theoretical framework and the modus operandi of the Collective’s work. In the following narrative, we see how Moon’s work is considered by a Serbian member of the collective as organic to the rest of the group, and not as a foreign influence. In fact, the cooperation between Moon and the Serbian members predates, and is at the basis of, the creation of Queer Beograd Collective:

I’m trying to remember how everything started – how I entered the story about organizing Queer festival in Belgrade. Then I see Moon, Simone, Maja and Urska in Ljubljana and I understand. Calmness of Ljubljana and stimulants of those dear persons initiated establishing of this story. I see Moon and myself over a long queer coffee talk in attractive Celica, and I remember ideas and suggestions bursting from all over. We don’t talk about festival only, we jump to queer camp and other cooperation

128 M. Garber, *Vested interests: cross dressing and cultural anxiety*, New York, Harper Collins, 1993, p. 7.

129 *Ibid.*, p. 17.

we plan to have. I see it's going to be unforgettable and crazy work. In Belgrade collective started to gather¹³⁰.

In the second place, the performances by the two actresses at the first and second Queer Beograd Festivals virtually introduced the concept of “queer” at a grassroots level. It was also the first time that the Serbian LGBT/queer population had been able to discuss ideas and forms of activism in complete autonomy, given the absence of ready-made solutions to be imposed by foreign organisations and the like. This may contribute to explain the enthusiasm emerging from narratives and interviews focused on the Queer Beograd Festivals (see Appendix), sharply contrasting with the scepticism encountered by the idea of “cooperation” when associated with the work of foreign NGOs and LGBT groups.

It could be said, therefore, that Jet Moon's and Sally Campbell's work brought the concept of “queer” from an abstract Empyreum of Anglo-Saxon and alien concepts into the everyday life of the average LGBT individual in Belgrade. Thus, “queer” turned from foreign concept to be passively accepted into an empowering tool, as the queer festivals were the first events in Belgrade to provide an opportunity for active participation, since all people taking part in the event were involved and given an active role in ensuring the smooth running of the event (tasks included security, welcoming of foreign participants, catering, and so forth). As the narratives clearly show, the local participants really felt these festivals as “their own”.

Finally, it must be noted that most topics discussed in the roundtables of the two festivals stemmed from the London performers' work, which thus enabled local participants to both come in contact with sophisticated theoretical instruments and discuss their possible relevance to the Serbian environment in a non-normative context.

Having justified the attention paid to these performers in this section, we are now going to introduce them in further detail.

Jet Moon is an artist and activist living and working in London, in an effort to develop a style of writing, video and performance that captures the fragmented nature of her experience of the conditions of contemporary living, moving across geographic locations, cultures, legal boundaries, levels of understanding, and the apparent divides between public and private worlds. She identifies as “a no borders activist, a queer, a femme, journeying to the straight world and back again¹³¹”. When working in Sydney with the ‘Reclaim the Streets’ party and protest movement, she was strongly influenced by the movement's carnivalesque aesthetic and its provocations on mobility and colonising space. She is also a member of the Queer Beograd Collective and travels to Serbia regularly to collaborate with this group.

Sally Campbell is a queer anti-capitalist activist, writer and artist from London. Her activism has included anti-fascist, queer, anti-capitalist initiatives, participation in and organisation of alternative pride parades in London, and a long-standing involvement in the “Queeruption” festivals (London, Berlin, Amsterdam, Barcelona). Her performance work has included poetry slams, underground queer cabaret, puppet shows, and street performances. Over the years, the different threads of her activist and creative life have merged, particularly inspired by the irreverent and playful style of queer anarchist activism in London, counteracting both “the se-

¹³⁰ Zoe, written narrative n. 3.

¹³¹ Jet Moon, interview n. 4.

riousness and lack of creativity in political activism and the superficiality of the art world”¹³². The actress is currently involved in no-border activism and immigration detainee support work.

Moon and Sally are both involved in the activist groups “Queers without borders” and “London queer mutiny”, which mostly deal with issues related to immigration and free movement rights. They have performed (both together and separately) at Lady-fest Vienna, London Queer Tea Dance, ‘Queer-core’ performance-art event in London, Transgressing Gender Conference in Zagreb, and Queer Beograd festivals.

Their current work concerns the disruption of binary gender roles and sexual practices: how their own personal performance of gender in the everyday life, their practice of SM and radical queer politics adds to their analysis as no-border activists. They are interested in exploring the connections of sexual practices and power dynamics to broader political issues, particularly the existence of the nation state and border regimes and the policing of gender identity.

3. 2. 2 *“Sometimes I feel like a boy, dressed as a girl, dressed as a boy, dressed as a girl, dressed as...”¹³³: queer identities and self-definitions*

Both in performance and in interviews or conversations, the performers have provided self-definitions which give useful insights on their work, inasmuch as they introduce non-mainstream concepts and tools of identification, which can be interpreted as challenges to both hetero-normative assumptions on gender roles and to homo-normative attempts at the creation of a collective, respectable, homogenous lesbian identity which erases the queerest components of a diverse lesbian community, e.g., for example, SM or ‘butch-femme’¹³⁴ relationships. On the contrary, the concepts provided by the performers are consistent with the core theories about gender performativity:

There is no gender identity behind the expressions of gender; that identity is performatively constituted by the very expressions that are said to be its results¹³⁵.

Indeed, gender emerges as a completely unique, personal identity, which cannot be related to any given, biological original characteristics. Not only is it performative, it is the result of a personal path of disidentification¹³⁶ from normative gender codes, reflection¹³⁷ and reclaiming. An eloquent example of this can be found in Jet Moon’s self-definition by the expression “female drag queen”. Such image originates from a hyper-real, over-the-top performance of femininity, which is usually a prerogative of male-to-female transsexuals. The fact that this parody of femininity is performed by a biological woman, self-parodying her own gender, implies an active reflection on gender stereotypes, on what a drag queen is and what femininity is, thus scrambling common assumptions about what is natural and what is artificial. This is not a

¹³² Sally Campbell, interview n. 5.

¹³³ Jet Moon, “Capitalist whore fantasy”.

¹³⁴ A ‘butch-femme’ relationship is a lesbian relationship involving a more feminine and a more masculine partner. Yet, this does not necessarily imply a reproduction of traditional male and female roles.

¹³⁵ J. Butler, *Gender trouble...*, op. cit., p. 25.

¹³⁶ See E.J. Munoz, *Disidentifications. Queer of colour and the performance of politics*, Minnesota University Press, 1999.

passive acceptance of gender stereotypes, but the result of a process which brought the subject to first question the way she had been taught to be “a real woman”, and then reclaim and queer her femininity by means of overemphasis (the use of stereotypes is functional to the need for visibility and explicitness, and is directly connected to the issue of the non-representability of “lesbian” as a bodily sign¹³⁷).

My mother is the Uber-femme: beautiful, immaculately dressed, so perfectly feminine. From her I learned how to walk, how a real girl talks...and how to behave. To speak softly, to laugh at the right moments, to carefully calculate the effect of my movements. To phrase and consider every thing I did until I became an embodiment of artifice; a moving object. Growing up with my mom was like going to Geisha school¹³⁸.

Sometimes my femininity feels like a cage, walking down the street I feel the way my body moves, hips swivelling, little steps, dainty gestures, its painful in its contrivance. But anything else would take a conscious effort, it's what my body has been conditioned to do. I would have to think hard to move differently. Sometimes it feels like there's someone else pulling the strings¹³⁹.

I try to explain, I know it's a construction, I know I have some heavy conditioning... just try growing up in my family! But I also know that I can't and don't want to get rid of it, getting rid of my femmess would be like trying to remove my bones. There's so much internal fakery that makes up the real me. And so many heavily fetishised objects to which I attach my identity, my fascination with the external symbols, the clothes, wigs, shoes, make up...But I want to explain that when I put on this drag, this fake, this costume... that's when the outside begins to match the how I see myself inside.

When I dress up I'm becoming who I really am. I'm like a transvestite husband dressing up in his wife's clothes¹⁴⁰.

I like to dress up as kind of feminine stereotype and to show that that's a construction of femininity. I'm aware that it's a performance and something that I choose to do and subvert, it's like a performance and natural at the same time. Femme can be quite constrictive. It is a kind of costume, cloths. I really like wearing high heels. People say: 'Oh isn't that uncomfortable?' And I say: 'Yeah, in a kind of nice way.' There's always that play – backwards and forwards¹⁴¹.

It is interesting to note, nevertheless, that such performance of gender, which is carried on in everyday life as well as on stage, can be interpreted by the audience in different ways according to different contexts. For example, Moon's overemphasis on femininity usually makes her recognisable as queer in her British environment, whereas in Serbia, where masculinity and femininity are very rigid concepts, she was surprised to notice that people automatically classified her as heterosexual.

[In Belgrade] Alex passes completely... everyone thinks she's a boy. I, on the other hand, can read the gaze of the old guy in the street... he thinks I'm a whore. I've stepped over the line in my perfor-

137 P. Kuppens, “Vanishing in your face: embodiment and representation in lesbian dance performance”, p. 51. In N. Rapi and M. Chowdhry (eds.), *Acts of passion: sexuality, gender and performance*, New York, Haworth Press, 1998, pp. 47-64.

138 Jet Moon, “Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics”.

139 Ibid.

140 Ibid.

141 Jet Moon, roundtable at Party & Politics festival.

mance of the feminine. Just one step either way...and I'm the one who fails¹⁴².

Jet Moon elaborates and expands this reflection on gender identity in her solo performance "Capitalist whore fantasy". This performance starts with a short spoken word and video tour through Sydney's anti-authoritarian direct action scene. The performer comments the video focusing on the notion of public space and on the ways it is compressed, neutralised, domesticated, and commercialised. In this part of the performance, Moon is wearing a gender-neutral black-bloc attire. The video is followed a satire on the construction of femininity, where Moon "transitions"¹⁴³ to her trashy "female drag queen" persona. "Capitalist whore fantasy" is strongly feminist in the deconstructing of stereotypical feminine ideals through satiric impersonation and the use of grotesque.

When the caricature of femininity is performed by a biological woman, and when the hyper-feminine woman is a lesbian, gender stereotypes are claimed and turned into empowering tools. By displaying her sexual power, the performer turns from helpless object of desire into self-aware, active subject. As a woman and as a 'femme' lesbian¹⁴⁴, she refuses to equate femininity with any externally determined, disempowering standard: on the contrary, she consciously seeks to explicitly display her power.

How many times have I put up with sexist behaviour from butches? They assume that because I'm femme I'm also stupid and passive¹⁴⁵. There's something dodgy going on there... some deep buried belief that femme is 'normal', 'natural', the default mode for females¹⁴⁶.

This brings us to a second self-definition given by the same performer, which provides several reasons for reflection: 'stone bitch femme top'.¹⁴⁷

I'm stone, I don't like to be touched. Unless I ask for it specifically, rarely. This is my self-possession, my taking back, I own my body. No more trying to enjoy the invasion of my physical space. I love to dress up as an object of desire and remain untouchable... all the codes of attraction and availability, totally under my own possession... look, but don't touch. There's a certain sadistic pleasure in it. The object of desire has its own desires¹⁴⁸.

142 Jet Moon, "Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics".

143 I am maintaining this term, used by the performer, which emphasises the idea of identities as conscious constructions, that are not fixed but can be alternated by travelling back and forth, 'transitioning'.

144 A 'femme' is a lesbian woman with strongly feminine characteristics.

145 On a slightly different note, it is interesting to highlight that such sexism towards 'femmes' has been noticed to occur also towards femme-identified males, as shown by this account by Luka, a female-identified performer, at the Party & Politics festival roundtable: "I think it's more than this butch-femme thing. Sometimes I do performances, wear short dresses. I was at Queeruption, which is a gathering of radical queers. When I was in mini-skirts, boys or girls were more likely to grab my ass. I found that funny for the first half an hour, but later I was thinking: If I wear a mini-skirt does that give you the right to allow yourself to touch me? I know I can wear trousers and it's over but it's kind of sexism that I can feel. It's not about butch and femme. Suddenly, if I wear these clothes I'm more likely to be touched. It is really strange".

146 Ibid.

147 This definition includes several slang terms: 'stone' is someone who does not like to be touched during sex; 'bitch' is to be understood as a woman who wants to explicitly display her power; 'top' is the dominant partner in a sadomasochistic relationship.

148 Ibid.

This expression gives us some insights into the performer's concept of gender identity, which will be then useful when looking at the performance. First, we can draw two general observations stemming from this expression.

Being composed of four elements, it highlights in itself the impossibility of providing a single, unitary definition. This testifies that sexual and gender identities are complex and multi-faceted, not reducible to one single aspect.

When I first moved to Sydney I got asked to 'identify' a lot. Everyone kept asking me - are you gay or straight?

And they didn't want me to say 'no', they wanted me to say one way or the other.

'Are you gay or are you straight?'¹⁴⁹

I like what you said about using only one word and how its not complicated enough. And I was just reminded of something – like, if I'm on a sex party I generally use four words to describe myself because it's more simple and it says all: I'm a stone femme bitch top. I think those things are also what femininity is not supposed to be. If you are a traditional heterosexual woman and you are a stone, which means that you don't like to be touched or you have strong physical boundaries about how someone can touch you – in heterosexual society that's called frigid. A woman is not allowed to be non-receptive. It's completely wrong for heterosexual women – 'of course you have to be fucked if you are feminine woman, it's how it's supposed to be.' If you are bitch, like Conni was saying, that's a 'very bad' way for a woman to behave. Aggressive and assertive. I really enjoy saying that I'm a bitch – get used to it! That's how I'm gonna behave. That's what some people want, as well. As a top, as a femme – a feminine woman does what she's told or at least she behaves in manipulative manner where it appears that she is doing what she is told and she subverts that power. Like a feminine woman who pretends not to have power. For me it's really powerful to say that I'm a femme top, because I am a feminine woman and I take power and it is mine and I own it. I really like this thing of giving few different words, and adding this idea of using femme as a gender-fuck. It's not a default. I've been into all the processes of trying to do it every other way. I don't think it's a natural thing, its something that I choose to do. I choose to subvert¹⁵⁰.

Additionally, the mentioning of S\M and gender role (femme) implies that these aspects of sexuality are not necessarily mere role-playing, but can be an essential component of one's identity, and thus cannot be easily dismissed. Then, if looking at the specific elements of this definition, we can see that they point out the explicit use of power ('bitch' and 'top'), combined with the claiming of a femininity which is not stereotypical but personally constructed. The most challenging aspect is perhaps the concept of 'stone femme', i.e. a 'femme' who only performs sexual acts on her partner, and does not like to be touched. This is a challenging concept, inasmuch as it questions the core semantic of 'butch' and 'femme', which, besides the matter of active and passive roles, which can be, and have been, either accepted, refused or inverted, sees the 'femme' as the receptive, warm, and welcoming partner, displaying what is traditionally perceived as the core feature of femininity. The definitions provided by this performer, which come into play on stage, constitute a double challenge, addressing both hetero-normative and homo-normative assumptions: the image of 'female drag queen' is used to question the alleged naturalness of gender codes, whereas the concept of 'stone femme' addresses normative understandings of lesbian identities.

Moon's partner, Sally, also presents a complex construction of identity. Sally identifies as

149 Ibid.

150 Jet Moon, Party & Politics roundtable.

a ‘boi dyke’¹⁵¹ and not as a lesbian, and often passes as a man, or, more precisely, as a teenage boy.

It’s like experiencing a different identity you didn’t know about, that is usually closed to you... the language and culture of teenagers is not one I know any more, and I don’t know how to act appropriately. By simply making them think I am what they are, I’ve trespassed into their world¹⁵².

I learned how to cruise by getting cruised by gay men. Just a look, a couple of seconds longer than a glance, that’s all it takes. They touch you on the shoulder and look at you, maybe raise their eyebrows, and that’s it. When they realise, or I don’t respond, the look changes subtly and in another two seconds it’s as if you’d never existed and they’re on to the next one. Again, it’s participation in a culture that’s not mine but others include me in, but unlike the teenage world this one’s fun¹⁵³.

Sally uses female pronouns and is not interested in surgical transition: to use Butler’s categories, her performance of gender can be defined as drag, rather than male impersonation¹⁵⁴. Both in performances and everyday life, she alternates feminine and masculine personas: masculinity is conveyed visually and behaviourally, usually through clothing, display of attitude, and transition from middle-class to working class speech. In this regard, we can refer to Butler’s reflection on how femaleness is easily parodied through common, single-layered stereotypes (high-pitched voice, tiny gestures, and so on), whereas masculinity, neutral in itself, needs to be marked in “types” in order to be stereotypically recognisable¹⁵⁵.

During an interview, Sally asserted that the success of her performance of masculinity is a challenge and a threat to traditional masculinity:

if masculinity is easily and believably recreated through a cheap tuxedo, where is the legitimacy and privilege of male masculinity?¹⁵⁶.

Again, what the performer articulates is consistent with Halberstam’s discussion of female masculinities as a threat to male masculinity¹⁵⁷. In the next section, we are going to look at how the questioning of fixed gender identities and expectations is conveyed in the actresses’ performance in Belgrade.

151 ‘Boi’ is a deliberately altered spelling of boy, and is used to refer to a female-born or female-bodied person who only partially identifies as feminine. A ‘dyke’ is a lesbian woman with masculine looks or attitude. A ‘boi dyke’ is a girl or woman with the appearance of a teenage boy. ‘Bois’ almost always identify as ‘dykes’ or ‘queers’ rather than lesbians, and often practice gender-bending.

152 Alex Woodland, “Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics”.

153 Ibid.

154 J. Butler, *Gender trouble...*, op. cit., p. 236.

155 J. Butler, *Gender trouble...*, op. cit., p. 240.

156 Sally Campbell, interview n. 19.

157 J. Halberstam, *In a queer time and place. Transgender bodies, subcultural lives*, New York City, Routledge, 2005, p. 70.

3. 2. 3 *Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics*

The presentation takes the audience on a journey through several geographical and cultural spaces: stories from inside Britain's detention centres, east-west transit in action, crossing borders of nations, gender and power. Negotiating the borders that some can't avoid and others are oblivious to¹⁵⁸.

"Border-crossers" begins with a short performance on the policing of border regimes in the context of an S/M scene. This is followed by a talk, with the presenters dressed in high 'butch and femme' attire, playing on the ideas of performance and drag.

This performance focuses on the disruption of binary gender roles and normative understandings of sexual practices: the personal performance of gender in everyday life and the practice of S/M and radical queer politics are connected to the analysis of no-border activism. The performance could be divided into three stages, which differ in topic and mood, and create a conceptual as well as emotional progression addressing the crossing of gender, sexual, and national borders. The first part is a light and humorous account of the performers' staging of gender identity in everyday life, both as individuals and as a couple: how it is met by those around them, and how they like to play with identities and disorient interlocutors. Among the several anecdotes of ambiguity and misinterpretation, the bathroom emerges as a paradigmatic place of compulsory gender identification. Such topos, mentioned by queer theorist Judith Butler¹⁵⁹, is consistently vivid in queer narratives, and is brilliantly summarised in the following statement:

Generally, the toilet is a space where you can usually face some situation in which you have to choose – left or right door. That's really so obviously binary. Except when there is only one toilet which is great¹⁶⁰.

Such episode does appear, paradigmatically, in Sally's performance:

In Trafalgar Square I'm heading to the toilets, there's one main entrance and you go left to the men's and right to the ladies. I walk past the guy at the door, this big African man, and went right, and he calls out to me... 'hey!' I went back, and he says to me 'are you looking for something nice?' I don't understand, I think he's maybe trying to hit on me or sell me drugs. I ask him again, and he repeats... and I realise what he means. It's such a friendly way of telling this young man he was about to use the ladies, so conspiratorial, all guys together. I like him. I say 'oh, you want me to go in there!', gesturing towards the gents. By the time I speak, people usually realise I'm female from my voice, but this guy doesn't. I tell him I'm a girl, and he looks disbelieving and says 'are you sure?' I laugh and say yes. He says 'ok...' doubtfully, and off I go to the ladies, which is empty anyway. When I come out, just to play with him some more, I call him over and say to him, 'You know what? I'm not really a girl!' He believes me, relieved he was right all along, and laughs hard. All guys together, brothers¹⁶¹.

After getting arrested at the G8 protests in Scotland, they take me out of the cells before court. 'We have reason to believe that your name is not Alex Woodland, do you have anything to say about

158 Jet Moon and Sally Campbell, interviews n. 4 and n. 5.

159 J. Butler, *Gender trouble...*, op. cit., p. 23.

160 Sever, Party & Politics Festival roundtable.

161 Alex Woodland, "Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics".

this?’ ‘no comment’ I say, caught out. When I see my lawyer, I tell him it’s because I’m actually a boy now and that’s why I changed my name. He tells the judge and they release me on bail. I go back to the police station to collect my confiscated camera. An hour after being released, I am arrested again because my name is Sally Campbell, and I’m arrested again for being called Sally Campbell not Alex Woodland. Alex Woodland is a boy, and is called so because he used to be a girl with a girl’s name and wanted to change it. The police apologise for arresting me (they said it was the procurator fiscal, not them), and are unexpectedly respectful about my new gender. They ask me if they should call me Alex or Sally, and call me Alex on request, apologising again for using my old name. They also ask if they should call me he, and whether I want to be in the male or female cells. For my own safety I choose the female – the cops might believe I’m a boy but will the other inmates? I don’t want to take the risk¹⁶².

‘Which one of you is the man?’

Me. I’m the man around here. She’s my girl, but I’m her boy. That anyone would think I’m the dominant one... it’s so funny. I wear the trousers and that’s as far as it goes... I’m usually not wearing them for very long...¹⁶³.

The last quote illustrates the performers’ questioning (both in performance and in real life) of the equation between masculinity and dominance, and the alleged transferability of this equation to homosexual relationships. What is being addressed here is the prejudice that ‘butch-femme’ relationships simply reproduce heterosexual roles: indeed, some feminist theorists have pronounced ‘butch-femme’ politically incorrect, because they believed that all ‘butch-femme’ dynamics by necessity imitate heterosexist gender roles¹⁶⁴. Instead,

inherent to butch-femme relationships was the presumption that the butch is the physically active partner and the leader in lovemaking....Yet unlike the dynamics of many heterosexual relationships, the butch’s foremost objective was to give sexual pleasure to a femme. The essence of this emotional and sexual dynamic is captured by the ideal of the “stone butch”, or untouchable butch.... To be untouchable meant to gain pleasure from giving pleasure. Thus, although these women did draw on models in heterosexual society, they transformed those models into an authentically lesbian interaction¹⁶⁵.

Our performers, though, do go beyond this fixed model of ‘butch-femme’ interaction, as the ‘femme’ becomes the dominant, active, and ‘stone’ partner. As Sally synthesises: “butch in the streets, femme in the sheets”¹⁶⁶.

The allusion to SM¹⁶⁷ marks the transition to the second part of the performance, devoted to the discussion of dominance and submission in their relationship and consensual power exchange in SM, in opposition to and as a metaphor of oppressive structures and naturalised power relations in everyday life.

People who don’t like SM often say it is a reinforcement of the oppressive power relations in this world. What can I say... to me straight sex is one of the most loaded power games there is. Vanilla

162 Ibid.

163 Ibid.

164 J. Butler, *Gender trouble...*, op. cit., p. 125.

165 M. Davis and E. Lapovsky, “Oral history and the study of sexuality in the lesbian community”, p. 48. In M. Duberman (ed.), *Hidden from history: reclaiming the gay and lesbian past*, New York, Meridian, 1990.

166 Sally Campbell, interview n. 19.

167 Sadomasochism.

sex¹⁶⁸ makes me nervous, I freeze, I feel disempowered by it, or I don't feel anything at all... I'm bored.

...on the other hand SM is the only kind of sex I've ever had where people sit down and negotiate before they play, where they talk about their boundaries and desires before even touching, work out safe-words, how far they want to go and what result they'd like to achieve....¹⁶⁹

We live in a society that practices non-consensual sadomasochism everyday. Our cultural inheritance is male dominance, abusive relationships, authoritarian businesses, schools, churches and legal system which stresses the threat of punishment for deviance. However, SM can offer a way of conscious liberation from cultural conditioning. Thus SM becomes a parody and comment on life in our culture¹⁷⁰.

One can say that S&M is the eroticisation of power, the eroticisation of strategic relations ... the S&M game is very interesting because it is a strategic relation, because it is always fluid. Of course there are roles, but everyone knows very well that those roles can be reversed. Sometimes the scene begins with the master and slave, and at the end the slave has become the master. Or, even when the roles are stabilised, you know very well that it is always a game; either the rules are transgressed, or there is an agreement, either explicit or tacit, that makes them aware of certain boundaries. This strategic game as a source of bodily pleasure is very interesting¹⁷¹.

In my sexual practice I am constantly and explicitly aware of power, the construction of roles and functioning of dominant and submissive are always being worked out and a complex understanding of our own abilities to enter into and perform roles. I think because of this I've become more aware of these exchanges taking place in the world around me, in a non consensual real world context, now I have a clearer analysis of how the manipulation of power and how this consensual hallucination we call reality stays afloat. And to see the constructed nature of these exchanges. Question the power dynamics of SM and you must question the power dynamics of everything else; of heterosexuality, of the relation between men and women, between genders, between the state and citizen of the function of the police and military¹⁷².

What may have once looked like 'normality' to me, 'the way the world works'...is now a scene of explicit power plays and roles, the mannerisms of power and domination seem glaringly obvious¹⁷³.

From what the performers state, both on stage and in the interviews, the practice of sadomasochism emerges as a way to gain awareness of the presence of power in everyday situations. This is consistent with the queer studies emphasis on power relations in binary relationship (male and female, oppressor and oppressed, national and foreign...).

I'd like to say a few things about sadomasochism. First of all, this talk is a talk about the pol-

168 Traditional, non-SM sex.

169 Jet Moon, "Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics".

170 Ibid.

171 Ibid.

172 Ibid.

173 Ibid.

itics of control, and in particular we are talking about the control of different forms of sexuality. Sadomasochism is been said that it's been playing with power for fun rather than profits. A lot of the interactions we have in our day-to-day lives, from the family to the school all the way up to the government and the state are power based relationships. And these are non-negotiable power based relationships. And in terms of – say- “ordinary” sexuality, I cannot think of a more power based relationship than the stereotype of heterosexuality. The marriage ceremony in which men, who own women, control her behaviour. This is something that needs examination. And I think if when we play with our sexuality and we are conscious of these power roles within it, it opens up our eyes to other power dynamics in our day-to-day life that are non-negotiated. I also feel about “normal” sex, or vanilla-sex – non-sadomasochistic sex, that there is power dynamics and sensations up to the level of pain, within these relationships¹⁷⁴

Indeed, like some branches of feminism, queer theory, or at least several queer scholars, view prostitution, pornography and sadomasochism as legitimate and valuable expressions of human sexuality, provided that consensuality is guaranteed. For example, Pat Califia writes about how sadomasochism encourages fluidity and questions the naturalness of binary dichotomies in society:

The dynamic between a top and a bottom is quite different from the dynamic between men and women, blacks and whites, or upper- and working-class people. That system is unjust because it assigns privileges based on race, gender, and social class. During a S/M encounter, roles are acquired and used in very different ways. If you don't like being a top or bottom, you switch your keys. Try doing that to your biological sex or your race or your socioeconomic status¹⁷⁵.

Meaning is derived from the context in which it is used. Not everyone who wears a swastika is a nazi; not everyone who has a pair of handcuffs on his belt is a cop; and not everyone who wears a nuns habit is a catholic. S/M is more a parody of the hidden sexual nature of fascism than it is a worship of or acquiescence to it¹⁷⁶.

In this perspective, the very conscious attention to the dominant and submissive role play is a reversal from the everyday unconscious, socially sanctioned, authoritarian behaviour and thus is a way to understand the social training that lies in every individual.

By playing dominant/submissive roles we achieve self-knowledge and perceive with a heightened awareness how real dominance and submission operate in our culture¹⁷⁷.

The discussion of sadomasochism, both in a personal and social perspective, constitutes the second part of the performance, more intense and moving than the first one, and introduces the connection between sexual and political issues, thus preparing the transition to the last cluster of topics, in which the performers, drawing on their experiences with authorities and the power games they have encountered in their no-border activism, address socio-political issues such as the existence of the nation-state, border policies, consumerism and the com-

174 Sally Campbell, Party & Politics festival roundtable.

175 P. Califia, “Feminism and sadomasochism”, p. 39. In P. Califia, *Public sex: the culture of radical sex*, Pittsburgh, PA, Cleis, 1994.

176 Ibid.

177 Alex Woodland, “Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics”.

pression of public space.

Capital derives its profit and power from the theft and plundering of the land and the exploitation of labour. Once this was organised by the colonial powers of Europe, now they are joined by the International Monetary Fund (IMF), the World Bank and Washington with their structural adjustment programs and free trade treaties. This means massive impoverishment of the global South, displacing millions of people from their homes and making the survival of billions harder and harder. Some countries are economically devastated, in others there is war and genocide. As the world is homogenised, the laws we live by are increasingly the values of the market place. And while there are few borders for trade and the movement of capital, restrictions on the movement of people are being tightened¹⁷⁸.

How exactly is this connection of apparently unrelated issues possible? In Jet Moon's words:

Queer moves beyond identity politics... it does not approach sexuality as a single issue. I don't argue for equal rights on the basis of my sexuality, I use the fact of my sexual difference to make a critique of otherness, to see myself in relation to those other who share 'difference' if not the same difference. I have no wish to ghettoise myself though an identity politics based in which I decry my own oppression while ignoring the greater dynamic of power in operation. Queer in itself is deconstructive... it wishes always to overturn what becomes settled, solidified, normalised, it contains within itself a destabilising force able to accept its own lack of coherence as a necessity of being¹⁷⁹.

On the other hand, this is how a Serbian performer elaborates on the issue of the relationship between capitalism and identity politics:

I wanted to tell three theses about the connection of homosexuality – contemporary homosexual identity to be more precise – and capitalism, the world dominant economic order.

The first thesis would be that sexual liberation presents a form of modelling acceptable sexualities according to the needs of capitalism.

The second would be that moral liberalisation generates new identities that are always opposed to something – to some other identity, and that this process does never liberate everyone. There are always identities, which are perceived as non-normal, abnormal, ill, which should be cured, sanctioned, etc. And the third thesis, that I will try to elaborate a little bit after, is that contemporary gay movement, at least the mainstream of gay movement, is very deeply conservative since it reconstructs the patriarchal and bourgeois forms of marriage and family. In this sense, and in the broader political sense it is a counter-revolutionary movement because it stopped to aspire to - what I would address as - a communistic revolution or the dismantlement of a class order that is still actual within our societies and in that way it abandoned its early revolutionary ideas, that it had in late 60s and early 70s. So, I think gay identity nowadays, in the 21st century, is unfortunately conservative, non-revolutionary. It has lost its leftist and communist and anarchist background, that it had at least – not on the level of openly written declaration, but its theoretical and activist background, and I think quitting such identity, not making it fluid, but refusing to identify as gay man or lesbian or whatever – is something that should be our next stop. But I think queer identity in that term doesn't really work, it just reflects the vulgarity of "popular postmodernism", like everything can be switched, everything can be changed, nothing is set. I mean it's the very ideology of liberal capitalism that is standing behind the term queer, because capitalism seemingly doesn't have a stable state. But it has stable pre-conditions, just as identity has. Refusing any identity, refusing to identify as anything, is the activist goal. "I am not gay. I am not a man. I am not Serb. I am not whatever."¹⁸⁰

This process of integration of sexual and political issues further expanded in the crea-

178 Ibid.

179 Jet Moon, interview n. 18.

180 Dusan, Party & Politics festival roundtable.

tion of a cooperative performance by Jet Moon, Sally Campbell, Act Women, and the Queer Beograd Collective, where the issues introduced in former performances by Jet Moon and Sally Campbell were re-elaborated with reference to the Serbian context. The performance was presented for the first time at the Queer Beograd Party and Politics festival in December 2005, and is discussed in the next section.

3.3 East-West transit: queerness as political instrument

“East-West transit: queer cabaret”, an acting and video performance created in cooperation by queer performers from London and Belgrade, was specifically created for the second Queer Beograd Festival, and with the Serbian context in mind.

The text of the performance was drafted by Jet Moon, and thus recapitulates the main issues addressed in the previous section. According to the comprehensive approach defining ‘queer’ as the reclaiming of the right to difference and individuality, not only in the gender and sexual realms, the performance is characterised by a wider focus on socio-political issues, with the aim of stressing the interconnectedness of all forms of oppression.

Yet, since the performance was specifically conceived for a Serbian public, and most actors/actresses were Serbs, the ‘classic’ issues of queer studies and queer politics are related to the Serbian context. For instance, specifically Serbian themes include:

- nationalism and militarism in Serbia as an oppressive matrix of rigid gender codes;
- the influence of the Orthodox Church and its rigid moral codes on Serbian politics and society;
- racism and ethnic violence in former Yugoslavia;
- attitudes towards capitalism, consumerism, and globalisation¹⁸¹, with reference to changes in Serbian society;
- still surviving gender and cultural stereotypes in Serbian family life, as well as mass-media and popular culture.

The performance does not revolve around a narrative plot, but it leads the audience in a micro-cosmos of iconic figures, that are stereotypes and archetypes rather than characters. The performers are alternatively showing what they are and what they are not, in a fluid flowing of roles and identities. Indeed, what is displayed is consistent with the core concepts of performance theory. As early as in Aristotheles’ *Poetica*, performance does not reflect life as much as it captures and exposes its essence, revealing its paradigms, and according to major perfor-

¹⁸¹ “Queer activism often joins with anti-capitalist activism. Yet, the relationship between sexual diversity and capitalism is a complicated one. For instance, it has been argued that gay and lesbians are a product of history, and have come into existence in a specific era. Their emergence is associated with the relations of capitalism: the historical development of capitalism and free labour system allowed for identification, community, and political organisation. Socialisation of production and individualism provided the space for the conceptualisation of homosexuality with a lessening emphasis on reproduction”. R.N. D’Emilio, “Capitalism and gay identity”, p. 170. In Lancaster and M. di Leonardo (eds.), *op. cit.*, pp. 169-178.

mance theorist Schechner:

performers are specialised in purposefully losing and re-gaining psychological, physical, narrative, and social balance: theatrical techniques have their roots in such incomplete transformations of individuals in others¹⁸².

The performance is thus populated by desperate housewives, beauty pageant contestants, scary priests torturing a tied Jesus, drag kings and queens, Serbian nationalists and British hooligans. The combination of such issues questions the specificity of LGBT identity concerns, in order to argue for a comprehensive politics of difference, rather than a homogenous politics of identity.

The performance was prepared in the ten days preceding the second Queer Beograd Festival, in December 2005. The text written by Jet Moon was reworked and adapted during intensive rehearsals involving the whole cast. The Serbian actors reacted positively to working around the concept of ‘queer’, as they generally related ‘queerness’ to the extended realm of non-mainstream performance and politics. The general response by the public also seemed positive, as it emerged from the roundtables and discussions following the performance. However, when focusing on personal gender and sexual identity, respondents (performers, activists, and non-activists) seemed to prefer ‘classic’ LGBT identities:

I am not queer, I am a lesbian and a feminist. But what I do on stage is queer¹⁸³.

Ja nisam ‘queer’, ja sam peder¹⁸⁴.

Queer has been defined as ‘resistance to regimes of the normal’¹⁸⁵. It is this active resistance that makes queer politics differ from LGBT politics, in that it generally sees normativity rather than hetero-sexism and homophobia as the site of violence.

This idea of the normal can be extended from the policing of identity and social interaction (male/female, hetero-normative productive monogamy between two people – mummy/daddy) through to a belief in hierarchical power structure as ‘natural’ – the family, the church, the state, the first/third worlds... That the commonly-held concepts of male and female are false we take as understood; that commonly agreed and enforced borders are actually fluid, full of exceptions to rules, and are often contradictory is a bit harder to swallow. National borders and controls are at the same time perceived as getting more fixed and inflexible in terms of people’s ability to cross them (fortress Europe), and simultaneously dissolving; the idea of ‘free trade’, the global marketplace, the easy trans-nationality of capital¹⁸⁶.

Within both deconstruction and queer theory lies the idea of disruption of false binary dichotomies that constitute ‘reality’. For example, Derrida’s deconstructive theory asserts that

182 R. Schechner, “Il ventaglio e la rete”. In F. Deriu, *Richard Schechner. Magnitudini della performance*, Roma, Bulzoni Editore, 1999, p. 12-13. and if we look at performance as engaging with gaining and loss of balance, it is perhaps fascinating to recall one of the possible etymology of “queer”, oblique, off-center, from Middle Low German *dwer*.

183 Martina, interview n. 17.

184 “I am not queer, I am a faggot”. A participant in the roundtable.

185 M. Warner, “Introduction”, *op. cit.*, p. vii.

186 From “East-West transit: queer cabaret”.

binary and hierarchical relationships are hallmarks of Western thought¹⁸⁷. Therefore, any text demonstrating a belief in such relationships is to that extent based on a false idea of the world and must be exposed as dangerously misleading and manipulative. Examples of binary relationships are always opposites, not containing any aspects of the other; and one is hierarchically superior to other. Within gender, male/female, in SM, top/bottom, and in national borders, inside/outside.

As queer our understanding of borders is clear: we reject the borders imposed between sexualities, between genders, between our abilities to live our lives as we wish and the strictures imposed by the state, that attempt to prevent us defining our own ways of living.

In a society which always attempts to strengthen the position of institutionalised power by marking someone as 'other' (whether this be by race/sexuality/gender or any other means) we refused to accept this condition of nations and borders, of the containment of people by false boundaries that serve only to profit those who hold power¹⁸⁸.

The performers' position reflect the queer critique to LGBT identitarian and limited concerns about equality. For example, regarding the issue of immigration:

Demanding equality with heterosexual couples simply ignores the inherent racism of controls and therefore the relationship between racism, sexism and homophobia. An additional problem is that the demand for the rights of gay couples elevates romance into a political goal? What about the single gay person, the celibate, the lonely, those of no sexual orientation or the promiscuous of any sexual orientation? Including gay couples within immigration law and its spurious "rights" means that all these other people are by definition excluded. Their status as outlaws is intensified¹⁸⁹.

As one of the characters says:

We have asked for equality of rights and fought against discrimination. This is very right. What then? What shall I do when lesbians can marry? Shall I marry my nice little lesbian girlfriend, buy a nice little lesbian cottage with a nice little lesbian white fence, and raise many nice little lesbian children? What about all those who are, in some way, different?¹⁹⁰

This reflection is performed through the use of camp¹⁹¹, satire and carnivalesque, which prove a particularly appropriate form for this content, as carnivalesque is the site where "all hierarchical structures are overturned and the fundamental equality of all human beings is proclaimed"¹⁹², through the performance of gender and sexuality, but also race, class, and ethnicity¹⁹³.

Gender normativity is seen as the key hierarchically charged dichotomy which informs and

187 See J. Derrida, *L'écriture et la différence*, 1967. English edition by A. Bass (2004), *Writing and difference*, London and New York, Routledge.

188 From "East-West transit: queer cabaret".

189 From "East-West transit: queer cabaret".

190 Ibid.

191 Camp is a humorous performance playing on the theatricality of gender

192 R. Parker, "The carnivalisation of the world", p. 363. In R.N. Lancaster and M. di Leonardo (eds.), *op. cit.*, pp. 361- 377.

193 R.N. Lancaster, "Guto's performance. Notes on the transvestism of everyday life", p. 566. In R.N. Lancaster and M. di Leonardo (eds.), *op. cit.*, pp. 559- 574.

shapes social hierarchies, inequalities, and oppression. As a consequence, the queering of gender roles is seen as a way of discarding the authoritarian structure of society: this makes the performance a theatrical realisation of what has been outlined in works by scholars who have explored the connection between gender and nationalism¹⁹⁴.

The unquestioned, hierarchically charged dichotomy between male and female is the basic relational model informing the whole structure of the community: if its legitimacy and naturalness are questioned, the whole set of patriarchal values is potentially threatened. In a nationalistic context like the Serbian one, questioning the naturalness of gender roles means to destabilise several other assumptions about a so-called natural order which is based on gender, ethnic, and national hierarchies.

¹⁹⁴ See R. Iveković, “Introduction”, *op. cit.*, and Friedland, *op. cit.*

Chapter 4

Conclusion: Queer Political Performance in Belgrade

It is now time for wrapping up the concepts provided by the interviews with the performers and the analysis of the performances, and to arrive at defining queer performance, as it emerged from the material we have been looking at, as political performance. After doing that, we will finally look at the specific significance of queer political performance in Belgrade.

Political theatre has often been identified as a “new” theatre, developing in times of radical social changes. It was so, for instance, for Piscator, Mejerhol’d, Majakovskij, Brecht, and Dario Fo. As always, when dealing with phenomena connected with rapid social transformation, it is not easy to give an ultimate definition of political theatre. Yet, an empirical categorisation can help in this task by envisioning a continuum of theatre possibilities, ranging from real political action (for example, a manifestation with its own choreography) to the traditional play, with a fixed script and a clear division between the cast and the audience. In between, we can find street theatre, happenings, or plays that develop through the involvement of the audience¹⁹⁵.

Here, however, the focus is on identifying the specific functions of political theatre, rather than giving a descriptive image of it. My understanding of political theatre is based on works by Piscator and Brecht, and envisions political theatre as one that is created in the framework of its social, historical, and political context; one that identifies problems and tries to provide answers; finally, as theatre that aims at modifying the existing reality through social, political and/or cultural change. Political theatre is one that takes part, with its own specific instruments, in the general effort and process of transformation of social reality¹⁹⁶.

When talking about political theatre, we refer to those performances that are born with the aim of influencing society – by shaping it ideologically, a-ideologically, anti-ideologically – in order to achieve more or less precise, more or less wide, more or less radical modifications in the political structure of society¹⁹⁷.

The theatrical activity of the Queer Beograd Collective presents several of the features

195 G. Schechner, “Six axioms for environmental theatre”. In *The Drama Review*, 39 (1968), pp. 41-64.

196 M. Castri, *Per un teatro politico. Piscator, Brecht, Artaud*, Torino, Giulio Einaudi Editore, 1973, p. 8.

197 “Parlando di teatro politico, facciamo riferimento a quelle manifestazioni spettacolari nate con il fine di incidere sulla società – indirizzandola ideologicamente, a-ideologicamente, anti-ideologicamente – per ottenere più o meno precise, più o meno ampie, più o meno radicali modificazioni nella struttura politica della società” (my translation). C. Capitano, *Note sul teatro politico*, Roma, EBE, 1971, p. 14.

which have been identified as characteristics of political theatre¹⁹⁸. For example, it works in active cooperation with other grassroots organisations, such as Women at Work and Stanipani Collective¹⁹⁹. The performers do not see themselves as distinctly separate from the audience (for example, they do not perform on stage, but remain physically amongst the audience), and the performance has no didactic character, but is a starting point for discussion, rather than an object of passive contemplation. Furthermore, performances take place in locations not traditionally theatrical, and there is no ticket required. Finally, hierarchical structures within the group itself are abolished, and decisions are taken collectively – indeed, the microcosms created by the performances of the Queer Beograd Collective cannot but remind one of Hakim Bey's (pseudonym of Peter Lamborn Wilson) "temporary autonomous zones"²⁰⁰ and the secret islands of "pirate utopias"²⁰¹: temporary spaces eluding formal structures of control, created in order to subvert (or "queer") dominant, mainstream ideologies of gender and nation.

As far as the content of a political performance is concerned, a key statement by E. Piscator reads as follows:

Political theatre considers as the central problem of every stage action the transposition of private facts into a historical framework, i.e. their transposition into the political, economic, and social context²⁰².

Indeed, the performances analysed in this study use a personal fact (the LGBT/queer experience) as a starting point for clearly addressing and transgressing dominant ideologies of gender, sexuality, and political authority. The key elements of this critique can be summarised as parody, sexual display or violation of taboos, and subversion by socio-political critique and activism. The resistance to dominant ideologies is accompanied by the participation in a queer subculture, which makes queer performance a political one, posing a double challenge to hetero- and homo-normativity.

Thus, the Queer Beograd Collective introduced queer political performance in Belgrade LGBT/queer scene, and accordingly initiated a wider discussion of the concept of 'queer' among the local sexually diverse population. If we ask ourselves how this experiment was received, we can look at the interviews and narratives concerning the activity of the collective, and draw the following observations.

1. The international character of the festivals and the presence of foreign performers obtained a positive reaction, despite the general scepticism encountered, instead, when talking about globalisation per se. A possible explanation for this may be found in the fact that the presence or influence of international subjects is stigmatised only when the local subjects find themselves in the impossibility of interacting on a peer-to-peer

¹⁹⁸ See M. Castri, *op. cit.*, p. 12-24; L. Codignola, *L'uso politico del teatro*, Roma, Bulzoni Editore, 1979, p. 73, 267; E. Piscator, *Das politische Theater*, Berlin, Adalbert Schultz Verlag. Italian edition by A. Spainì, *Il teatro politico*, Torino, Giulio Einaudi Editore, 1960, p. 34.

¹⁹⁹ See Introduction and Chapter 1 for details about these groups.

²⁰⁰ See H. Bey, T.A.Z.: The Temporary Autonomous Zone, Ontological Anarchy, Poetic Terrorism, Williamsburg (Brooklyn), Autonomedia, 1994.

²⁰¹ See P.L. Wilson, *Pirate Utopias: Moorish Corsairs & European Renegadoes*, Williamsburg (Brooklyn), Autonomedia, 1995.

²⁰² E. Piscator, *op. cit.*, p. 133.

level. When the international presence does not bring impositions, or ready-made solutions, but rather acts as a facilitating factor in introducing new concepts and experiences, it is, instead, welcomed.

2. When focusing on a personal identity discourse, the concept of 'queer' remains an unfamiliar one, whereas standard and fixed LGBT identities are preferred. It can be hypothesised that a clear-cut definition of the self poses a stronger defence when the subject is confronted with a hostile domestic environment, thus needing a strong sense of identity to face a strongly normative context. On the other hand, normativity is the price of definition²⁰³: this also leads to division, and sometimes hostility, between groups representing the various components of the LGBT realm. For instance, members of a group have refused to take part in the queer festivals, as they did not wish to meet/ work with members of other organisations.
3. Instead, the use of 'queer' in the wider socio-political realm was widely accepted by performers, activists, and non-activists. Given the oppressive domestic context, the refusal of normative impositions in the sexual/ gender realm was connected to the refusal of limitations imposed by political, economic, religious, and cultural institutions.

Therefore, the experience of the Queer Beograd Festivals may be summed up as a positive example of localisation of a global phenomenon, enabling the local subjects to experience and elaborate, autonomously and according to their own needs, a formerly foreign concept.

203 M. Castri, *op. cit.*, p. 10.

Post Scriptum

After the completion of this study, on August 15th, 2006, I received an invitation for the third Queer Beograd Festival, to be held in October 2006. The invitation included the festival manifesto, which I decided to add as a post-scriptum, inasmuch as it represents a further step in the appropriation of the term 'queer' by the Serbian subjects. Here, the concept arrives at its full elaboration, both on a linguistic and conceptual level:

In Serbian there is no word that means queer, no way to say what we mean about queer being more than LGBT equality. For us queer means radical, inclusive, connecting to all kinds of politics and being creative about how we live in this world. So our new festival is called 'Kvar', a technical term literally translating to mean 'a malfunction in a machine', because in this world of capitalism, nationalism, racism, militarism, sexism and homophobia, we want to celebrate ourselves as a malfunction in this machine. We dare to resist conformity and go against what is accepted to create something about living and justice, not false productivity, war and money. We are happy to present to you 'Kvar – the malfunction' a festival celebrating diversity and freedom of sexual expression, celebrating everyone who fights against the system.

From the manifesto, we can see how a foreign concept can cease to be an alien one, and be fully appropriated and re-elaborated in the local context. In this case, the local subjects found a brilliant synthesis on the linguistic as well as semantic level, and thus fully 'localised' the original term.

Bibliography

Monographs

- ADLER, P.A.**, and P. ADLER (1987). *Membership roles in field research*. Newbury Park: Sage Publications.
- ANTHIAS, F.**, and N. YUVAL-DAVIS (1989). *Woman - nation - state*. Basingstoke: MacMillan.
- ATKINS, D.**, ed. (1998). *Looking queer. Body image and identity in lesbian, bisexual, gay, and transgender communities*. New York and London: Harrington Park Press.
- AUSTIN, J. L.** (1962). *How to do things with words*. Oxford: Clarendon Press.
- BABBIE, E.** (2004). *The practice of social research*. Belmont: Wadsworth.
- BALIBAR, E.**, and I. WALLERSTEIN (1991). *Race, nation, class. Ambiguous identities*. London, New York: Verso.
- BEY, H.** (1994). *T.A.Z.: The Temporary Autonomous Zone, Ontological Anarchy, Poetic Terrorism*. Williamsburg (Brooklyn): Autonomedia.
- BORNEMANN, J.**, ed. (2004). *Death of the Father*. Oxford - NY: Berghahn.
- BOURDIEAU, P.** (1998). *La domination masculine*. Editions du Seuil. English edition by Richard Nice (2001). *Masculine domination*. Cambridge: Polity Press.
- BUTALIA, U.** (2000). *The other side of silence: voices from the partition of India*. Durham: Duke University Press.
- BUTLER, J.** (1990). *Gender trouble: feminism and the subversion of identity*. New York: Routledge.
- BUTLER, J.** (1997). *Excitable speech: a politics of the performative*. London: Routledge.
- BUTLER, J.** (1997). *The psychic life of power. Theories in subjection*. Stanford: Stanford

University Press.

CALIFIA, P. (1994). *Public sex: the culture of radical sex*. Pittsburgh, PA: Cleis.

CAPITANIO, C. (1971). *Note sul teatro politico*. Roma: EBE.

CASTRI, M. (1973). *Per un teatro politico. Piscator, Brecht, Artaud*. Torino: Giulio Einaudi Editore.

CODIGNOLA, L. (1979). *L'uso politico del teatro*. Roma: Bulzoni Editore.

ČOLIĆ BILJANOVSKI, D. (2005). *Dreamers of the Serbian National Theatre*. Beograd: Narodno Pozorište u Beogradu.

ČOLOVIĆ, I. (2002). *The politics of symbol in Serbia. Essays in political anthropology*. London: Hurst & Company.

DE BEAUVOIR, S. (1949). *Le deuxième sexe*. Paris: Librairie Gallimard. Italian edition by R. Cantini and M. Andreose (1994). *Il secondo sesso*. Milano: Il Saggiatore.

DERIU, F., ed. (1999). *Richard Schechner. Magnitudini della performance*. Roma: Bulzoni Editore.

DERRIDA, J. (1967). *L'écriture et la différence*. English edition by A. Bass (2004). *Writing and difference*. London and New York: Routledge.

DRAGIĆEVIĆ ŠEŠIĆ, M. (1992). *Umetnost. Alternativa*. Beograd: FDU.

DUBERMAN, M., ed. (1990). *Hidden from history: reclaiming the gay and lesbian past*. New York: Meridian.

FOUCAULT, M. (1976). *Histoire de la sexualité. La volonté de savoir*. Paris: Gallimard.

GARBER, M. (1993). *Vested interests: cross dressing and cultural anxiety*. New York: Harper Collins.

GOLDBERG, R.L. (2001). *Performance art: from futurism to the present*. London: Thames & Hudson.

HALBERSTAM, J. (1998). *Female masculinity*. Durham: Duke University Press.

HALBERSTAM, J. (2005). *In a queer time and place. Transgender bodies, subcultural lives*. New York City: Routledge.

HOSI WIEN, AUSLANDSGRUPPE (1984). *Rosa Liebe unterm roten Stern: zur Lageder Lesben und Schwulen in Osteuropa*. Hamburg: Frulings Erwachen.

IRIGARAY, L. (1974). *Speculum de l'autre femme*. Paris: Les Editions de Minuit. Italian edition by L. Muraro (1975). *Speculum. L'altra donna*. Milano: Feltrinelli

IVEKOVIĆ, R., and J. MOSTOV, eds. (2002). *From gender to nation*. Ravenna: Longo Editore.

JOVANOVIĆ, M., K. KASER, and S. NAUMOVIĆ, eds. (1999). *Between the archives and the field: a dialogue on historical anthropology of the Balkans*. Belgrade-Graz: Institut für Geschichte der

Universität Graz.

KERSHAW, B. (1999). *The radical in performance. Between Brecht and Baudrillard.* New York and London: Routledge.

KNEŽEVIĆ, Đ., ed. (2004). *Women and politics: sexuality between the local and the global.* Zagreb: Ženska Infoteka.

KOSOFSKY SEDGWICK, E. (1993). *Tendencies.* Durham: Duke University Press.

LANCASTER, R.N., and M. di LEONARDO, eds. (1997). *The gender and sexuality reader. Culture, history, political economy.* New York and London: Routledge.

LE GUIN, U. (1969). *The left hand of darkness.* New York: Ace Books.

LEWIN, E., and W. LEAP (2002). *Out in theory: the emergence of lesbian and gay anthropology.* Urbana and Chicago: University of Illinois Press.

LORAU, N. (2002). *The divided city. On memory and forgetting in ancient Athens.* New York: Zone Books.

LUPO, P. (1998). *Lo specchio incrinato. Storia e immagine dell'omosessualità femminile.* Venezia: Marsilio Editori.

LUŽINA, J., ed. (2003). *Balkan theatre sphere.* Skopje: Faculty of Dramatic Arts.

MARTIN, R. (1990). *Performance as a political act.* New York: Bergin & Garvey Publishers.

McKEONE, D. (1995). *Measuring your media profile.* Cambridge: Gower Press.

MUNOZ, E.J. (1999). *Disidentifications. Queer of colour and the performance of politics.* Minnesota University Press.

PATEMAN, C. (1997). *The sexual contract.* Italian edition by Biasini, C. (1998). *Il contratto sessuale.* Roma: Editori Riuniti.

PISCATOR, E. (1960). *Das politische Theater.* Berlin: Adalbert Schultz Verlag. Italian edition by A. Spaini (1960). *Il teatro politico.* Torino: Giulio Einaudi Editore.

RAGIN, C.C. (1994). *Constructing social research: the unity and diversity of method.* Thousand Oaks, CA: Pine Forge Press.

RAMET, S.P., ed. (1999). *Gender politics in the Western Balkans. Women and society in Yugoslavia and the Yugoslav successor states.* University Park: The Pennsylvania State University Press.

RAPI, N., and M. CHOWDHRY, eds. (1998). *Acts of passion: sexuality, gender and performance.* New York: Haworth Press.

SEVERIN, W., and J. TANKARD (1997). *Communication theories.* New York: Longman.

SCHECHNER, R. (2006). *Performance Studies: An Introduction.* New York: Routledge.

ŠTULHOFER, A., and T. SANDFORT, eds. (2005). *Sexuality and gender in postcommunist*

Eastern Europe and Russia. New York: The Haworth Press.

UJES, A. (1981). *Organizacija scensko-umetničkih delatnosti*. Beograd: Zavod za udžbenike i nastavna sredstva.

VAN DER VEUR, D. (2001). *Caught between fear and isolation: lesbian women and homosexual men in Albania*. Amsterdam: COC Netherlands.

WARNER, M., ed. (1993). *Fear of a queer planet. Queer politics and social theory*. Minneapolis: University of Minnesota Press.

WILSON, P.L. (1995). *Pirate Utopias: Moorish Corsairs & European Renegadoes*. Williamsburg (Brooklyn): Autonomedia.

WITTIG, M. (1992). *The straight mind and other essays*. New York, London: Harvester Wheatsheaf.

Academic articles

BLACKWOOD, E. (2002). "Reading sexualities across cultures: anthropology and theories of sexuality". In Lewin and Leap (2002). 69- 92.

BOOTH, K. (2000). "Enemies of the state: gays and lesbians in Serbia". *Lavender Magazine* 5 (123).

BOTTOMS, S.J. (2003). "The efficacy/effeminacy braid: unpicking the performance studies/theatre studies dichotomy". *Theatre Studies* 13.2 (September 2003). 173-187.

BRINGA, T. (2004). "The peaceful death of Tito and the violent end of Yugoslavia". In Bornemann (2004). 148-200.

CALIFIA, P. (1980). "Feminism and sadomasochism". In Califa (1994).

ČOLIĆ BILJANOVSKI, D. (2005). "Transformation and interculturality in the theatrical system – Institutional, alternative, and private theatre". In Čolić Biljanovski, D. (2005). 195-236.

DAVIS, M., and E. LAPOVSKY KENNEDY (1989). "Oral history and the study of sexuality in the lesbian community". In Duberman (1990).

DE LAURETIS, T. (1997). "The violence of rhetoric. On representation and gender". In R.N. Lancaster and M. di Leonardo (1997). 265- 278.

D'EMILIO, J. (1997). "Capitalism and gay identity". In R.N. Lancaster and M. di Leonardo (1997). 169-178.

DERIU, F. (1999). "Lo spettro ampio delle attività performative". In Deriu (1999). i-xxxi.

LANCASTER, R.N., and M. di LEONARDO (1997). "Embodied meanings, carnal practices". In R.N. Lancaster and M. di Leonardo (1997). 1-10.

- ĐURIĆ-KUZMANOVIĆ, T.** (2005). "Gender inequalities in a nationalist, nontransitional context in Serbia, emphasising Vojvodina, during the 1990s". In Štulhofer and Sandfort, eds. (2005). 29-55.
- FRIEDLAND, R.** (2002). "Money, sex, and God: the erotic logic of religious nationalism". *Sociological theory*, 20:3 (November 2002). 381-425.
- GREIF, T.** (2004). "Do lesbian women have human rights?". In Knežević (2004). 234-247.
- HOLLOWAY, I.** and S. WHEELER (1995). "Ethical issues in qualitative nursing research". *Nursing Ethics* 2. 223-232.
- INGRAHAM, C.** (1994). "The heterosexual imaginary: feminist sociology and theories of gender". *Sociological Theory* (July 1994)
- IVEKOVIĆ, I.** (1996). "Neopatriarchy and political violence". Bologna: Europe and the Balkans International Network & Ravenna: Longo Editore
- IVEKOVIĆ, R.** (1996). "Le pouvoir nationaliste et les femmes". Bologna: Europe and the Balkans International Network & Ravenna: Longo Editore
- IVEKOVIĆ, R.,** and J. MOSTOV, (2002). "Introduction". In R. Iveković and J. Mostov (2002). 9-25
- KERKEZ, J.** (2004). "Global tendencies in regional GLBT movement policy development". In Knežević (2004). 268-273.
- KESIĆ, V.** (2002). "Gender and ethnic identities in transition. The former Yugoslavia – Croatia". In R. Iveković and J. Mostov (2002). 63- 80.
- KRONJA, I.** (2004). "Women, transition and the beauty myth". In Knežević (2004). 274-283.
- KUPPERS, P.** (1998). "Vanishing in your face: embodiment and representation in lesbian dance performance". In N. Rapi and M. Chowdhry (1998). 47-64.
- LANCASTER, R.N.** (1997). "Guto's performance. Notes on the transvestism of everyday life". In R.N. Lancaster and M. di Leonardo (1997). 559- 574.
- MERTUS, J.** (1999). "Women in Kosovo: contested terrains. The role of national identity in shaping and challenging gender identity". In Ramet (1999). 171-186.
- MOSS, K.** (2005). "From sworn virgins to transvestite prostitutes: performing gender and sexuality in two films from Yugoslavia". In Štulhofer and Sandfort (2005). 79-94.
- NAUMOVIĆ, S.** (1999). "Instrumentalised tradition: traditionalist rhetoric, nationalism and political transition in Serbia, 1987-1990". In Jovanović, Kaser, and Naumović (1999). 179-218.
- NIKOLIĆ, T.** (2004). "Sexuality of local women facing the demands of global sexual context". In Knežević (2004). 284-292.
- NIKOLIĆ, T.** (2005). "Serbian sexual response: gender and sexuality in Serbia during the 1990s". In Štulhofer and Sandfort (2005). 125-147.

- PAPIĆ, Ž.** (1993). "From state socialism to state nationalism: the case of Serbia in gender perspective". *Refugee: Canada's periodical on refugees* 14 (3). 59-65.
- PAPIĆ, Ž.** (1996). "Postcommunism and gender: war, nationalist mutation, and the social position of women in Serbia". *Sociologija* 38 (4). 1-18.
- PAPIĆ, Ž.** (1999). "Women in Serbia: post-communism, war, and nationalist mutations". In Ramet (1999). 153-170.
- PARKER, R.** (1997). "The carnivalisation of the world". In R.N. Lancaster and M. di Leonardo (1997). 361- 377.
- PAVLOVIĆ, T.** (1999). "Women in Croatia: feminists, nationalists, and homosexuals". In Ramet (1999). 131-152.
- PETKOVSKA, N.** (2003). "General balkanization: the theatre of the post-socialist period". In Lužina (2003). 77-86.
- RICH, A.** (1980). "Compulsory heterosexuality and lesbian existence". *Signs: Journal of Women in Culture and Society* 5 (1980). 631-660.
- RUBIN, G.** (2002). "Studying sexual subcultures: excavating the ethnography of gay communities in urban North America". In Lewin and Leap (2002). 17-68.
- SCHECHNER, R.** (1968). "Six axioms for environmental theatre". *The Drama Review*, 39 (1968). 41-64.
- SCHECHNER, R.** (1982). "Punti di contatto fra il pensiero antropologico e il pensiero teatrale". In Deriu (1999). 15-51.
- SCHECHNER, R.** (1988). "Il ventaglio e la rete". In Deriu (1999). 11-13.
- STEIN, A.** (1997). "Sisters and queers: the decentring of lesbian feminism". In R.N. Lancaster and M. di Leonardo (1997). 378- 391.
- ŠTULHOFER, A.,** and T. SANDFORT (2005). "Introduction: sexuality and gender in times of transition". In Štulhofer and Sandfort (2005). 1-25.
- THOMAS, D.Q.,** and R.E. Ralph (1994). "Rape in war: challenging the tradition of impunity". *SAIS Review*, 14:1 (Winter-Spring 1994).
- VUKANOVIĆ, T. P.** (1961). "Virdzine". *Glasnik Muzeja Kosova i Metohije* (1961). 79-112.
- WALKER, J. A.** (2003). "Why performance? Why now? Textuality and the re-articulation of human presence". *The Yale Journal of Criticism* 16: 1 (2003). 149-175.
- WARNER, M.** (1991). "Introduction: Fear of a Queer Planet". *Social Text*, 9 (4). 3-17.
- WARNER, M.** (1993). "Introduction". In Warner (1993). vii- xxxi.
- WEISS, J.T.** (2001). "The gender caste system: identity, privacy, and hetero-normativity". *Law and Sexuality* 10 (2001). 123-186.
- WOODCOCK, S.** (2004). "Globalization of GLBT identities: containment masquerading as sal-

vation or why lesbian have less fun”. Paper presented at the conference “New social movements and sexuality”. Sofia University, 8 October 2004

WORTHEN, W.B. (1998). “Drama, performativity, and performance”. *PMLA* 113: 5 (October 1998). 1093-1107.

Journalists’ articles

FRIESS, S. (1999). “Gay Serbians find acceptance is a casualty of war”. *The Advocate* (May 11, 1999). 20.

Films (fiction)

Virđina by S. Karanović, 1991.

Marble Ass, by Ž. Žilnik, 1995.

Scripts, reports, and other sources

“Transkuhinjska Terapija” (Transkitchen rhythmic therapy). Performance script by Act Women Theatre Group, Belgrade.

“Border-crossers: sadomasochism, gender-bending and the inter-relationship to no-border politics”. Performance script by Jet Moon and Alex Woodland.

“Capitalist whore fantasy”. Performance script by Jet Moon.

“East-West transit: queer cabaret”. Performance script by the Queer Beograd Collective.

“Preparing a Space: documentation of the Party and Politics festival 2006”. Seminar transcript by Queer Beograd Collective.

IGLHRC (1995). Report on lesbians in Yugoslavia. International Gay and Lesbian Human Rights Commission.

ZACK, N. (2005). “Feminist aesthetics in feminist theory: a recent case study”. <http://www.aesthetics-online.org/ideas/zack.html>

Research interviews and written narratives

List of written narratives (see Appendix)

Written narrative 1. Women, sticks, colors, art, love, kisses by Maja

Written narrative 2. Reflexions by Jelena

Written narrative 3. Persiste, Resiste, Existe, Respect by Zoe

Written narrative 4. Great moment and reality depression by Conni

Written narrative 5. Crazy Dream by Moon

Written narrative 6. As if... by Ksenija

List of interviews

All those listed in the table are to be considered open, semi-structured interviews. The list does not include non-structured conversations with people met during participant observation or everyday activities. Except for the performers Jet Moon and Sally Campbell, all respondents are Serbian, aged between 20 and 30. While Jet Moon and Sally Campbell agreed to have their names published, all other names are to be considered fictional, as they were changed to protect the respondents' anonymity.

| N. | NAME | DATE | LENGHT | CONTEXT | MAIN THEME |
|----|-----------------------|------------|--------|-----------------|----------------------------|
| 1 | Lada- volunteer | 06.10.2005 | 45' | Private meeting | Sexual diversity in Serbia |
| 2 | Mira- volunteer | 06.10.2005 | 30' | Private meeting | LGBT rights in Serbia |
| 3 | Tea- visitor | 09.10.2005 | 20' | Conference | Queer culture |
| 4 | Jet Moon- performer | 09.10.2005 | 20' | Backstage | Queer performance |
| 5 | Sally C.- performer | 09.10.2005 | 20' | Backstage | Queer performance |
| 6 | Biljana - performer | 14.10.2005 | 35' | Lecture | Queer culture |
| 7 | Milan- Queer Beograd | 14.10.2005 | 20' | Lecture | Queer culture |
| 8 | Zoe - performer | 18.10.2005 | 45' | Meeting | Queer culture |
| 9 | Katja- Queer Beograd | 20.10.2005 | 30' | Meeting | Queer culture |
| 10 | Mirjana- visitor | 20.10.2005 | 30' | Meeting | Queer culture |
| 11 | Milica- Women At Work | 19.11.2005 | 30' | Conference | Feminism |
| 12 | Jelena- visitor | 19.11.2005 | 20' | Conference | LGBT/ queer |
| 13 | Zoe - performer | 25.11.2005 | 45' | Festival | Queer identity |
| 14 | Aleksandra- visitor | 03.12.2005 | 20' | Celebration | Feminism |
| 15 | Romana- performer | 05.12.2005 | 20' | Festival | Queer politics |
| 16 | Maja- Queer Beograd | 05.12.2005 | 35' | Festival | Queer politics |
| 17 | Martina- visitor | 16.12.2005 | 35' | Festival | LGBT/ queer |
| 18 | Jet Moon- performer | 17.12.2005 | 35' | Roundtable | Queer politics |

| N. | NAME | DATE | LENGTH | CONTEXT | MAIN THEME |
|----|-------------------|------------|--------|-------------|-------------------|
| 19 | Sally - performer | 17.12.2005 | 35' | Roundtable | Queer identity |
| 20 | Ksenija- Labrys | 21.02.2006 | 20' | Meeting | Queer politics |
| 21 | Divna- Labrys | 21.02.2006 | 20' | Meeting | Queer performance |
| 22 | Others | 17.12.2006 | - | Roundtables | Queerness |

Appendix 1

Written narratives: on queer Beograd festivals

The narratives have been maintained in the original version; thus, spelling, grammar, and vocabulary mistakes have not been corrected, in order to preserve the original text. Some parts of the narratives are quoted and commented throughout the dissertation, but I liked the idea of providing the complete versions as an appendix, thus giving voice to the respondents²⁰⁴.

A1.1 Women, sticks, colours, art, love, kisses by Maja

Women, sticks, colours, art, love, kisses...All that squeezed in only five days, so how can one survive without bursting? Outbursts of joy, laughter...mostly women!

It says on the door: 'Attending this festival is allowed to registered participants only'. Well, yea, unfortunately, here you can't do it differently, and it turned out later that there was no need to. Coz it was closed, yet so open, unreal.

From this distance (and so little time has passed) all is still confusing. I am confused. I feel like I'm lost in a wonderful labyrinth. And if I tried to find a way out...I don't no...seems like all the halls in it are right and every exit is better than the previous. I feel I have so much to share with other people and there's a great desire in me to involve and overlap it all. To send those great moments all around and faraway. I have many more needs and now they are mingled with dreams.

The most incredible thing was the energy born within our little, very sweet collective, without it none of this would have happened. Wonderful women and a man gathered, worked, worked...and loved each other. So many smiles, so many embraces and understanding. In moments I would shiver from so much tenderness. Usually, I go through life as an observer and it seems like everything that happens to me is actually happening to some other wonderful creature, or on the big screen, in electric box or on a colourful stage (Matrix?) This time it's completely different, I feel more alive than ever. With such feelings maybe we can change the world; all we need to do is cherish them. And I know we will.

After all, I feel like something very special is happening to me. I feel that I'm opening myself

²⁰⁴ The narratives were also published on the Collective's webpage www.queerbeograd.org

and my body is joyful. Seems like energy captured long time ago exits my body, energy captured during our dark past. Energy that is now being released in waves of warm liquids, all melted... like chocolate on the sun.

Everything has revived in completely new way; everything dances in the rhythm of music, music composed by QueerBeograd for all queer people, known for their craziness, recognized in their differences!

A1.2 Reflexions by Jelena

It was agreed that first Belgrade queer festival be held almost in secrecy but even though it was quite unclear to me what will happen. In Belgrade it always puts in the scope threat from those wild ones and aggressive who think that can stop and ruin everything that they consider unacceptable. Just thought for having violence in Belgrade streets again makes huge fear. We always have to discuss security issues. It is always present what will if they... BIGZ building, almost abandoned, was chosen as a safe place, more by accident because friendly connections. But like metaphors. The long, dark corridors make labyrinths.

This makes you to feel primal fear. In the country like Serbia everything older than 50 years is considered traditional. Something 180 years old is completely impossible to imagine. The masterpiece of the architecture between two World Wars today is forgotten graphic collective. It is on the margin. But just above, on the roof, new open space and worldwide horizon. Right there, step to the »freedom« for several days people were listening each other, discussing, asking, having fun, making plans at inspiring workshops, learning new skills. All those women coming from abroad already knew that coming here is a new challenge.

It was obvious even at the Female Attack that good spirit, thought that something is done, moved, encouraged was present at least at those who had a chance to enjoy in Lolobrigida girls and Tribade performance. It lasted until unprepared Belgrade girls came to the stage. It was a time to go home just not to lose that inspiring sentiment. Day after, the last challenge of Belgrade festival- day of the street party! Touching words written on the flyer made positive effect at all those who had been there (invited or by chance, just passing and noticing this small street action). Stop the violence or stop discrimination can be considered just like words but words that Paula wrote even translated to Serbian, so human and warm made some people cry. All those who felt pain and injustice or did the same to the others. Food not bombs action provoked lot of surprise and questions. People were dancing, playing. One man said that was energetic release. I cannot forget small boy playing Conni's guitar and just piece of joy and happiness that we can share. No incidents! Even »they« cannot be insulted with something so nice, warm, spontaneous and human

A1.3 Persiste, Resiste, Existe, Respect by Zoe

I'm trying to remember how everything started – how I entered the story about organizing Queer festival in Belgrade.

Than I see Moon, Simone, Maja and Urska in Ljubljana and I understand. Calmness of Ljubljana and stimulants of those dear persons initiated establishing of this story. I see Moon and myself over a long queer coffee talk in attractive Celica, and I remember ideas and suggestions bursting from all over. We don't talk about festival only, we jump to queer camp and other cooperation we plan to have. I see it's going to be unforgettable and crazy work.

In Belgrade collective started to gather. Small, but sweet and enthusiastic. WE know what we want. New or at least other/different culture. We want, as queers, to offer to people of Belgrade and elsewhere a slightly different fun. And we succeed.

Our wild energy is vital party of it. Surrounded by Milica's cuisine, relaxed space of Zene na delu, constant flirting, cuddling and petting and amazing mutual support, we are not lost in madness of chaos and upcoming festival duties.

Opening is here. Look, there are a lot of people in our queer space – free and protected. This is amazing. I see some people for the first time (actually very few of them), and everything makes me joyful. Coming/passing of exhibitions, workshops, performances, movies, promotions, but the real emotions are waiting for me on the 6th of May.

In "Akademija" club with cult status in Belgrade is the show of three incredible bands. Beginning of that strange energy of female revolution. The whole female attack concept. Madness.

I see them appearing on stage, funny and full of queer charm, those Lolobrigida Girls. They have blown the mass away – everybody cheerfully swings.

After that are queens of the night. The beginning of the real lesbian revolution. They are calling women to get on stage, they ask: "Where is that female attack?" They are Tribad, lesbian band from Paris. They say:

Insiste, sour, sister
Persiste, sour, sister
Resiste, sour, sister
Existe, sour, sister

Bitcharke were there also, without voice, but they showed up. Respect.

It seems like this is a feminist/lesbian revolution. But not in Serbia/Belgrade, this is courage. The first verbal threats are coming from fascists and from people from security. Real verbal hell. But it ended happily. We have to take slow pace with these cultural events offering other/different/wild/politically engaged content.

Than we have conquered the street. The true relaxing package for the end, the magnificent Connie. Her appearance and show have made us believe that we are not invisible. Stop violence on the streets and that was just the beginning.

After everything, direct action of dropping banner with inscription "Stop discrimination" on one of the Belgrade biggest bridges. I am more than happy.

The very first Queer Belgrade festival passed without bruises, pain and blood. We have

pushed our story with beauty and positive force. Next stories are coming, very soon.

A1.4 Great moment and reality depression by Conni

Hi

Today I ve been a bit depressed....

I am thinking what was this week? was it real? isnt it all just one oth these moments, isnt it just an illusion?

It feels like a dream , where everything is so clear and you thinking, thats the way,wow, thats it, everything is all right..Then you have to leave , you are somewhere else and you dont know really how to explain what happened to others, and slowly its all gone and you are back in reality life and you think nothing is alright, you are just tooooo crazy, you are just sick..

then I wonder if it is worth to believe, to go on to live and fight for these moments...

somehow I have to, because I need these moments (or maybe its just an illusion) where you feel you are not alone, you are not weak, you are not crazy, where things you love to do make sense... I am addicted to these moments , it makes me feel alive...

I really felt quite lost with this spirit that came to me during Road of Peace which was one of these moments...It all felt like we are a family in the middle of monsters and paranoia ,but then the monsters took over...Hard to face reality and to see you are alone, there is no connection any more, we are not one family, there are too many borders and visa checkpoints inside and outside and between of ourselves ..You have to fight for yourself, everybody has to fight for themselves...

But things like coming to this place and this festival and meeting so many nice and strong women and old friends is really healing...I remembered old times and ideas and its its giving me a new hope and a new vision.. I really hope we dont loose each other (again), we need to stay connected and work on this howeveryoucallit and let it become more real...

love to everybody

A1.5 Crazy Dream by moon

when i first came to beograd it was a shock, my western activist politics were turned upside down, so many of the basic conditions i took for granted just didn't exist. Id come here to work on organising the Peoples Global Action conference with the local collective, i didnt realise that social space where dialogue and difference can be expressed is still being fought for at a basic level.

While in belgrade the level of homophobia started to get to me,id come from living in a very gay suburb in sydney for the past 5 years, there the fight is against the commodification of our existence. i never imagined the threat of physical violence on a day to day basis because of my sexuality.

in beograd the 2004 pride was cancelled, the day before it was supposed to happen the

streets were full of homophobic posters put up by fascists, the slogan 'prevention is better than the cure'.....im not sure what the cure might be but i never want to find out.

During the PGA conference, due to interactions with the local boys in the neighborhood the atmosphere of homophobia became oppressive, at the same time it seemed invisible or unimportant to those who were not queer. by the time the conference finished i was so angry that i was determined to come back to beograd and make something really queer happen here.

over the course of a few months and a lot of emails we talked about what we could do, people from Beograd came to London came for the beyond ESF conference hosted by the wombles, there in the first 'Queers Without Borders' meeting Imad talked about an indoor pride held recently in lebanon..... this was the spark... from here we began to think that something was possible.

the local group in beograd began to meet and plan, i was in london and the email list was mostly in serbian, a couple of meetings in ljubliana was the closest i got to trying understand how it was all going. scrabbling for funds, finding the london queereption money sent to support the last pride. and then coming here to work three weeks before the festival was due to start.... it began as a crazy dream.... something we didn't really think was possible but we did it!!!!

A1.6 As if... by Ksenija

As if its not a big deal, we are organizing a Queer festival in Beograd. I almost have no idea who the people around me are. All I know is that I want to do something different, something that will finally problematize everything. From patriarchy to capitalism. A place where we will not hesitate to spit on all kinds of discrimination, without quasi tolerance. Because we are sick of homophobia, nationalism, clericalism, borders, identities, equalizing experiences, exclusion of people & animals, machines. Finally, we will give to ourselves and to one another the right to define the world, the one we want to create, with the knowledge that we also are determined by patriarchal-capitalist system we live in. I think that after a long time I finally felt creative, and sure that what I do is worth while. And so that is how it began for me. Lots of meetings and discussions. One month before the festival I felt like time was playing with me again. It just started to pass, and everything was too late...then these two girls showed up. Or are there million of them by now? Wow, it was really heavy – trying to separate work from flirting and terrifying falling in love. Its nice to work with people who take care of each other. About 15 days before the festival panic started to take over us, one by one...so one by one we were trying to calm each other. We don't have enough money, we are doing something queer in a homophobic and disgustingly intolerant country. Constant pressure, what is irrational fear, and what can really happen. How will we handle the street action, which events will be open for everyone, should we notify the media? Is she looking at me like this because she is falling in love with me? Hilarious... I didn't think about suicide for months. Shit!...did we send invitations to everyone we planned to, am I working less then others, did I write down everything...

We entered the space two days before festival opening. We have to clean THIS?! In two days?! And we did. For me, at the time, it was the most beautiful space in Beograd. We had

it all, splotchy carpets, queer cafe, chill out room, cinema room and workshop room. All but clean, available toilet, but this I already managed to forget. Every day I learn something new about me: for how long can we control our bodies and for how long can a bladder hold until it explodes...

...And then, there was the opening. We dressed up, we were all there, even Milan...I think that it was in this moment that I started to dream. As if every pore in my body was open and Beograd suddenly seemed like a free spirited city. Maja kept saying how beautiful everyone is. And we were beautiful that night. Crazy, I wasn't really aware that we are doing something important, for us, for people who live here, around us. I'm still not sure about what has changed... and if it did change?... I was afraid that nobody would show up, to the opening, to workshops... but they did...different people, some of them I didn't even know, woohoo... seems we are getting out of our ghetto...

Self-defence workshops...I was constantly asking myself if I politically support such a thing, coz like, I'm against violence and all that, blah, blah.. Then I stopped and began to investigate, my body, my voice, my moves. Especially in those moments, when flashbacks of men, or however they identified themselves, pressing me on elevator walls, underground passages, walls or beds, and when anger just exited.. Why do I run away, why is my fear blocking me, why I never became a ballerina, why of all girls two of them had to be sparing partners? I don't know if endless repetitions of moves and ways of defence were more important than conversations about roles in witch patriarchal society puts us in. There were about 15 of us. All socialized as women. I think we started to learn our ways of taking over the space and attitudes like «you have to ask me». I kept thinking, while my skin grazed from boxing, about the importance of all this. We practiced in the park. People would stop and stare at us, I have no idea what they were thinking. All I know is that one old lady advised us to go to our homes and help our mothers in cooking lunch. Lana told her that we are learning how to defend our mothers when their husbands beat them. Old lady left. In most families in the world women, girls and boys are raped... but in some schools in Germany self-defense is being taught to kids...there is hope..

Workshop on conservatism and multirelationships... I sit in queer cafe, its turning into a web of relationships, love, jealousy, confusion. Ah, long live confusion, if somewhere I feel safe its with it. We asked a lot of questions, and we were happy to agree that there will be no conclusion at the end of workshop. Isn't that lovely! No conclusion, process continues, freedom is feasible. I'm confused...We are talking about conservative attitudes towards food, animals, clothes, music, women... when, how, where, how much...and communication. How important it is to communicate about everything...and I realise that, maybe, I still naively believe in solidarity and taking care of others. We repeated couple of times that talking about everything is very important, and it meant a lot to me. I thought that this workshop would help me solve the puzzle, but unfortunately, life is not always what we want it to be..

I have chosen a new mantra: I'm not crazy, only confused, not crazy, not crazy...

I don't know how I survived those five days. Guarana was a discovery... Workshops, performances, movies... There's so much we can say to each other..

Concert at Academy club. I was afraid of skins and/or «regular» young orthodox nationalists in the audience. Lollobridgida Girls from Zagreb were cute. French band Tribad initiated revolution in me for a day. Not only for me, but this is my story. While they explicitly talked about oppression against women in English, they were singing tenderly about women in dif-

ferent languages. Irmi and Rita kept the «you have to ask me» spirit, and it seemed that everyone who bothered us left. Those fascists couldn't do anything to us coz we were all together. Even though I was terrified when they started to rub themselves on girls and make comments, somehow I wasn't alone, and anyways, this was good opportunity to practice what we have learned: self-defence or revenge, whatever... I left when last band got on stage...misogynist vibes...I didn't want to let them spoil this evening for me.. Majda was discovery of the night. It so easy not to take care of people. So much contradictions in us. Mantra: I'm not crazy, only confused...and all of it is part of process.. And who would have thought, from all people in the world, biggest problems in this club you can have with its staff...

Morning after...somebody's stupid idea was to meet at BIGZ before the street party, pick our stuff and leave the space. Im dead tired, didn't eat enough, I cried a bit, removed some posters, exhibitions, t-shirts, garbage, dishes.. On top of it all, Rade came to video shoot us for television. Ok, that passed, and the thing I was worried about the most – had begun.

Street party. Everything's ok, weather is not bad, I still didn't faint, Conni is gorgeous, music is inspiring. People come, people go, they stay with us, eat the food we giveaway.. Everything's ok, no fascists, or they are here, but finally they are the silent ones. I still didn't faint. Biggest and the only problem were people who organized the so called March for legalization of cannabis. They knew that we are organizing this party, they knew that we will not call the media because of security – so they did, and in turned out in news on TV that queerbeograd has joined the ganja march. Its funny to see how people who are presenting themselves as free spirited activists can be so manipulative and mean. Street party ended.

For me it was end of the festival. I couldn't believe it was over, just like now I cant believe that it had happened. Its because of that I'm writing all this, putting this first queer festival into my history. We didn't kiss on the street, but we danced. We didn't say much, but we said what was important. For few hours we have conquered the main square. Queeruption..

So we have started something, new and beautiful.

That night Conni played in one club. Street party continued in that club and wave of relief finally made me sleep.. one of the girls went back to her city, one lives and works in Beograd. I don't know what I'm doing. Is everything ok? I'm not crazy, only confused, there's no conclusion, the process continues. And I want to continue working like this, with this crew of people, where queer means that we break the boxes that system squeezed us in. We break our own, one to another, and so on...

Appendix 2

Sample Queer Glossary

ANDROGINY. Combination of masculine and feminine characteristics, aesthetically, psychologically, or behaviourally.

ASEXUALITY. A general term or self-designation for people who find sexual behavior unappealing, or who feel indifferent towards it. The term is sometimes used as a gender identity by those who believe their lack of sexual attraction places them outside the traditional definitions of gender.

BDSM. The term describes a number of related patterns of human sexual behavior. The major subgroupings are described in the abbreviation “BDSM” itself: Bondage & Discipline (B&D), Domination & Submission (D&S), Sadism & Masochism (or Sadomasochism) (S&M). Many of the specific practices in BDSM are those which, if performed in neutral or nonsexual contexts, could be considered unpleasant, undesirable, or abusive. For example, pain, physical restraint and servitude are traditionally inflicted on persons against their will and to their detriment. In BDSM, however, these activities are engaged in with the mutual consent of the participants, and typically for mutual enjoyment. This emphasis on informed consent and safety is also known as SSC (safe, sane and consensual), though others prefer the term RACK (Risk Aware Consensual Kink), believing that it places more emphasis on acknowledging the fact that all activities are potentially risky.

BISEXUALITY. Bisexuality in human sexual behavior refers to the aesthetic, romantic, or sexual desire for people of either gender or of either sex. People are not necessarily attracted equally to both genders, and tend to prefer one or the other. Moreover, it is possible for a bisexual person to be attracted to all genders but only one sex, or to all sexes but only one gender (note the definition of gender as social category, distinct from biological sex). Another view of bisexuality is that homosexuality and heterosexuality are two monosexual orientations, whereas bisexuality encompasses them both. However, some argue that bisexuality is a distinct sexual orientation on a par with heterosexuality or homosexuality.[

BOI. This deliberately altered spelling of boy is sometimes used as a synonym for male when referring to young adults. It may refer to a young-appearing (and in reality relatively young) bisexual or homosexual male, especially one who is somewhat effeminate, or who merely wishes to distinguish himself with a different term from heterosexual boys. It may also re-

fer to a female-born or female-bodied person—sometimes transsexual, transgendered, or intersexed, sometimes not—who generally does not identify as, or only partially identifies as feminine, female, a girl, or a woman, although some bois identify as one or more of these. Bois almost always identify as lesbians, dykes, or queers; many are also genderqueer or practice gender-bending. Bois can prefer a range of pronouns, including ‘he’, ‘she’, or gender-neutral pronouns. Some butch lesbians also identify as bois, and some people use the word to refer to a young butch. In some BDSM communities, it is used as a term for a submissive and/or bottom butch.

BOTTOM. In BDSM, the person who takes on the submissive role for the duration of a scene. This term is associated with being on the receiving end of bondage, discipline, and sadism. A bottom is not necessarily submissive, and vice versa. At one end of the continuum is a submissive who enjoys taking orders from a dominant but does not receive any physical stimulation. At the other is a bottom who enjoys the intense physical and psychological stimulation but does not submit to the person delivering them.

BUTCH. A lesbian woman with strongly masculine traits and/or attitudes, mostly attracted to femmes, i.e. lesbian women with strongly feminine traits and/or attitudes. Stone Butch. A woman or genderqueer person who is strongly masculine in character and dress, who tops her partners sexually (and sometimes emotionally), and who does not wish to be touched genitally. Not all stone butches identify in female terms, some are known to identify with male pronouns, and many stone butches - not all, but many - do not identify themselves as lesbian or within the lesbian community. Stone Butch identity involves sexual/gender diaspora, usually accompanied with the feeling that they were born into the wrong (female) body. Soft butch. A soft butch is a lesbian who exhibits some stereotypical butch lesbian traits without fitting the masculine stereotype associated with butch lesbians. These traits may or may not include short hair, clothing that was designed for men, and masculine mannerisms and behaviors. Soft butches generally appear androgynous, rather than adhering to strictly feminine or masculine norms. In the spectrum of gender expression among lesbians, a soft butch lies in between a chapstick lesbian and a butch lesbian.

CHAPSTICK LESBIAN. A lesbian woman who wears little or no make-up and generally does not follow stereotypes of feminine beauty and style, preferring a more unisex approach to fashion. A chapstick lesbian may be also considered a soft butch.

CROSS-DRESSING. A person who is cross-dressing is any person who, for any reason, wears any amount of clothing normally considered belonging to the opposite sex. Cross-dressers have no desire or intention of adopting the behaviors or practices common to the opposite gender, and do not wish to undergo medical procedures to facilitate physical changes. Contrary to common belief, the vast majority of cross-dressers, which comprises the vast majority of those who wear clothing of the opposite sex, are heterosexual.

DRAG. Drag in its broadest sense means a costume or outfit that carries symbolic significance, but usually refers to the clothing associated with one gender role when worn by a person of the other gender.

DRAG KINGS. Female-bodied or identified performance artists - usually lesbians or transmen

- who dress in masculine “drag” as part of their routine. A typical drag king performance involves dancing and singing. Drag kings often perform as exaggeratedly macho male characters or impersonate male celebrities like Elvis Presley. Several drag kings became British music hall stars in the late 19th and early 20th centuries, and British pantomime has preserved the tradition of women performing in male roles. Yet it has only been recently that drag kings have begun to gain some of the fame and attention that drag queens have known for years. The term drag king is sometimes used in a broader sense, to include female-bodied people who dress in traditionally masculine clothing for other reasons. This usage includes women temporarily attempting to pass as men and women who wish to present themselves in a masculine gender role without identifying as a man. Some transmen (“female-to-male” transgendered and transsexual people) also self-identify as drag kings.

DRAG QUEENS. Performers - often gay men or transgendered people - who dress in “drag,” clothing associated with the female gender (see drag king for women who perform in male clothing), often exaggerating certain characteristics for comic, dramatic or satirical effect. The term “drag queen” usually refers to people who dress in drag for the purpose of performing, whether singing or dancing, participating in events such as gay pride parades or pageants, or at venues such as cabarets and discotheques.

DOMINANT. In human sexual behavior, a dominant is one who enjoys performing any of a variety of BDSM practices upon a submissive; or one who holds a dominant position within a relationship based upon dominance and submission (DS). This enjoyment can spring from a simple desire for dominance or an enjoyment of the interplay of wills involved in such a scenario. A male dominant is often called a dom; a female, a domme or dominatrix. The main difference between a dominant and a top is that the dominant ostensibly does not follow instructions, although s/he is limited by what the submissive is willing to do.

DYKE. Originally derogatory term for a lesbian woman. Nowadays, a neutral synonym for ‘lesbian’.

Bulldyke or Bull dyke or Bulldiker (also, earlier, Bulldagger). More likely to present as butch. Diesel dyke. More likely to present as butch who most likely drives a truck Baby dyke. A young or recently out lesbian. Sometimes used in a pejorative sense within the LGBT community to refer to a lesbian who attempts to appear butch unsuccessfully. Femme dyke. A lesbian who presents in an (often stylized) traditionally feminine way, and who (unlike a lipstick lesbian) would typically have a butch for a partner. Lipstick Dyke. Variation on the pop-culture term ‘lipstick lesbian’.

FEMME. A lesbian woman with strongly feminine traits and/or attitudes, mostly attracted to butches, i.e. lesbian women with strongly masculine traits and/or attitudes. Macho femme. In slang, a macho femme is a homosexual woman who, in addition to being feminine, is aggressive, domineering and (usually) tops her partner sexually. The term is thought to have originated with Karina Lombard’s character Marina Ferrer on the Showtime television series *The L Word*. Stone femme. A strongly feminine person who tops sexually and wishes not to be touched. High femme. A very feminine and sophisticated femme.

FETISHISM. Sexual behaviour where the object of affection is a specific inanimate object or

part of a person's body. Commonly fetishised items are shoes, lingerie, and specific materials such as satin, leather or fur. Although these forms of fetishism are the most common, fetishism, like other forms of human sexuality, can be extremely varied and can encompass almost any aspect of human behavior. Other fetishistic attachments can be to specific parts of the body, such as head or body hair, legs, feet or breasts, or specific shapes of the body, rather than to the person as an individual. This might explain foot binding in China in pre-modern times, extensive corset use in the West in the 19th century, and breast implants in the contemporary United States and elsewhere.

GENDER-BENDING. Gender-bending is a gender performance which plays with traditional gender identities, gender roles, and gender presentation. Examples of gender-bending in relation to physical performance or appearance include people prominently displaying secondary sex characteristics of different genders together, such as breasts and a beard. Gender-bending is generally an intentional attempt to present a confusing gender identity which contributes to dismantling the perception of a gender binary.

GENDER-QUEER. Genderqueer is a gender identity. A genderqueer person is someone who identifies as a gender other than 'man' or 'woman', or someone who identifies as neither, both, or some combination thereof. In relation to the gender binary (the view that there are only two genders), genderqueer people generally identify as more 'both/and' or 'neither/nor', rather than 'either/or'. Some genderqueer people see their identity as one of many different genders outside of man and woman, some see it as a term encompassing all gender identities outside of the gender binary, some believe it encompasses binary genders among others, some may identify as a-gender and some see it as a third gender in addition to the traditional two. The commonality is that all genderqueer people reject the notion that there are only two genders in the world. The term genderqueer is also occasionally used more broadly as an adjective to refer to people who are in some way gender-transgressive, and could have any gender identity.

HETERO-NORMATIVITY. A dichotomous system of categorisation that directly links social behaviour and self-identity with one's biological sex: more than a norm, a normative principle leaving no space for outsiders and deviations. Also, included in the norms established by society for both genders is the requirement that the individuals should feel and express desire only for partners of the opposite sex. If confronted with the possibility of non-heterosexual partnership, the hetero-normative model maintains there is always a "male" (active) and a "female" (passive) partner.

HOMO-NORMATIVITY. This term refers to the way gay and lesbian movements, in their struggle to achieve acknowledgement, equality, and non-discrimination, have suppressed and delegitimised the most "dangerous" and less visible forms of sexual diversity, such as bisexuals, transsexuals, and sadomasochists. Therefore, homo-normativity is a mainstream ideological discourse that claims to speak for the silent majority of 'virtually normal' lesbians and gays, often by stigmatising groups or individuals that deviate from the attempt to create a reassuring, safe, marketable, and homogeneous collective identity.

INTERSEXUALITY. An intersexual or intersex person (or organism of any unisexual species) is

one who is born with genitalia and/or secondary sex characteristics determined as neither exclusively male nor female, or which combine features of the male and female sexes.

LIPSTICK LESBIAN. A slang term for a feminine homosexual woman who is attracted to another feminine woman, rather than a lesbian who is attracted to a more masculine woman, such as in a 'butch and femme'-type relationship. The term is thought to have emerged in the early 1990s. In mainstream American films, lesbians are often portrayed according to the lipstick lesbian stereotype to be both politically safer and more sexually attractive to male viewers. A good example is the series *The L Word*, which presents most of its major lesbian characters in this way. Most lesbians in mainstream pornography are also portrayed in this way. The term has also been reinterpreted as a derogatory reference to feigned lesbianism - implying that it is as easy as lipstick to add or remove.

PANGENDER. A term for people who feel that they cannot be labeled as male or female in gender. These people feel that they are; mixed gender, identify equally with "both" genders, are both male and female, feel that they are genderless or feel that they are some other gender all together. The term is meant by the queer community to be one that is inclusive and means "all genders".

PANSEXUALITY. A sexual orientation characterised by a potential aesthetic attraction, romantic love and/or sexual desire for anybody, including people who do not fit into the gender binary of male/female implied by bisexual attraction. Pansexuality is sometimes described as the capacity to love a person romantically irrespective of gender. Some pansexuals also assert that gender and sex are meaningless to them.

QUEER. In contemporary usage, some use queer as an inclusive, unifying sociopolitical umbrella term for people who are gay, lesbian, bisexual, and also for those who are transgender, transsexual, intersexual and/or genderqueer. It can also include asexual and autosexual people, as well as heterosexuals whose sexual preferences or activities place them outside the mainstream (e.g. BDSM practitioners, or polyamorists). Queer in this sense (depending on how broadly it is defined) is commonly used as a synonym for such terms as LGBT or lesbian. Many members of these communities have resisted this usage, and reject its application to them. Because the term—even as defined by modern activists—retains its connotations of 'strangeness', and they do not consider themselves 'strange', they consider the term inappropriate or even offensive. Some object to being 'lumped in' with people whose sexuality they do not themselves condone (e.g. monogamous couples disapproving of sexually promiscuous radicals). Others simply object to embracing a term that persists as a homophobic slur, often bordering on profanity, which many—especially (but not exclusively) older individuals—still find personally hurtful. Many transgender, transsexual, and intersexual people instead identify themselves as heterosexual or straight, rejecting 'queer' status. Some gay and lesbian people feel that embracing the word 'queer' means embracing a political agenda with which they do not agree. For example, while the fight for same-sex marriage rights is an important issue for many gay people in America, some perceive that 'queer activists' tend to treat it as a low priority, or even to reject the validity of the issue. Because of the context in which it was reclaimed, queer has sociopolitical connotations, and is often preferred by those who are activists, by those who strongly reject traditional gender identities, by those who re-

ject distinct sexual identities such as gay, lesbian, bisexual and straight, and by those who see themselves as oppressed by the heteronormativity of the larger culture. It can be preferred because of its ambiguity, which allows “queer” identifying people to avoid the sometimes strict boundaries that surround other labels. In this context “queer” is not a synonym for LGBT and many activist groups accept the acronym LGBTQ as preferable to the less inclusive LGBT. On the other hand, some Americans who identify comfortably with the terms gay and lesbian reject the word “queer” as narrow, political, and divisive.

(TO) QUEER. To disrupt norms in a certain realm, or to introduce a queer perspective when looking at it. For instance, one can ‘queer’ politics, religion, theories of spectatorship, and so forth.

SUBMISSIVE. In human sexual behavior, a submissive is one who enjoys having any of a variety of BDSM practices performed upon them by a dominant; or one who holds a submissive position within a relationship based upon dominance and submission (Ds or D/s). This enjoyment can spring from a simple desire for submission or an enjoyment of the interplay of wills involved in such a scenario. A submissive is also referred to as a ‘sub’, where the dominant in a D/s relationship is the ‘Dom/me’. The main difference between a submissive and a bottom is that the submissive ostensibly does not give instructions, although s/he does set limits on what the Dominant can do. In a broader context, a submissive is one who needs to give most or all authority over his or her life to a dominant, who will protect, guide, and nourish the submissive. Such a D/s relationship need not include other BDSM practices, and is not necessarily limited to sexual behavior. In many BDSM communities, there is a distinction between a submissive and a slave. In this context, a slave’s goal is surrender and obedience. In contrast, a submissive tends to expect some gratification in return for his or her submission.

SWITCH. In BDSM, a switch is someone who participates in BDSM activities as both a top and a bottom or dominant and submissive. A switch will be the top on some occasions and the bottom on other occasions. Switches are very common; partners may switch roles based on mood, desire, or partner.

TOMBOY. A girl who behaves according to the gender role of a boy. This typically includes various things: wearing non-feminine clothes; enjoying boys’ games, interests and (mainly physical) activities, such as running, jumping, climbing trees and sports like soccer and baseball; preferring school subjects often considered to be the domain of boys, like mathematics and science; preferring to befriend boys more than other girls.

TOP. In BDSM, a top is a partner who takes the active, dominant role in sexual play (such as in flogging, bondage, servitude, humiliation). The top performs acts such as these upon the bottom. A top playing the dominant role is not necessarily a dominant, and vice versa. The top may sometimes even be the partner who is following instructions, i.e., tops when, and in the manner, requested by the bottom. A person who applies sensation or control to a bottom, but does so to the bottom’s explicit instruction is a service top.

TRANSGENDER. Transgender is the state of one’s “gender identity” (self-identification as male, female, both or neither) not matching one’s “assigned gender” (identification by others as male or female based on physical/genetic sex).

TRANSEXUALITY. Transsexual people are people who desire to have, or have achieved, a different physical sex from their original physical sex. One typical (though oversimplified) explanation is of a “woman trapped in a man’s body” or vice versa. Many transsexual women state that they were in fact always female gender, despite physically being male; transmen feel exactly the opposite. The process of physical transition for transsexual people usually includes hormone replacement therapy and may also include sexual reassignment surgery (a.k.a. gender reassignment surgery); at least a strong wish for it has to be present to meet the requirement for the diagnosis. For transwomen, electrolysis for hair removal is often required, while many transmen have breast-reduction surgery as early as possible. Reference to “pre-operative”, “post-operative” and “non-operative” transsexuals indicates whether they have had, or are planning to have sex reassignment surgery. Transmen. Transsexual people who were assigned to the female gender at birth (or, in cases of intersexuality, later) and who feel that this is not an accurate or complete description of themselves. They have a male gender identity and/or present themselves as men and desire to live in a male gender role. Many transmen, however, do not describe themselves as such. Some prefer to be called simply men, often because they feel that their gender transition is complete and/or that they have always been men. Transwomen. Transsexual people who have been identified as members of the male sex since infancy, but believe that this is not an accurate or complete description of themselves and therefore usually identify and live as women. Transwomen who feel that their gender transition is complete often prefer to be called simply “women”, considering “transwoman” or “male-to-female transsexual” to be terms that should only used for persons who are still transitioning.

TRANSVESTISM. The behaviour of people dressing in clothes of a gender that is different from the gender they were assigned (usually at birth) or the gender they are living in. Unlike the term cross-dressing, it does imply a desire to assume some traits of the opposite sex/gender.

Appendix 3

Pictures

A3.1 Queer Beograd Festival #1



A3. 2 Queer Beograd Festival #2



A3. 3 Transkitchen Rhythmic Therapy



A3. 4 Capitalist Whore Fantasy



A3.5 Border-Crossers



A3. 6 East-West Transit: Queer Cabaret



A3.7 Street Performance: Red Card for the Abuser



A3. 8 Gay Pride in Zagreb



A3. 9 Ten Years of Activism Celebration



IRENE DIOLI

Irene Dioli is currently a PhD candidate in Diversity Management and Governance at the University of Bologna, where she also earned an MA in Eastern European Research and Studies and a degree in Translation and Interpreting. Her research interests include gender, queer, and cultural studies. She has published a book and several papers and chapters on the cinema industry in socialist regimes as well as on gender and sexuality in former Yugoslavia and has contributed to Osservatorio Balcani e Caucaso (www.balcanicaucaso.org) since 2007.



irene.dioli@gmail.com



Is the Purpose of Business Only to Do “Business”? Corporate Social Responsibility in Selected, Publicly Listed Companies in Hungary and Macedonia

by Tatjana Warner

This thesis was defended in October 2008 under the international Master's program MIREES: Master of Arts in Interdisciplinary Research and Studies on Eastern Europe. At present the program is a second cycle Joint Degree conferred by the University of Bologna (Forlì Campus), the Vytautas Magnus University at Kaunas, the Corvinus University of Budapest, and the Saint-Petersburg State University. The program is jointly carried out with the cooperation of the University of Ljubljana.

Table of contents

| | |
|---|------------|
| List of figures..... | 203 |
| List of tables..... | 205 |
| List of abbreviations..... | 206 |
| Management Summary..... | 209 |
| Chapter 1 | |
| Introduction..... | 211 |
| 1. 1 Structure and Perspective Definition..... | 212 |
| 1. 2 Hypothesis..... | 212 |
| 1. 3 Research Methodology..... | 213 |
| Chapter 2 | |
| Corporate Social Responsibility: Challenges, Strategies and Acceptance of CSR..... | 214 |
| 2. 1 The Necessity of CSR in Publicly Listed Companies..... | 214 |
| 2. 1. 1 <i>Defining CSR - Theoretical Background</i> | 214 |
| 2. 1. 2 <i>Conceptual Evolution of CSR</i> | 216 |
| • Foundation of CSR related viewpoints..... | 216 |
| • Later movements and viewpoints up to presence..... | 217 |
| • The European Approach to CSR..... | 220 |
| • Establishment of CSR in Listed Companies in CEE Transition Countries..... | 222 |
| 2. 1. 3 <i>External Motives for Applying CSR Standards in Stock Exchange Companies in Hungary and Macedonia</i> | 223 |
| • European Integration processes..... | 223 |
| • Technological Progress..... | 224 |
| • World Trade Liberalization..... | 224 |
| • Creation of New Capital Markets and New Stock Exchange Requirements..... | 225 |
| 2. 2 Core CSR dimensions in Publicly Listed Companies..... | 225 |
| 2. 2. 1 <i>Customers/Consumers</i> | 227 |
| 2. 2. 2 <i>Employees</i> | 228 |
| 2. 2. 3 <i>Investors and Shareholders</i> | 228 |
| 2. 2. 4 <i>Business Partners (Suppliers and Subcontractors)</i> | 229 |
| 2. 2. 5 <i>Communities (Local, Regional & National)</i> | 229 |

| | | |
|-----|--|-----|
| 2.3 | Accountability and Reporting Standards of the Stock Exchange Listed Companies with Respect to CSR..... | 230 |
|-----|--|-----|

Chapter 3

CSR in Practice: the Hungarian Case.....233

| | | |
|-------|--|-----|
| 3.1 | The Notion and Perception of CSR in Hungary..... | 233 |
| 3.1.1 | <i>Main Hungarian Performers in CSR</i> | 234 |
| 3.1.2 | <i>Public Policy Framework</i> | 236 |
| 3.1.3 | <i>Budapest Stock Exchange (BSE): Regulations and Listed Companies</i> | 238 |
| 3.2 | Main Impediments in CSR Development..... | 241 |
| 3.2.1 | <i>Public Disclosure of Information</i> | 241 |
| 3.2.2 | <i>Economic Crimes</i> | 243 |
| 3.2.3 | <i>Corporate Governance (CG)</i> | 244 |
| 3.3 | CSR Image in Hungary: Results of a Survey with Hungarian Customers/Consumers..... | 245 |
| 3.4 | Case Studies of Selected Publicly Listed Companies in Hungary..... | 248 |
| 3.4.1 | <i>MOL Plc.: Example of a Trustworthy and Responsible Company?</i> | 248 |
| | • MOL's Sustainable Development Policy..... | 249 |
| | • Witnessing Media Reports: Lex MOL - Right or Wrong?..... | 250 |
| | • Customers' Perception of MOL's CSR..... | 251 |
| 3.4.2 | <i>Magyar Telekom Plc. – Money and Profit vs. Social engagement</i> | 252 |
| | • Promotion of CSR Principles at Magyar Telekom..... | 253 |
| | • Main Public and Media Reactions..... | 254 |
| | • Public/Customers' perspective..... | 254 |
| 3.4.3 | <i>OTP Bank: CSR Considerations</i> | 255 |
| | • OTP's Bank Social Participation..... | 255 |
| | • The Media's View..... | 256 |
| | • CSR at OTP Bank in a Rating with Competitor Banks: The Customers' Perspective..... | 256 |

Chapter 4

CSR in the Macedonian Context.....259

| | | |
|-------|---|-----|
| 4.1 | CSR Foundations in Macedonia..... | 259 |
| 4.2 | Public Policies Related to CSR..... | 262 |
| 4.2.1 | <i>Labour Relations, Social Security and Employment Policy</i> | 262 |
| 4.2.2 | <i>Environmental Law and Regulations</i> | 263 |
| 4.2.3 | <i>Other Policies and Regulations</i> | 264 |
| | • Law on Equal Opportunities for Men and Women..... | 264 |
| | • Regulations on the Prevention of Money Laundering..... | 265 |
| | • Competition Policy Legislation..... | 265 |
| 4.3 | The Business Environment as a Stimulant for Adequate CSR Development..... | 266 |
| 4.4 | Major Challenges for CSR Promotion among Publicly Listed Companies in Macedonia..... | 268 |
| 4.4.1 | <i>Newly Formed Stock Exchange</i> | 269 |
| 4.4.2 | <i>Corporate Governance vs. Corporate Political Control: the Case of Makedonska Banka</i> | 270 |
| 4.4.3 | <i>Lack of Socially Responsible Investments</i> | 271 |
| 4.5 | CSR and the Present Corporate Image..... | 272 |
| 4.5.1 | <i>CSR Survey with Macedonian Customers/Consumers</i> | 272 |
| 4.5.2 | <i>Case Studies of Selected Macedonian Publicly Listed Companies</i> | 274 |
| | • Makedonski Telekom: Social Responsibility vs. Sponsorship..... | 274 |
| | • Alkaloid AD Skopje..... | 276 |
| | • Macedonian Banking Sector: A Promising Story?..... | 278 |
| | • Tutunska Banka AD Skopje..... | 279 |

| | |
|--|---|
| Chapter 5 | |
| Comparative Perspective of CSR Policies and Implementation in Hungary and Macedonia | 283 |
| 5.1 | Similar Experiences vs. Similar Challenges..... 283 |
| 5.2 | CSR under Consideration of Economic/Political/Social Dimensions in Hungary and Macedonia 284 |
| 5.2.1 | <i>Economic Background and FDI Dimension</i> 284 |
| 5.2.2 | <i>Governance and the Rule of Law</i> 285 |
| 5.2.3 | <i>Civil Sector's Role in CSR Promotion</i> 286 |
| 5.2.4 | <i>Companies' Performance: CSR Strategies and Reporting Standards</i> 287 |
| 5.3 | Recommendations for CSR Expansion in Hungary and Macedonia..... 289 |
| Chapter 6 | |
| Summary & Conclusions | 291 |
| 6.1 | Test of the Hypotheses..... 291 |
| 6.2 | Conclusions..... 292 |
| Bibliography | 295 |
| | Book Resources..... 295 |
| | Journals..... 298 |
| | Web Resources..... 301 |
| Appendix 1 | |
| Questionnaires | 308 |
| A1.1 | Questionnaire on Corporate Social Responsibility in Hungary: for Consumers/Customers (English Version)..... 308 |
| A1.2 | Questionnaire on Corporate Social Responsibility (CSR) in Macedonia: For consumers/customers..... 311 |
| A1.3 | Questionnaire on Corporate Social Responsibility in Macedonia: for Consumers/Customers (Macedonian Version)..... 314 |
| A1.4 | Questionnaire on Corporate Social Responsibility in Hungary: for Hungarian Publicly Listed Companies (English Version)..... 317 |
| A1.5 | Questionnaire on Corporate Social Responsibility in Macedonia: for Macedonian Publicly Listed Companies (English Version)..... 321 |
| A1.6 | Questionnaire on Corporate Social Responsibility in Macedonia: for Macedonian Publicly Listed Companies (Macedonian Version)..... 325 |

List of figures

| | | |
|------------|---|-----|
| Figure 1. | Main Dimensions and Elements of Stock Exchange Listed Companies (Own adaptation; Compare: Marcello Palazzo and George Starcher, CSR and Business Success, revised ed. 2006, European Baha'i Business Forum, Paris, France 2006, p. 9)..... | 226 |
| Figure 2. | The Triple Bottom Line of a Company's Accountability towards Stakeholders (own adaptation)..... | 231 |
| Figure 3. | Turnover breakdown of the biggest stocks (Facts and Figures about BSE, p. 2, found on www.bse.hu)..... | 240 |
| Figure 4. | Comparison between perception and incidences of economic crime in Hungary (PricewaterhouseCoopers, “Economic crime: People, cultures and control”, op.cit., p. 2)..... | 243 |
| Figure 5. | Level of CSR Awareness in Hungary from Customers' Perspective (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 246 |
| Figure 6. | Terms associated to CSR in Hungary (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 246 |
| Figure 7. | MOL's Ownership Structure in 2008 (Found on the official web site of MOL Plc.: www.mol.hu)..... | 251 |
| Figure 8. | Customers' Perception on MOL's CSR (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 252 |
| Figure 9. | Customers' Perception on MOL's CSR (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 253 |
| Figure 10. | Customers' Perception on Magyar Telekom's CSR (Own adaptation according to a “Survey for CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 255 |
| Figure 11. | Hungarian Bank's CSR rating (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 257 |
| Figure 12. | Main Terms Associated to CSR (Own adaptation according to a “Survey on CSR in Macedonia: for Customers/Consumers”, attached to the Appendix)..... | 273 |

| | | |
|------------|--|-----|
| Figure 13. | Main CSR Promoters in Macedonia (Own adaptation according to a “Survey on CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)..... | 274 |
| Figure 14. | Quality of Services vs. Promoted CSR (Own adaptation according to a “Survey on CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)..... | 276 |
| Figure 15. | Customer’s Perception on Alkaloid’s CSR (Own adaptation according to the results from the Survey on CSR in Macedonia: for Customers/Consumers, attached to the Appendix)..... | 277 |
| Figure 16. | Level of Trust in Macedonian Banking Sector (Own adaptation according to a “Survey for CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)..... | 278 |
| Figure 17. | Rating Scale of the Macedonian Banks (Own adaptation according to the results from the Survey for CSR in Macedonia: for Customers/Consumers, attached to the Appendix)..... | 279 |
| Figure 18. | Ownership Structure of Stopanska Banka AD Skopje in 2006..... | 281 |
| Figure 19. | CSR Reporting in Hungarian Companies (Compare: UNDP, “Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, op.cit., pp. 52)..... | 288 |
| Figure 20. | CSR Reporting in Macedonian Companies (Compare: UNDP, “Baseline Study on Corporate Social Responsibility in FYR Macedonia“, op.cit., pp. 47)..... | 289 |

List of tables

| | | |
|----------|---|-----|
| Table 1. | Most traded stocks on BSE as of 31 December 2007 (Compare to: Facts and Figures about BSE, p. 2, found on www.bse.hu)..... | 240 |
| Table 2. | Main CSR Promoters in Hungary (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)..... | 247 |
| Table 3. | Shareholders’ Structure of Makedonski Telekom (As published on the official website of Makedonski Telekom, under section Investors Relations: www.telekom.mk)..... | 275 |
| Table 4. | Ownership structure of Tutunska Banka in 2008 (According to the published information on 30/06/2008 on found on www.tb.com.mk). .. | 280 |

List of abbreviations

| Abbr. | Explanation |
|----------|--|
| AD | Akcionersko Društvo (Macedonian Limited Liability Company) |
| BCSD | Business Council for Sustainable Development |
| BSE | Budapest Stock Exchange |
| CEE | Central and Eastern Europe |
| CEO | Chief Executive Officer |
| CEU | Central European University |
| CG | Corporate Governance |
| CGC | Corporate Governance Code |
| CGR | Corporate Governance Recommendations |
| CIRa | Center for Institutional Development |
| Co. | Corporation |
| CPI | Corruption Perception Index |
| CSR | Corporate Social Responsibility |
| EBOs | Employee-Buyouts |
| EBRD | European Bank for Reconstruction and Development |
| EC | European Commission |
| Ed./Eds. | Editor/Editors |
| EEIG | European Economic Interest Grouping |
| EFTA | European Fair Trade Organisation |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FESE | European Federation of Stock Exchanges |
| FIBV | Federation of International Securities Exchange |
| FIDH | International Federation for Human Rights |
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross Domestic Product |
| GNESD | Global Network on Energy for Sustainable Development |
| GRI | Global Reporting Initiative |

| Abbr. | Explanation |
|---------|--|
| GSZT | Gazdasági és Szociális Tanács (Economic and Social Council in Hungary) |
| GVH | Gazdasági Versenyhivatal (The Hungarian Competition Authority) |
| HBLF | Hungarian Business Leaders Forum |
| HFSA | Hungarian Financial Supervisory Authority |
| HR | Human Resource |
| ICG | International Crisis Group |
| IFC | International Financial Corporation |
| IFRS | International Financial Reporting Standards |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| Inc. | Incorporated |
| IP | Intellectual Property |
| IPO | Initial Public Offerings |
| ISO | International Organisation for Standardisation |
| ISRM | Institute for Standardization of Republic of Macedonia |
| Kft. | Hungarian Limited Liability Company |
| LLP | Limited Liability Partnership |
| Ltd. | Private company limited by shares |
| MAKK | Magyar Környezetgazdaságtani Központ (Hungarian Environmental Economic Centre) |
| MBI | Macedonian Bourse Index |
| MNE | Multi-National Enterprise |
| MSE | Macedonian Stock Exchange |
| NATO | North Atlantic Treaty Organization |
| NECC | National Entrepreneurship and Competitive Council |
| NGO | Non-Governmental Organisation |
| No. | Number |
| NYSE | New York Stock Exchange |
| OECD | Organisation for Economic Cooperation and Development |
| op.cit. | Opus Citatum |
| p./pp. | Page/Pages |
| PCFV | Partnership for Clean Fuels and Vehicles |
| PCIA | Partnership for Clean Indoor Air |
| PET | Political Economy Theory |
| PLC | Public Limited Company |
| PR | Public Relations |
| PWC | PricewaterhouseCoopers |
| R&D | Research and Development |
| REC | Regional Environmental Centre for Central and Eastern Europe |
| ROSC | Report on Observance of Standards and Codes |
| Rt. | Hungarian Public Limited Company |

| Abbr. | Explanation |
|-------|--|
| SA | Social Accountability |
| SAI | Social Accountability International |
| SD | Sustainable Development |
| SE | Societas Europea |
| SEC | US Security and Exchange Commission |
| SEE | South Eastern Europe |
| SRI | Socially Responsible Investment |
| TBL | Triple Bottom Line |
| TIDZs | Technological Industrial Development Zones |
| TNC | Trans National Corporation |
| TQC | Total Quality Control |
| TVE | Hungarian Association of Conscious Consumers (Tudatos Vásárlók Egyesülete) |
| TVK | Tisyavideki Vegzi Kombinat |
| UK | United Kingdom |
| UN | United Nations |
| UNCTD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNGC | United Nation Global Compact |
| USA | United States of America |
| USAID | US Agency for International Development |
| Vol. | Volume |
| Vs. | Versus |
| WB | World Bank |
| WBCSD | World Business Council for Sustainable Development |
| WTO | World Trade Organisation |

Management Summary

In the emerging stock exchanges of Hungary and Macedonia, publicly listed companies predominantly aim at satisfying the shareholders’ financial goals – dividend and share value increase. Do these companies look at corporate social responsibility as well and therefore ensure to yield greater returns in the long-run?

The present thesis, “Is the purpose of business only to do business? Corporate Social Responsibility in selected, publicly listed companies in Hungary and Macedonia” examines the corporate attitude of selected listed companies in Hungary and Macedonia and compares each country’s case.

Publicly listed companies are of relevance in this thesis because of their enormous impact on market development and economic growth and because of their aim of attracting more financial and strategic investors. In order to fund growth, goals other than high stock returns become relevant, especially CSR (including ecology, employee and societal welfare), which can broaden the stability, trust and therefore the likelihood of potential investments. Furthermore, listed companies in transition countries are still in their early stages of developing socially responsible performances and integrating long-term sustainable approaches in their core business strategies. By comparing the countries cases, this thesis will emphasize on the importance of European integration processes as vital in advancing companies’ corporate responsible conducts, on the necessity of regulated and adequately enforced public policies in regard to CSR, on the requirement of commonly accepted CSR reporting standards as a driving force to achieving a sufficient level of transparency and public disclosure and on the inevitability of the intensification of the stakeholders’ dialogues that can accelerate the success of the organizational performances of the companies and evolve their corporate social commitments.

Structurally, this thesis is composed of four main parts: the first introducing the reader into the topic of Corporate Social Responsibility; the second examining CSR in selected Hungarian publicly listed companies and taking into account the main impediments to its development; the third presenting the business and CSR situation in Macedonia and the fourth chapter applying the findings of both countries and undertaking a comparative evaluation.

In the first chapter of this thesis, three areas of research are undertaken in order to successfully set the frame of this work by defining the conceptual understanding of CSR, the main elements that impact its development and the standards leading to necessity of CSR accountability. There are innumerable theories and approaches that have played a leading role in defining

the concept of CSR, but some of them are guided by incoherent approaches taking mainly into account the interest of either shareholders or the stakeholders. This thesis argues that corporate responsibility should be viewed as an integrated system that brings long-term benefits to all the parties, directly or indirectly, involved.

The second chapter brings together discussed elements of CSR and applies them onto the case of selected Hungarian stock exchange listed companies. The key question is whether the Hungarian companies find themselves as foremost promoters of CSR values in the Hungarian market or not. Several concrete case studies in this chapter underline the potential successes and failures of these listed companies and denote the contradiction between promoted values and practical appliance of CSR standards.

Furthermore, the third chapter examines the current progress relating to CSR performance of Macedonian publicly listed companies, particularly exploring the impact of public policies. There are many instances where rules of public policy and legislation are either not satisfactory or not properly enforced. This requires, among others, that stakeholders actively advocate and lobby CSR principles among the governmental institutions and force companies to make positive differences by commitments to long-term sustainable goals in their strategic business plans.

In its fourth chapter, this thesis finally comparatively analyzes where and how CSR practices can be improved, identifies substantially weak areas and suggests recommendations for their improvement.

Because of its focus on CSR, this paper will not cover in-depth the issues of employment laws, environmental protection, responsible investment etc., as they would go beyond the topic chosen and the frame of this thesis.

Chapter 1

Introduction

The objective of this thesis is to foster an in-depth understanding of the role and purpose of Corporate Social Responsibility (CSR) in European transition economy companies, focusing on the experiences of selected, stock exchange listed companies in Hungary and Macedonia. Therefore, the thesis will explore the effects and motivation of the companies to act socially responsible, taking into consideration that CSR does not offer benefits only for the companies involved, rather it also helps the communities and stakeholders by addressing environmental problems and social impediments: by demanding reliable and service oriented work performance and by producing work force satisfaction it may lead to returning consumers, and furthermore provide better accesses to natural resources.

Corporate Social Responsibility incorporates high values and a long-term approach towards sustainable development. It has a profound impact on companies and societies by creating a culture of ethical behaviour and visionary thinking, and suggests a new world economic model based on sustainability.

Understanding that CSR causes sometimes marginal costs in the short run for stock listed companies, due to required non-contributing investments into environment, people and processes, it could, in the long run, potentially increase shareholder value due to its sustainability approach. Exact parameters of this sustainability approach, as well as their financial, social and political influence and performance will have to be evaluated.

With the focus of this thesis on Central and Eastern European countries (CEE), such evaluation will be conducted on the example of selected stock exchange listed companies in Hungary and Macedonia, questioning the standard of establishment of CSR principles due to their relatively new economy and transitioning country status.

Hungary is chosen as a country because of its recent membership in the European Union (EU), with a large shift in business consciousness, and Macedonia because of its application for EU membership, with developing but still insufficiently implemented business policies.

1.1 Structure and Perspective Definition

This thesis consists of four main parts.

The first chapter introduces the reader to the broad context of this work. Corporate Social Responsibility includes more than the mere satisfaction of the shareholders' interests by increasing their return on profit: it also involves the interests of other stakeholders that are directly or indirectly related to the company's environment. Discussed are different theoretical definitions and actors that are involved in CSR's promotion as well as current trends.

The second chapter evolves from the general conceptual analysis of CSR to a concrete country case study. In this chapter, the reader will be guided through the main elements of Hungarian CSR. How do Hungarian publicly listed companies work, what constitutes their main goals and values, what is the level of awareness towards CSR, and public policies that promote the corporate attitude and other elements are covered in this part.

The third chapter emphasizes characteristics of corporate behaviour of Macedonian Stock Exchange listed companies. This chapter provides an overview of main legislations and public policies that directly or indirectly motivate economic actors to perform in a responsible manner, further elaborating the main challenges for CSR promotion. By giving examples from selected listed Macedonian companies, this part thoroughly analyses the present conditions that foster the enforcement of CSR in Macedonia.

Finally, the fourth chapter offers a comparative perspective on the main CSR characteristics as implemented by publicly listed companies in both countries, correlating the main strengths and weaknesses, their stages of development and the value contribution of CSR.

1.2 Hypothesis

My analysis is based on the following three hypotheses:

1. Listed companies in the emerging markets take on a leading role in promoting and enforcing the standards of CSR behaviour because they are the financially strongest entities, tend to have good relations to politics and are the largest employers;
2. Public policies and regulations influence stock exchange listed companies' CSR principles towards other companies, stakeholders and communities, because of their directive character (laws, benefit, penalty etc.) and financial impact (funds, taxes, interest rates, etc.);
3. The stakeholders' engagement is the primary driver to achieving effective corporate progress due to potential sustainable commitment towards the companies' lines of products and services.

1.3 Research Methodology

Methodologically, this thesis is based on two pillars: while pursuing an inductive approach (going from top to bottom), particular aspects are also identified by secondary, empirical research: Starting at a rather narrow base offering the needed definitions and framework for this work, the topic is broadened by delving deeper into the two elements to be discussed – the performance of the listed companies in Hungary and Macedonia.

Both qualitative and quantitative indicators, as primary market research, are applied based on surveys and questionnaires. In addition, secondary market research such as statistics from other studies, tables, graphs etc. are used during the whole research. Journals and media articles are used as supplementary material in this study.

In order to identify the CSR policies of the Publicly Listed Companies in Hungary and Macedonia, four types of questionnaires (→ for details consider appendix) were created:

1. Questionnaire on CSR in Hungary: for Consumers/Customers;
2. Questionnaire on CSR in Macedonia: for Consumers/Customers;
3. Questionnaire on CSR for Hungarian Publicly Listed Companies;
4. Questionnaire on CSR for Macedonian Publicly Listed Companies.

Altogether 190 respondents were surveyed personally, via e-mail and online. Another 39 companies in Hungary and Macedonia were contacted via e-mail and questionnaires were distributed to them. Only 3 companies replied (Mol Plc., Magyar Telekom Plc. and Tutunska Banka AD Skopje). Besides these, a survey of 32 Hungarian companies' on-line annual reports and web-sites was carried out.

In the case of Hungary, the language has been a barrier to some in-depth analyses and information.

Chapter 2

Corporate Social Responsibility: Challenges, Strategies and Acceptance of CSR

When elaborating Corporate Social Responsibility in publicly listed companies in Hungary and Macedonia, it is imperative to separate the main idea of CSR from countries' case studies and to discuss it in its conceptual context. The advantage of such approach benefits the reader by an in-depth understanding of the charged complexity of companies' social responsibility, as well as of the cross-cultural context each country faces separately.

The first main part (2nd chapter) establishes the frame of this thesis by describing, structuring, and analyzing principal concepts that revolve around the term Corporate Social Responsibility.

2.1 The Necessity of CSR in Publicly Listed Companies

The first subchapter gives an introduction to the economic context and functions of CSR with some particular references on the external motives for applying CSR principles in stock exchange listed companies.

2.1.1 Defining CSR - Theoretical Background

The complexity and extensiveness of the term Corporate Social Responsibility provokes a certain deficiency in finding a commonly accepted definition. Further, the vast influence of CSR triggers diversely inclined approaches that disregard commonality and any compliance around shared objectives: According to Marrewijk, "current concepts and definitions are often predisposed towards exact interests." Consequently, the various approaches to CSR result in wide-ranging terms associated with CSR such as: Corporate Citizenship, Corporate Philanthropy, Sustainable Development, Triple Bottom Line, Corporate Social Investment, Corporate Social Policy etc. Publicly listed companies largely use the term "corporate citizenship" as a synonym for CSR.

¹ Marcel Von Marrewijk, "Concepts and Definitions of CSR and Corporate Responsibility: between agency and communion", in *Journal of Business Ethics*, No. 44, Kluwer Academic Publishers, 2003, pp. 96

In particular, CSR definitions can uphold the interests of shareholders, stakeholders or community. For example, the distinguished American economist Milton Friedman, defined social responsibility as a way of increasing company’s profit, evidently placing the interest of the companies on the shareholders capital gains and profit maximization.² Clarkson, on the other hand, considered CSR as a commitment with respect to the needs of the stakeholders.³

Carroll, viewed CSR as management social performance⁴, thus focusing on corporate management strategies as imperative to a company’s social responsibility. Jeroen van der Veer, Committee of Managing Directors of Shell Plc.⁵, emphasizes that the companies with prosperous futures will be those that “integrate business and employees’ personal values”.

Much later, Rawlins, explained that CSR “means that organizations have a responsibility to society”.⁶ He considers that companies are foremost liable to their larger communities. According to Maignan and Ferrell, CSR implies an organization’s social duty.⁷ For example, one of the leading global companies, Microsoft Inc. has the following mission with respect to corporate citizenship “...serving the public good through innovative technologies and partnerships and delivering on our business responsibilities of growth and value to our customers, shareholders and employees”.⁸

A different meaning is expressed by Sahhlin-Anderson, who uses the term, “regulatory framework that places new demand on the corporations”⁹ and identifies CSR with a management trend that sets in motion corporate actors in order to assist and contribute to the state. This implies that companies serve their own purpose and therewith the larger people’s framework (i.e. the state). The duality of approaches was addressed also by Drucker, who claimed that companies have an economic function and as well, encompass a social element.¹⁰

In line with that, the European Union (EU) defines CSR as: “a concept whereby companies integrate social and environmental concerns in their interaction with their stakeholders on a voluntary basis”.¹¹ However, their notion remains that social and environmental responsibility shall be considered a volunteer act.

As a last peculiarity with regard to the theoretical background of CSR, it is important to take into account that CSR incorporates equally business, social and environmental purposes and

2 Milton Friedman, “The social responsibility of businesses is to increase its profits”, in *New York Times Magazine*, September 13th, 1970

3 Max B. E. Clarkson, “A Stakeholder Framework for analyzing and evaluating Corporate Social Performance”, in *The Academy of Management Review*, Vol. 20, No. 1, January 1995, pp. 92-117

4 Archie B. Carroll, “A Three Dimensional Conceptual Model of Corporate Performance”, in *The Academy of Management Review*, Vol. 4, No.4, October 1979, pp. 497-505

5 Found on: www.interpraxis.com, Quotes on a Corporate Social Responsibility

6 Brad I. Rawlins, “Corporate Social Responsibility” in Robert L.Heath (ed.), in *Encyclopaedia of Public Relations*, Vol. 1, Thousand Oaks, CA: Sage Reference, 2005, pp. 211

7 Isabelle Maignan & O. C. Ferrell, “Corporate Social Responsibility and Marketing: An integrative Framework”, in *Journal of the Academy of Marketing Science*, Vol. 32, No. 1, 2004, p. 3-19

8 Found on: www.microsoft.com/mscorp/citizenship

9 Kerstin Sahhlin-Anderson, “Corporate social Responsibility: a trend and a movement, but of what and for what?”, in *Corporate Governance*, Vol. 6, No. 5, Emerald Publishing Limited, 2006, pp. 600

10 Peter F. Drucker, *The future of Industrial Man*, John Day, New York, USA, 1942

11 European Commission, “Promoting a European Framework for Corporate Social Responsibility - Green Paper”, in *EC Publications*, Luxembourg: Office for Official Publication of the European Communities, July 2001, p. 8

contributes likewise to all the beneficiaries included in these areas. The definition given by the Organization for the Economic Development and Cooperation (OECD) is most likely to be allied with the last mentioned approach to CSR. The OECD states that CSR is: “business’s contribution to sustainable development. Consequently, corporate behavior must not only ensure returns to shareholders, wages to employees, and products and services to consumers, but they must respond to societal and environmental concerns and values.”¹² This definition by OECD is a fundamental proposition for this thesis, due to its applicability in both cases of selected, listed companies in Hungary and Macedonia, and it will be referred to in the course of the thesis in several contexts. Stock exchange listed companies in the chosen countries are challenged to adapt long term sustainable approaches, since the inward orientation, such as products and profitability, takes precedence in most cases. Taking the OECD’s definition into consideration, this thesis will evaluate whether listed companies in both countries, although inward bound to their shareholders and employees, are also able to address relevant social and environmental matters.

2. 1. 2 Conceptual Evolution of CSR

While defining the notion of CSR can assist in familiarizing with the central idea of the thesis, furthermore, examining the evolutionary stages of CSR development will help the reader in gaining an understanding of the current level of responsible receptiveness in stock exchange listed companies in the selected transition economies of Hungary and Macedonia. Therefore, the following section offers an overview of the major timelines and events in the historical and economic context of CSR.

- **Foundation of CSR related viewpoints**

Speaking in economic terms, ever since the industrial revolution, economic activities were accompanied by some forms of social benefits. Adam Smith¹³, known as the founder of the free-market and neo-liberal political economy, stated that if individuals have chances to pursue their own interests, they will in addition produce social and economic good. If we would to relate Smith’s finding in the case of listed companies, it would mean that as long as companies were engaged in activities/services that are promoting their own benefits, they would contribute to social and economic prosperity. Smith says that economic actors, given their freedom to conduct their own economic gains, unintentionally create a self-regulated system and social order, known as the “invisible hand”. Most likely, it was indispensable to explain the economic order in the beginning of the 18th century, as an “unintentional self-regulated system”, but the requirements of the 21st century are far above these. For example, the academic debate on CSR suggests that companies “intentionally” contribute to regulate the social, economic and environmental system. If we take in consideration our leading postulate, the OECD definition, which explained that corporate behavior means that companies direct their actions in line with the social and environmental concerns and values, then the main assumption would be that companies must respond to the larger external problems and thus, deliberately create a sus-

12 OECD, “Corporate Social Responsibility: Partners for progress”, in *OECD Publications*, Paris, France, 2001, pp.

13

13 Adam Smith lived in Scotland from 1723-1790. He devoted much of his study to moral philosophy and promoted economic liberty. His most influential work was “Wealth of Nations”, published in 1776.

tainable and regulated system.

Furthermore, Smith’s theory contributes to this thesis with his clear statement on the opposition to monopolistic high pricing. For instance, some selected, stock exchange listed companies in Hungary and Macedonia¹⁴ tend to keep their dominant position on the market, maintaining high prices and setting the rules for competitors, due to their significance and financial strength on a national level.

Although Smith elaborated mainly on the “capitalistic free-market”¹⁵, where self-interest promotes public wellbeing, yet his ideas were further expanded as leading doctrines for the industrial revolution. For example, nowadays, the “invisible hand” explanations serve to explain many issues ranging from technological progress to ecological degradation.¹⁶ What is more, they build the basis for new evolutionary CSR theories in the 20th century. The conventional theory of CSR, for instance, claims that companies have an independent economic interest with principal aim of making profits.¹⁷

Roughly a century after Smith set down his ideas, in 1844, the cooperative movement began. The first successful retail co-operative society, Rochdale Equitable Pioneering Society¹⁸, was formed in England.¹⁹ The Rochdale cooperative was a group of traders who gathered and opened stores for food which they could previously not afford individually. They formulated “Rules and Statements”, which incorporates many of today’s well known CSR principles, thus setting up the foundation for future retail cooperatives. The First Statement by the Rochdale Equitable Pioneering Society affirms that “society can determine to employ members that may be without employment or may suffer continuously of repeated reduction in their wages or purchase estate that shall be cultivated by those that do not have a work”.²⁰ Another main principle is fair distribution of profits in proportion to sales. Altogether, the Rochdale cooperative gave rise to many other socially responsible cooperatives, generating an example of an organization with value based principles and equally fair conduct.

- **Later movements and viewpoints up to presence**

The illustration of the first cooperative contributes to a great extent to the further findings of this research, because it elucidates that fair and ethical standards are the basis for formation of a trustworthy business entity. Listed companies, particularly in Hungary and Macedonia, require centering their CSR strategies on ethical principles that go beyond the policies of satisfying shareholders’ interests, and foster a consistent, sustainable and loyal environment.

After the cooperative movement, during the 19th and 20th century, many large corporations have been established due to the formation of capital markets. The work of the stock exchanges became prevalent, hence allowing listed companies to enlarge their activities on a multina-

14 For example, MOL Plc. in Hungary

15 “Wealth of Nations” (1776) and “An Inquiry into the Nature and causes of the Wealth of Nations” (1776)

16 Helen Joyce, “Adam Smith and the Invisible Hand”, in *Plus Magazine*, Issue 14, March 2001

17 Zhang Shi Yuan and Li Dan Ning, “Reflections on some basic theories on Corporate social Responsibility” found on www.nuigalway.ie/sites/eu-china-humanrights/seminars

18 The Rochdale Equitable Pioneering Society was the first successful cooperative enterprise formed in England by 28 members

19 Stephen Youd-Thomas, “Back to its roots: CSR and the co-operative movement”, in *Consumer Policy Review*, Vol. 15, No. 2, Mar/Apr 2005, pp. 52

20 History of Rochdale Cooperative, taken from Laurel House Cooperative at: www.uts.cc.utexas.edu/laurel

tional level.

Looking particularly at the 20th century, the 1950s were characterized by social adjustments with the mass impact of media, education etc. In 1953, the term “social responsibility” was introduced for first time by a renowned American economist, Howard R. Bowen. His book “The Social Responsibility of the Businessmen”, written in 1953, revolutionized the conventional idea on the relationship between corporations and society. Considered to be first pioneering book on the subject of CSR, Bowen broadened the concept of CSR, implying that companies have particular responsibilities to society that are beyond their legal duties. According to him, CSR refers “to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”.²¹ Writing on the subject of CSR in the 1950s, “Bowen’s book provided the intellectual springboard to reflect on the rapidly changing social environment during the ensuing two decades”.²²

The 1960s/1970s, called a “decade of change”, were marked by the advancement of science, technology and acceptance of the liberal thoughts. Consequently, civil rights movements, women groups, awareness for consumer rights protection etc. boasted fundamental adjustments in societies. Since eroding relationship between the companies and public became more obvious, the public pressure triggered corporate executives to defend their companies by giving more attention to CSR in the corporate strategies.²³ Therefore, this decade had profound impact on the perception of the role of the listed companies in the society, bringing moreover alignment between their main goals and their core values. Additionally, many articles and book on CSR were written and published in this time.

Nevertheless, the widespread of corporate social principles caused confronting views over the past century, giving rise to controversies over the validity and legitimacy of CSR. For instance, Milton Friedman²⁴ provoked large debate by publishing his well-known publication “The social responsibility of business is to increase its profit”²⁵ in which he states that only individuals can be responsible to society, but not the corporations, because social responsibility would occur at the expense of the owners and employers whose only desire is to increase its profit. He elaborates that no stockholder will hire a corporate businessman whose “actions in the name of social responsibility, have reduced the corporations profit and the price of its stock”.²⁶ At the end of his publication, Friedman argues that as long as companies are involved in the free market in an honest way, their social responsibility is to pursue the goals of the corporations and maximize their wealth.²⁷ If Friedman’s statement is to be related to the Bowen’s assumption of social responsibility of the corporations, that is closely aligned to the leading postulation of this thesis, which affirms that CSR is company’s contribution to sustainable development, then obvious contradictions are to be founded. This thesis’ leading propo-

21 Howard R. Bowen, *Social Responsibility of the Businessmen*, New York: Harper, 1953, p. 6

22 Min-Dong Paul Lee, “The Conceptual Evolution of Corporate Social Responsibility“, 2006, pp. 10, found on www.mindongleegoogepages.com

23 Min-Dong Paul Lee, “The Conceptual Evolution...”, *op.cit.*, pp. 10

24 Milton Friedman lived from 1912-2006. In 1976, he won the Nobel Prize in Economics

25 Milton Friedman, “The social responsibility...”, *op.cit.*, pp. 1-14

26 Milton Friedman, “The social responsibility...”, *op.cit.*, pp. 1-14

27 Milton Friedman, “The social responsibility...”, *op.cit.*, pp. 1-14

sition aims to determine the scope of corporate action of the listed companies in Hungary and Macedonia, thus evaluating whether companies’ aims are beyond profit and whether they encompass higher sustainable goals. Corporate responsible strategies of the stock exchange listed companies in these countries could aspire for financial gains, yet keep in mind that their long-term results may be aligned with certain social and environmental requirements.

Therefore, the classical economic argument anticipated by Friedman, is limited in regard to defining the extent of actions of the publicly listed companies, since it narrows the focus only on shareholders interest without compromising the stockholders perspectives.

Another academic view is postulated by Peter Drucker, one of the most eminent management authors. Working with many large corporations such as General Motors, General Electric and The Coca-Cola Company, he considers that the main focus of companies should be the customers’ interests: “A company’s primary responsibility is to serve its customers, to provide the goods or services for which the company exists to produce. Profit is not the primary goal but rather an essential condition for the company’s continued existence.”²⁸ Drucker’s point of view is unlike Friedman’s because customers, and therewith the group of stakeholders, take dominance, rather than the group of shareholders. Many stock exchange listed companies, especially in CEE transition companies, take as a postulate Drucker’s idea, but not as a CSR strategy, rather as a marketing approach.²⁹ These observations will be observed and revisited in the course of the following chapters.

During the 1970s/1980s, the OECD and the United Nations Centre on Transnational Corporations (UNCTC) established the Codes of Conduct for Corporate Behavior. A remarkable advancement in regulating CSR was made with the OECD Declaration on International Investment and Multinational Enterprises (1976, revised in 2000), enforcing “a comprehensive and balanced approach for governments’ fair treatment of foreign direct investments and for corporate responsibility”³⁰, and resulting in “Guidelines for Multinational Enterprises (MNEs)”, which represent a benchmark for corporate responsible conduct for multinational enterprises with the aim of building an atmosphere of trust between businesses, labor and governments. The Guidelines are voluntary principles on environmental, social and anti-corruption issues especially developed to promote the corporate accountability of the MNE from the OECD Countries.³¹ With regard to the fact that Hungary is a member of the OECD since 1996, these guidelines could provide liable direction for the listed companies in this country. Chapter 3 on page 233 will furthermore elaborate on the issue of whether or not OECD Guidelines on MNE are adequately in use and implemented from the Hungarian listed companies.

Likewise, during the same time, the UNCTC developed regulations for Transnational Corporations (TNCs), aiming at monitoring the activities and the performance of the TNCs, especially in the developing countries.³²

In 1992, the First International Earth Summit in Rio de Janeiro, in which topics of environ-

28 Peter Drucker, *The practice of Management*, Harper Collins Publishers Inc., New York, USA, 1993, pp. 12

29 Compare: Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, Budapest, 2007 and UNDP, “Baseline Study on Corporate Social Responsibility in FYR Macedonia”, Skopje, Macedonia, 2007

30 OECD, “OECD Guidelines for Multinational Enterprises”, *Annual Report 2002*, OECD Publications, Paris, France, 2002, pp. 42

31 As explained in OECD Guidelines for Multinational Enterprises

32 Kerstin Sahhlin-Anderson, “Corporate social Responsibility: a trend...”, *op.cit.*, pp. 597

mental and sustainable development were discussed, brought new impetus to the CSR movement.³³ As a result, the Rio Declaration on Environment and Development was signed and the Agenda 21 was adopted as a plan of action for the 21st century regarding the attainment of sustainable development. Particularly, chapter 30 of Agenda 21 refers to the role of the business entities in promotion of cleaner environment and responsible entrepreneurship. Sub-chapter 2 of the same chapter 30 clearly indicates that “through more efficient production processes, preventive strategies, cleaner production technologies and procedures throughout the product life cycle, hence minimizing or avoiding wastes, the policies and operations of business and industry, including transnational corporations, can play a major role in reducing impacts on resource use and the environment.”³⁴ Accordingly, if publicly listed companies acted in agreement with the blueprints outlined in Agenda 21, they would contribute consistently to sustainable development, as mentioned in this thesis’ leading definition.

Following the Rio Summit, the World Business Council for Sustainable Development (WBCSD) was formed as an alliance of companies that are concerned with the business contribution to sustainable development. The WBCSD takes active role in promoting the role of the businesses in society and in assisting the enterprises in the developing countries through capacity building activities, advancing stakeholders’ dialogue, and through other projects aiming at developing sustainable approaches to emerging issues. Since 2005, a local unit of the WBCSD operates in Hungary.

Later, in 2002, and following heated discussions, the World Summit of the Sustainable Development (Earth Summit) in Johannesburg, South Africa, advanced the theme of corporate accountability. It resulted in the formation of new partnerships and associations between companies and other organizations such as the Global Network on Energy for Sustainable Development (GNESD), which is network of international organizations, governments and financial institutions of 10 different countries aiming at promoting energy sustainability in developing countries³⁵, Partnership for Clear Indoor Air (PCIA) composed of governmental and non-governmental organizations and addressing the issues of environmental risk by burning fuels and cool in developing countries, Partnership for Clean Fuels and Vehicles (PCFV) aiming at promoting sustainability in transportation sector etc.

In between, many professional advisory companies such as: PricewaterhouseCoopers (PwC), KPMG, McKinsey & Company, Ernst & Young etc., continued to invigorate companies with importance of CSR, by providing consulting services to other companies in the area of CSR and sustainability and by their public statements of the firms’ values and community involvement.

- **The European Approach to CSR**

Among the first European countries that had a foremost role in promoting CSR on EU level had been Denmark and the UK. In 1994, the Danish government launched a campaign for raising the awareness of CSR and in 1998, the efforts of the government resulted in the establish-

³³ United Nations Conference on Earth and Development (UNCED), held in Rio de Janeiro, Brazil, from 3rd -14th of June, 1992. The principal topics were Environment and Sustainable Development. 172 Governments participated in this Summit.

³⁴ Agenda 21, Chapter 30, Subchapter 2, founded on www.un.org

³⁵ More references to be find on www.unep.org

ment of the Copenhagen Centre for CSR³⁶, which operated as an independent policy research organization, reflecting the increasing CSR initiatives in Denmark. In 2000, the UK government appointed the world’s first Minister for CSR, thus actively recognizing the significance of CSR.

One of the most relevant historical developments in the European approach to CSR was the Lisbon Summit of the European Union in March 2000.³⁷ At this Summit, the European Council made a plea for CSR for first time and one of the agreed strategic goals was that the EU shall become a most competitive knowledge based economy by 2010, fostering sustainable development and offering better jobs and social cohesion. “Following the Lisbon Summit, at the European Council in Feira in June 2000, the appeal to business was reiterated and the initiation of a process to establish a network for a European dialogue on encouraging companies’ corporate sense of social responsibility was eagerly accepted.”³⁸

In July 2001, the European Commission published a Green Paper entitled “Promoting a European Framework for the Corporate Social Responsibility”, with the intention to boost responsiveness for CSR in the member states and to identify possible approaches in defining a European Action Framework for CSR. In the paper, the role of the EU in promoting CSR, the need for incorporating environmental, social and economic features to business processes, consistent actions to support CSR’s progress, the role of the stakeholders etc.³⁹, are clarified. In this way, the Green Paper “gives a regulative, political framework for an ethically driven economy, which goes beyond the logic of the social market economy”.⁴⁰ The relevance of the Green Paper for the listed companies in new member states (such as Hungary) and other states that are on the threshold of entrance to the EU (such as Macedonia), is a topic that needs to be discussed separately. However, what is important for this research is that this document certainly enhanced an active discussion on CSR principles among European governments, companies and other organizations, and has elaborated all internal and external CSR dimensions, that strongly affect companies’ value-added impact on society.

Soon after the release of the Green Paper, in 2002, a second communication, called “The Social Responsibility of Businesses: A Contribution of Businesses to Sustainable Development”, was published by the European Commission⁴¹, thus providing additional guidance on integration of CSR in EU policy.

As an initiative of the European Commission, on the 16th of October 2002, the European Multi-Stakeholder Forum was formed, by bringing together many NGOs, business networks and other organizations and therefore advancing CSR principles. “This forum has the aim of promoting transparency and convergence of all CSR practices and tools (ethical codes, audit

36 Since 1st of June, 2007, the Copenhagen Centre was closed and the activities have been transferred to the Danish Centre for CSR at the Danish Commerce and Companies Agency

37 The Lisbon Summit of the European Union was held on 23-24th of March, 2000, in Lisbon

38 OECD, “Corporate Social Responsibility...”, *op.cit.*, pp. 19

39 The document can be found on the web-site of the EU, in the section of Documents, www.europa.eu/documents/comm/green_papers

40 Laszlo Zsolnai, “Competitiveness and Corporate Social Responsibility”, *CSR Paper 2*, Fondazione Eni Enrico Mattei, December 2006, p. 2

41 The development of the EU Policy for CSR is explained in the article of Laurence Eberhard- Harribey: Corporate Social Responsibility as a new paradigm in the European policy: how CSR comes to legitimate the European regulation process, *Corporate Governance journal*, Vol. 6, No. 4, 2006, pp. 358-368

systems, labels, participation schemes, etc.).”⁴² The European Multi-Stakeholder Forum is playing vital role in enhancing the cooperation between various stakeholders and business organizations in Europe and in expanding the level of CSR initiatives.

2005 was declared as a European CSR year. In 2006, the second EU Alliance on CSR was held, promoting the stakeholders’ dialogue. By now, many publicly listed companies in European countries have implemented the EU policy’s strategies on CSR in their organizational vision and mission statements. On the other hand, the accomplishments achieved by stock exchange companies in CEE countries in implementing CSR as one of core companies’ strategies are quite opposite to this, thus demonstrating the lack of sufficient effort and will in modifying present mind-sets and of accepting new models based on sustainable long-term goals.

- **Establishment of CSR in Listed Companies in CEE Transition Countries**

The political conditions and the socio-economic changes are of most relevant importance for understanding the development in corporate patterns of listed companies in CEE. For instance, the absence of a strong civil society in the transition countries of CEE, the centralized role of the government, the loss of traditional markets and the challenges arising from the transition to market economy, created continuing barriers for the swift pace of CSR growth.

In line with that, Jamili and Mirshak, observe that “while increased attention has been accorded in recent years to CSR, as a postulate for ethical and responsible behavior in business, very little is known of the practice of CSR in the developing countries.”⁴³ There is lack of a CSR related research in the transition countries, as well as, a lack of available information on the part of the publicly listed companies.

The “desire to keep the annual report brief and a degree of secrecy about the company’s activities”⁴⁴ have been determined as one of the reasons that impact negatively on CSR developments in the transition countries. This is, for instance, a common problem in both selected case countries, Hungary and Macedonia.

According to the political economy accounting theory (PET), which focuses on the disclosure of the corporate and accounting reports, “an absence of CSR or non-disclosure [...] is a result from the influence of powerful groups in society, including management and financial stakeholders, deliberately silencing, suppressing and confusing the issues in order to ensure the status quo”.⁴⁵ For example, listed companies in CEE transition countries (including Hungary and Macedonia) faced extreme challenges with the privatization processes, in some case accompanied by corruption practices and insider deals. The management structure of the companies remained unchanged, and belonging to the powerful group of decision makers in the societies, it oftentimes directed no changes towards new responsible attitudes. Also, most privatization deals disregarded the possibility of offerings and sales via stock exchanges, thus contributing negatively to the development of transparent capital markets. More on these issues is elaborated in Chapter 3 on page 233 and Chapter 4 on page 259, discussing CSR im-

42 Laszlo Zsolnai, “Competitiveness and...”, *op.cit.*, p. 3

43 Dima Jamali and Ramez Mirshak, “Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context”, in *Journal of Business Ethics*, No. 72, 2007, pp. 244

44 Ataur Rahman Belal & Stuart Cooper, “Absence of Corporate Social Reporting in Bangladesh: A research note”, Aston Business School, Research Workshop at Aston Business School, 11th of April, 2007, pp. 11, found on <http://www.st-andrews.ac.uk/management/ecas/7/papers/ECAS-Belal.pdf>

45 Ataur Rahman Belal & Stuart Cooper, “Absence of Corporate ...”, *op.cit.*, p. 9

pediments in Hungary and Macedonia.

The lack of appropriate regulations is considered another reason for the slow rise of CSR. Implementing Western European CSR standards to CEE is not a most favorable solution. Countries in the emerging markets such as CEE's firms, should set up standards by themselves that are attainable and that could be easily implemented, considering the diverse cultural and social environment.

Altogether, the evolution of CSR was certainly not an easy process since it required changes in companies' conceptual framework aligning furthermore their conceptual goals to a new frame consistent to responsible behavior.

2. 1. 3 External Motives for Applying CSR Standards in Stock Exchange Companies in Hungary and Macedonia

As we could see from the present section, the CSR's developments in Western Europe took faster pace than the acceptance of CSR in CEE. However, these countries have also committed themselves to a pace of growth which certainly includes transition from old to new forms of corporate performance. For this reason, the following section will explore some of the external features that influence on the shift in CSR acceptance in CEE's companies.

Besides the obstacles on a governmental and company level to accept and apply thoroughly CSR principles in company's current working performance, stock exchange listed companies in selected CEE countries, Hungary and Macedonia, are increasingly forced to acknowledge the need of responsible actions, as following few factors will show:

- **European Integration processes**

The European Integration processes, especially the European Single Market, are motivating forces behind the changing patterns in business activities in the enlarged EU. Mutual recognition of the EU principles from the Member States and the compliance to the European Single Market framework, are indispensable for a proper functioning of business activities in the EU Market.

Free movement of capital and financial services are especially important for stock exchange listed companies since it allows many cross-border highly profitable investments like Greenfield investments, joint ventures, mergers, acquisition of shares in other companies, purchase of bonds and other valuable papers etc. On the other side, it requires a strict regulatory environment where both financial and responsible performance would be equally esteemed.

Therefore, the European Commission strives to strengthen the rules of Corporate Governance, Taxation Law, Company Law, Accounting and Auditing Standards, in order to create a transparent system in which the rights of investors, customers and employees would be equally protected. The application of EU legislative in the selected transition countries is of utmost importance for this thesis because public policies tend to influence on stock exchange companies CSR's principles towards other companies and therefore they are going to be largely discussed in the following chapters.

Hungary joined the EU in 2004, and Macedonia's application for EU membership was accepted in 2005. In both countries, harmonization of the national laws with EU laws is an ongoing process.

- **Technological Progress**

Another important force behind increased demand of applying CSR's standards in stock exchange listed companies in Hungary and Macedonia is technological progress.

Innovation and creation of new products and services automatically creates new demand and new labor displacement because "technological change is at the heart of the process of economic growth and economic development"⁴⁶ and it brings social changes. In the same way, Drucker points out that "wherever technology moves, it has an impact on the position of women in society, on work and the worker, on education and social mobility."⁴⁷ Consequently, technological progress generates new standards of social acceptance and new, greater requirements for social responsibility from the companies. In the case of Hungary, for example, Magyar Telekom's dominance on the market, as one of the largest and financially strongest listed companies, is dependent on constant technological improvements, but as well as, on continuous advance in its sustainable CSR strategy.

It follows that technological improvements by themselves can not suffice or sustain in the long run company's successful performance, if not combined with progress in the quality of services to customers, quality of products, efficient and enhanced policies for protection of consumers' rights, equality in treatment of employees etc.

This relates to the point that if CSR policy is not sufficiently taken into consideration and if not approached responsibly, then new technologies can open new ways of company's mismanagement and mistreatment of customers', employees' or shareholders' rights. Abuse of the private policies on internet, done by many publicly listed companies, is one of the many examples.

- **World Trade Liberalization**

Trade liberalization has created a self-regulatory need for ethical performance in commerce. The General Agreement on Tariffs and Trade (GATT) in 1948, succeeded by the World Trade Organization (WTO) in 1995, has contributed exceptionally to high standards in international trade performance. The role of GATT and WTO is to liberalize and internationalize trade among world's countries, therefore promoting long-term relationships between traders, consumers and producers. Some of the well-known WTO principles that directly relate to CSR standards are: equal treatment of the parties involved in trade activities, obtaining transparency in trade, encouraging trade competition etc.⁴⁸ These principles have also exercised their effects on the business discourse in CEE transitions countries. As acknowledged, Hungary is member of the WTO since 1995, and Macedonia since 2003. Their membership has enlarged their trade with other member states and has especially increased the trade activities of the large companies listed on their stock exchanges. For example, Alkaloid Skopje, which is the largest joint stock pharmaceutical company in Macedonia, since 2002 has been listed on the official Macedonian stock exchange and its sales have been multiplied by the same time, thus establishing presence in around 30 world markets. The Macedonian membership in WTO has direct influence on the successful trade performance of this company.

⁴⁶ As Peter Dicken explains in his book "Global Shift: Transforming the world economy", 3rd Edition, The Guilford Press, New York, 1998, pp. 145

⁴⁷ Peter Drucker, *Technology, Management and Society*, Cox & Wyman Ltd, London, UK, 1970, pp. 73

⁴⁸ Found on the official site of the World Trade Organization: www.wto.org

Moreover, other noteworthy organizations that were established with support of the EU, such as the European Free Trade Association in 1960⁴⁹, the European Fair Trade Association (EFTA) in 1990⁵⁰ and the Fairtrade Labeling Organization International in 2001, uphold fair and equitable principles in trade relations, advancing the spirit of cooperation and trust among trade companies and promoting economic integration.

- **Creation of New Capital Markets and New Stock Exchange Requirements**

Finally, one of the major forces for applying CSR standards in the stock exchange listed companies in Hungary and Macedonia is the formation of new capital markets as well as the increased role and advanced requirements by the stock exchanges. Considering the fact that stock exchanges in CEE have relatively new active role in strengthening the domestic market capitalizations and maintaining the interests of the investors, it is obvious that only application and effectiveness of their governing and financial regulations would have power to secure high returns in their capital markets and, at the same time, to protect the interest of all shareholders. However, these regulations have mostly recent establishments and still need to exercise their authority and practical effect.

For example, listed companies in Hungary adopted the Budapest Stock Exchange’s Corporate Governance (CG) Regulations in 2004. The CG Manual for Publicly Listed Companies on the Macedonian Stock Exchange was published only in 2007. Publicly listed companies in both countries are confronted with relatively new regulations and new responsible tasks that need to be integrated in their companies’ structures in order to be able to produce adequate positive changes.

Overall, the above discussed conditions such as European integration processes, technological progress, world trade liberalization, and new capital markets and stock exchange requirements, have pressed the urgency in the stock-exchange listed companies in the selected transition countries, to adopt more rapidly CSR principles and to move beyond their zone of conformity, which means beyond their old models of short-term and inattentive objectives. However, actual shift to new CSR models requires more than an influence of various external factors on companies’ performance; it necessitates also internal company’s refocus on several other important elements. These elements will be studied in-depth one by one in the next section entitled as Core CSR dimensions.

2.2 Core CSR dimensions in Publicly Listed Companies

In order to understand the challenges and approaches in accepting CSR in stock exchange listed companies in Hungary and Macedonia, in addition to the previously discussed issues of evolutionary stages of CSR development and external factors for CSR application, this thesis furthermore analyzes main dimensions or stakeholders that impact publicly listed companies’

49 Member countries of the European Free Trade Organization are: Iceland, Lichtenstein, Norway and Switzerland

50 The European Fair Trade Organization was established informally in 1987, but it gained formal status in 1990. Nine European countries are participating in it: the UK, Netherlands, Germany, Spain, Austria, Belgium, France, Switzerland and Italy.

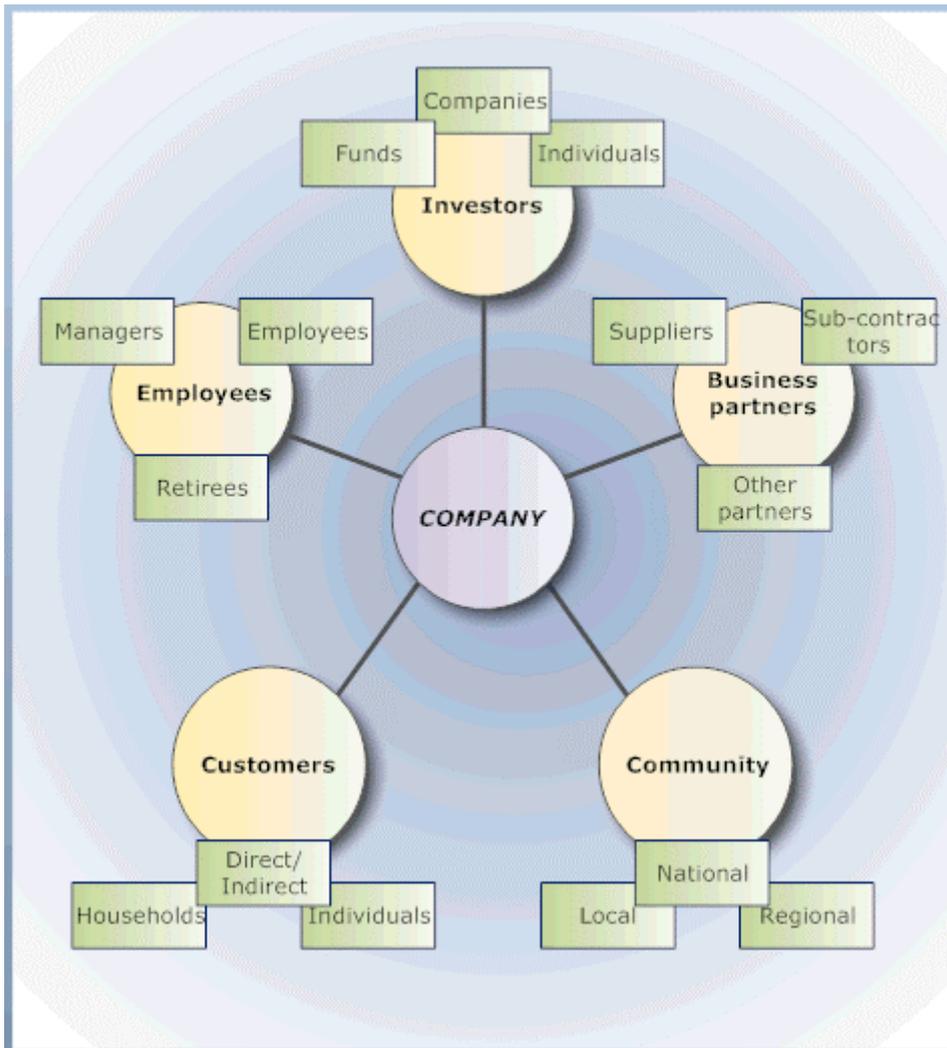


Figure 1. Main Dimensions and Elements of Stock Exchange Listed Companies
(Own adaptation; Compare: Marcello Palazzo and George Starcher, *CSR and Business Success*, revised ed. 2006, European Baha'i Business Forum, Paris, France 2006, p. 9)

performance. The thesis leading definition already mentions some of these dimensions: "... corporate behavior must not only ensure returns to *shareholders*, wages to *employees*, and products and services to *consumers*, but they must respond to societal and environmental concerns and values."⁵¹

As we can see, this definition concentrates on three important elements: shareholders, employees and consumers; however, there are two other elements, *business partners* and *communities*, that are also fundamentally important in respect to the stock exchange listed company's CSR.

Figure 1 illustrates the five dimensions/stakeholders, whose influence is equally significant

⁵¹ OECD, "Corporate Social Responsibility...", *op.cit.*, pp. 13

in defining and upholding CSR policy in the stock exchange listed companies:

1. *Customers*: individuals or households that purchase, on direct or indirect way, products or services from the companies;
2. *Employees*: companies’ managers, its employees (part-time or full-time), retirees, other working staff;
3. *Business partners*: suppliers, joint ventures partners, merging partners, alliances and other sub-contractors;
4. *Communities*: local, regional or national community;
5. *Investors*: companies, individuals or funds (pension funds, mutual funds, hedge funds etc).

Proper management of and attention to these five elements can boost the success of each company. In addition, the following paragraphs will describe in detail the importance of each of these elements with respect to CSR.

2. 2. 1 *Customers/Consumers*

The customers/consumers are the company’s most important stakeholders and should therefore occupy a central attention because customers’ satisfaction can improve not only loyalty towards the company, but can also elevate a company’s positive image and can consequently attract new investors. Those companies that are successful are the ones that have established high quality relationships with their customers. For this reason, it is also very important to develop and maintain high qualitative standards for products and services in order to sustain customers’ satisfaction.

Armand V. Feigenbaum, who invented the concept of Total Quality Control (TQC), suggests that improvement in the quality of services and products leads inevitably to improvement in the company’s organizational management and to some cost advantages because of the competitive benefits.⁵² He also states that companies must analyze their quality-working processes from customers’ perspective, posing therewith the following questions: “How many CEO’s still meet their customers in person? Have top managers visited the customers in the last quarter? The answer is a key indicator of their quality leadership.”⁵³ It means that managers who take in consideration customers’ opinion and provide best conditions for integration of their interests into company’s strategic performance, have higher probability to be successful on a long run.

Some of the above defined concepts of TQC will be implemented in the course of this research and evaluated practically in the case studies of selected stock exchange listed companies in Hungary and Macedonia, thus conveying some concrete results in regard to the inclusion of customers’ perspective/satisfaction into companies’ operations.

⁵² McKinsey & Company, *Managing for Quality: An interview with Armand V. Feigenbaum*, in *The McKinsey Quarterly*, September 2007

⁵³ McKinsey & Company, *Managing for Quality: An interview...*, *op.cit.*

2.2.2 Employees

Employees represent the second important group of stakeholders. In “Built to Last: Successful Habits of Visionary Companies”, Collins and Porras (2000), make the following assumption about the attitude of employees in successful companies: “In the old economy our parents went to work not because of work, but because of the pay. In the new economy, we sought to go to work not because of the pay, but because of the work.”⁵⁴ Accordingly, employees that are committed to company’s shared values can further contribute to the realisation of company goals & vision and can heighten the company’s turnover. For this reason, human resource policies, fair wages and health and safety benefits are essentials in creating motivated employees. Also, worker participation and incorporating the views of employees in the decision making process, are among the main incentives for employees’ satisfaction.

In Hungary and Macedonia, as in many other countries, publicly listed companies represent one of the largest employers in the country. Considering the fact that the average employee spends most of his time at work, it is crucial that his values are consistent with those of the company where he works. Therefore, it is advisable that companies’ policies are aligned towards preserving the employees’ right, consist of value-added principles and promote employees’ interests in terms of further carrier development, social benefits, additional reward benefits etc.

2.2.3 Investors and Shareholders

Investors and shareholders are considered as a third vital element influencing on companies’ CSR. Arthur D Little, states that “traditionally, investors have been portrayed as having little interest in the non-financial aspects of business management. Today, the investment communities are more likely to regard Corporate Responsibility as a proxy of the “quality of management” of a company and as evidence of the link between good corporate citizenship and good financial performance mounts, few investors can afford to ignore this aspect of business behavior”.⁵⁵ It means that investors and shareholders are increasingly considering CSR activities of the companies, therefore if publicly listed companies yearn for gaining an access to capital, meaning attracting shareholders, they would have to establish and preserve long-term sustainable CSR policies.

In line with this, Collins and Porras (2000)⁵⁶ affirm that visionary and successful companies take the pursuit of profit as one of the many objectives, not necessarily primary one because they are equally guided by other core-added values and purposes. Their assumptions explain and confirm that companies that are profitable on a long-run and that appeal to influential investors are the ones that take consideration on ethical and sustainable values.

⁵⁴ James C. Collins and Jerry I. Porras, *Built to last: Successful Habits of Visionary Companies*, James C. Collins and Jerry I. Porras (eds.), Random House Business Books, London, UK, 2000, pp. 248

⁵⁵ Arthur D. Little, “The Business Case for Corporate Social responsibility”, *Business in the Community*, 2003, p. 8, found on www.bitc.org.uk

⁵⁶ James C. Collins and Jerry I. Porras, *op.cit.*, pp. 76

2. 2. 4 Business Partners (Suppliers and Subcontractors)

Without contracting business partners to the same, elaborated standard of CSR policies, stock exchange companies in Hungary and Macedonia can not retain consistent and successful market achievements. Partnerships with suppliers/subcontractors in mutually agreed CSR policies/standards can create a competitive advantage for the company. Purchasing and supplier policies of the companies based on accepted Codes of Conduct or Codes of Ethics are the bedrock for successful long-term partnerships or alliances. As well as, mutually accepted CSR principles can create reliability, loyalty and trust between the parties involved. Therefore, selecting and retaining partnership with equally responsible subcontractors is fundamental prerequisite for successful CSR policy.

Additionally, it is imperative that a company’s policy clearly states and rejects cooperation with suppliers or sub-contractors that exploit labour force, use products that cause environmental damages or other supplementary actions that are defined as irresponsible and detrimental.

2. 2. 5 Communities (Local, Regional & National)

Local, regional and national communities are considered as the fifth important stakeholder; accordingly active involvement and contribution to communities, leads to additional support and consistence with companies’ CSR policies.

Generally, publicly listed companies are seen as major actors in creating healthy community life because they provide products and services that community needs and also they make valuable contributions through their social investments. Their active participation and improvement of community life must be a vital part of companies’ CSR strategies. This is the so-called corporate community involvement implying creation of jobs with fair wages and equal opportunities, offering charitable donations, support and involvement into social and educational events in the communities, networking with municipalities, non-governmental organisations, educational organisations, partnership with other local or regional businesses etc. In such involvement, a constructive and continuous dialogue with stakeholders is imperative in order to secure balanced and continuous community development.

In terms of the social community participation of the Hungarian and Macedonian stock exchange listed companies, the dominant forms are sponsorships and charity. For instance, the largest Hungarian Oil Company MOL Plc. supports local community activities mainly through a sponsorship strategy concentrating on sports, children, talents, health and environment. As well as, Tutunska Banka AD Skopje, which is one of the leading banks in Macedonia, mainly focuses on sponsorships as a way of community involvement and support.⁵⁷ Herewith, this part of the thesis does not attempt to offer a conclusion or concrete results about the dominant forms of community involvement among publicly listed companies Hungary and Macedonia, since the main characteristics of community participations and the interaction between companies and stakeholders will be in details explored in the upcoming chapters.

On the whole, intensifying the relationship with all five dimensions/elements can increase the support that each of these groups has for the company. Therefore, the relationship with

⁵⁷ As answered in the survey made with the Head of the Business Planning and Control in Tutunska Banka AD Skopje

the stakeholders has foremost importance in companies' success. Managing the responsibilities to these five groups requires consideration and awareness of their needs/concerns and steady communication. Consequently, "an increasingly common response by companies to the concerns of their stakeholders is to publish their information on their social and environmental performance"⁵⁸, thus showing their commitment to meet the values of sustainable development.

In order to understand the context and aim of company's public reports, the next section will provide an in depth analyses of the requirements for accountability and reporting standards for stock exchange listed companies.

2.3 Accountability and Reporting Standards of the Stock Exchange Listed Companies with Respect to CSR

Finally, a foremost duty of the Hungarian and Macedonian listed companies, as well as all other companies, is to be accountable to their stakeholders for their financial, social, environmental and ethical performance. For this reason many international organizations, such as the International Labor Organization (ILO), the International Standardization Organization (ISO), the United Nations Global Compact (UNGC), the Global Reporting Initiative (GRI), the Social Accountability International etc., are attempting to implement standards for accountability and reporting in both countries with aim of developing measurable variables as indicators for CSR performance. The most known standards with reference to CSR are: ISO14001, published in 1996, representing voluntary standards for the environmental policies of the companies; SA8000 or Social Accountability Standards, launched in 1998 by Social Accountability International (SAI), referring to the work environments; AA1000 or AccountAbility1000, inaugurated in 2003, an assurance standard to auditing and public reporting that for instance has been promoted in Hungary since 2006 by Braun & Partners; EMAS or Eco-Management and Audit Scheme is an EU developed tool for evaluation of the environmental performances of the companies.

Most of these standards, promoted by the above mentioned organizations, have their basis in the approach elaborated by John Elkington in 1998, called "Triple Bottom Line" (TBL). The "Triple Bottom Line" is a term that applies to three criteria of measuring companies' performance: economic, environmental and social performance, and therewith refers to three "P", which are People, Planet and Profit. The following chart visually depicts the TBL in its relation to the company.

As we can see in Figure 2 on page 231, the process of TBL in-placement includes the above mentioned three dimensions of performance: "an economic dimension that shows how a company generates wealth; an environmental dimension that shows how a company incorporates new environmental technologies and efficiencies, while managing the impact of its products and services on the environment; and a social dimension that provides information on a com-

⁵⁸ Arthur D. Little, *op.cit.*, p. 3

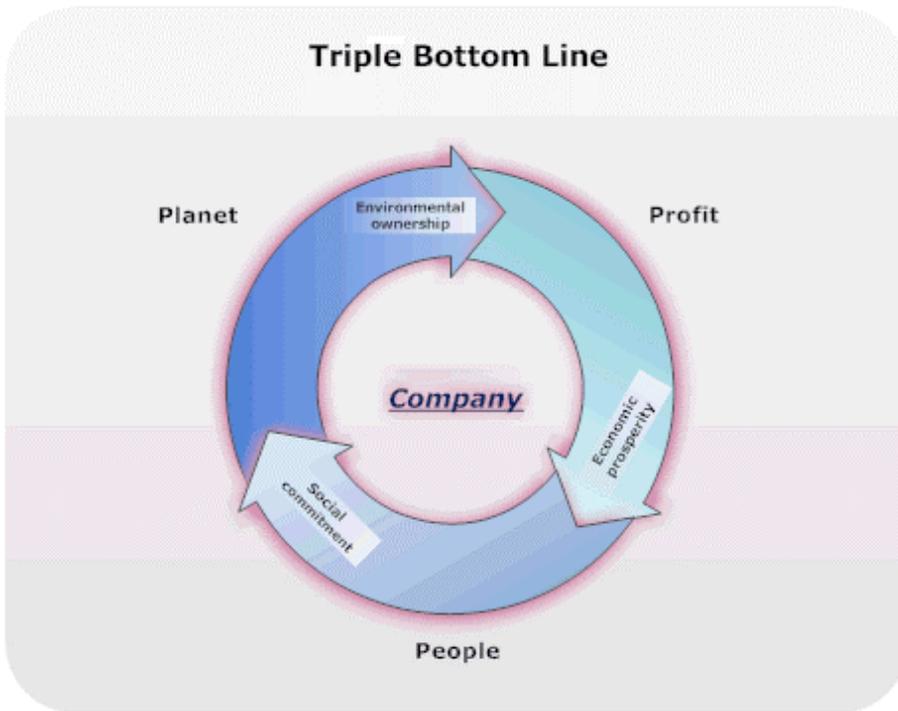


Figure 2. The Triple Bottom Line of a Company’s Accountability towards Stakeholders (own adaptation).

pany’s social investment, involvement in the community, human and labor rights issues, etc”.⁵⁹

With regard to this thesis, this independent process can best be described by Elkington. In his book “Cannibals with Forks: the Triple Bottom Line of 21st Century Business”, Elkington argues that the success of a company largely depends on its ability to satisfy environmental standards and social requirements as well as its own profitability. Thus, the perfect TBL company would endeavor to establish sustainable economic policies that are in line with the ideals and objectives of the larger community, that are transparently reported to the public and legitimate at the same time.

In line with this and related to the selected transition countries case studies, in 2007, the UNDP made a research on CSR practices in Hungary and Macedonia, providing some findings on the percentage of submitted CSR reports from companies in both countries.⁶⁰ The results demonstrate that only 16,1% of the surveyed Hungarian companies have submitted CSR reports so far, whereas this percentage reduces to 13,1% for the Macedonian ones. The results of this research guide to the assumption that accountability and reporting standards in both countries are on a low level, but this will be furthermore in-depth analyzed in the upcoming chapters.

Consequently and overall, accountability and sustainability reporting can bring benefits to the companies by strengthening the commitment of their stakeholders and by creating per-

59 Aida Bađić, Marina Skrabalo and Lana Narancic, *An Overview of Corporate Social Responsibility in Croatia*, Kim Perlow (ed.), Nacionalna i sveučilišna knjižnica, Zagreb, 2004, pp. 18

60 UNDP, “Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, Budapest, 2007, pp. 52 and UNDP, “Baseline Study on Corporate Social Responsibility in FYR Macedonia“, Skopje, Macedonia, 2007, pp. 47

spective for long-term sustainability.

With this understanding of CSR and having discussed the main concepts and important elements of it, the next chapter gives a detailed overview on the developments of CSR in stock exchange listed companies in Hungary, thereafter followed by evaluation of CSR in Macedonia.

Chapter 3

CSR in Practice: the Hungarian Case

Having understood the overall function of CSR consisting of maximization of the positive social and environmental impacts, it is to be stated that an active management of a company is required to deploy standards of responsible behavior and to align companies' corporate goals with respect to a positive contribution to society. On this way, publicly listed companies that embrace the CSR approach and therefore enter in a new role and position can gain access to new financial and human resources, can benefit from long-term relationships with their stakeholders and can certainly enhance the competitiveness of their communities⁶¹. They however need to be alert that besides benefits, they would have also social costs, such as the re-arrangement of their research and development (R&D) expenses to other long-term sustainable products and services, developing new regulatory frameworks and new consumption patterns. The reality of such new role and the required adjustments of companies are complex as the following chapter demonstrates.

This chapter will entitle the reader with main adjustments occurring on a company level in Hungary by exploring firstly the perception of CSR in Hungary; secondly, by analyzing the role of public policies and stock exchange regulations in current and ongoing corporate performances; thirdly, by considering some barriers to CSR development and fourthly, by presenting case studies with selected Hungarian stock exchange listed companies.

3.1 The Notion and Perception of CSR in Hungary

Nearly two decades ago, in 1990, Hungary crossed the threshold to a market economy thus starting to adapt to new forms of corporate culture & behavior that would for the first time aim at eliminating the long-lasting separation between business and responsibility.

Taking considerable time and efforts, a strong CSR expansion in Hungary had been postponed mainly due to the social, political and economic shifts occurring at the beginning of the 90s, when the foremost concern of Hungarian companies was the prompt adjustment to the market system and the integration of new models of economic profitability. "The classical model of market economy with an emphasis on a free market was the prevailing viewpoint

⁶¹ Compare: Arthur D. Little, *op.cit.*, p. 3

of reform supporters.”⁶² In these circumstances, environmental protection and social welfare were regarded as opposite to promised economic comfort, as well as, the Hungarian companies did not have knowledge neither experience in corporate reporting and auditing, thus not knowing how to maximize their profits and firms’ values by increasing their social accountability.

Likewise the challenges coming from the implementation of the new capital market models, privatization did not intend to create dispersed ownership because predominant sales to few private influential investors had preference instead of public sales of shares via stock market.⁶³

Consequently, some non-neglectable tension between the economic and social good began to occupy an uneasy position in the Hungarian society, making obvious the need of transformative actions in the direction of CSR.

3. 1. 1 Main Hungarian Performers in CSR

As a result of the above mentioned circumstances, in the mid 90s, some grassroot initiatives for raising the awareness for CSR in Hungary were boosted by several foreign-owned companies by importing and applying their domestic CSR models. In this sense, Daniel Denison in his book *Managing organizational change in Transition Economies* observes that: “The presence of global business players has fertilized the process of transitioning traditional companies into leaner and fitter organizations. In the case of green field investments, this has meant the birth and evolution of completely new organizations.”⁶⁴ The view to understand here with these global players in Hungary is that their influence on the socio-economic setting in Hungary is crucial, since they account to a large percentage of the country’s export potentials, of the gross domestic product (GDP), and at the same time they exercise a large influence on the job market creation by being capable of employing/or dismissing substantial percentage of the Hungarian work force. In the case of the Hungarian CSR, foreign-owned companies were the first to anticipate the need of prompt adaptation to distinct models of corporate operation, thus influencing the CSR developments in mid 90s.

Likewise, international organizations, such as the OECD, the World Bank (WB) etc., commenced an active role in the initial phases of CSR promotion in Hungary by advocating certain guidelines and principles, as for example, the OECD principles for Corporate Governance, through the press, trade unions and the International Labor Organization (ILO).

Only after 2000, the impact of other actors, among which are the Hungarian Business Leaders Forum (HBLF) and the Business Council for Sustainable Development in Hungary (BCSDH), got revived due to the new influxes of sustainable approaches being promoted in Europe. The HBLF⁶⁵ was established as a personal initiative of Prince Charles from UK, with

62 Zbigniew Bochniarz, Richard Boaln, Sandor Kertekes, Jozef Kindler, *Designing institutions for sustainable development in Hungary: Agenda for the future*, Zbigniew Bochniarz, Richard Boaln, Sandor Kertekes, Jozef Kindler (eds.), Budapest 1994, pp. 18

63 Andre Habisch, Jan Jonker, Martina Wegner, Rene Schmidpeter, *Corporate Social responsibility across Europe*, Springer, 2004, pp. 143

64 Daniel R. Denison, *Managing organizational change in Transition Economies*, Lawrence Erlbaum Associates, Inc. 2001, pp. 345

65 Further information to be found on www.hblf.org

the main goal of integrating sustainable development principles and CSR practices on a company level in Hungary. Similarly, the BCSDH was founded in 2005 as an initiative of seven companies, existing principally as a regional network of the World Business Council for Sustainable Development (WBSD), and acts on behalf of the companies whose purpose is implementing the “environmental and social aspects into their everyday business”.⁶⁶

From among other NGOs in Hungary that have taken an active role in advocating CSR principles is the Association of Conscious Consumers (Tudatos Vásárlók Egyesülete), established in 2004, aiming at protecting the consumers rights by supporting the conscious consumerism and thus adding to the manufacturer’ alertness for the social and environmental responsibilities. DEMOS Hungary is, as well, an example for another NGO that endeavors to convey awareness of CSR practices by developing policy solutions and encouraging cooperation between academics and policy makers in CSR related issues. Furthermore, the Regional Environmental Centre for Central and Eastern Europe (REC), the Hungarian Association for Environmentally Aware Management (Követ-Inem) and the Clean Air Action Group are among the leading organizations that contribute to CSR in Hungary in the area of environmental sustainability by offering assistance to environmental problems and by promoting cooperation between various agents in environmental decision making.

Contrary, regarding media activity in CSR communications, the following observation has been made by UNDP in its CSR Report on Hungary in 2007: “the Hungarian media have neither the financial and human resources nor the willingness to uncover facts about CSR – they communicate only the slogans of companies. Accordingly, the media do not act as a watchdog on CSR issues, which damages the credibility and effectiveness of CSR communications”.⁶⁷ Therefore dissemination of credible information regarding CSR issues in Hungary is not to be credible enough given the fact that media identifies CSR predominantly with an advertisement and public relation activity.

Furthermore, there are also a few higher educational institutions, such as the Corvinus University of Budapest, with its Business Ethics Centre, and the Central European University (CEU), with its Centre for Business and Society at the CEU Business School, that attempt to advocate ethics in business and sustainable development, however their impact is not sufficient to further a trustworthy business environment.

On a governmental level, only in 2006, the Hungarian government announced commitment to CSR development with compliance to EU legislation and joined the promotion of OECD principles and the ILO standards. The Ministry for National Development and Economy, which was in 2007 branched from the former Ministry of Economy and Transport, and the Ministry for Social Affairs and Labour have a guiding and supervisory function in CSR matters, although their competence is still questioned.

In Hungary’s case, the EU membership in 2004, to a large extent moved forward the responsiveness to CSR. The Lisbon Agenda has been extensively promoted and EU based companies have been importing CSR models in Hungary to their subsidiaries or by merging with, acquiring or partnering with Hungarian domestic companies. Specifically, the area of common rules on competition from the Lisbon Agenda has been so far successfully implemented.

66 Found on official website of Business Council for Sustainable Development in Hungary: www.bcsdh.hu

67 UNDP, “Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, *op.cit.*, pp. 49

However, many EU standards such as tax provisions, consumer protection, research and technology development, combating fraud etc., still need to be met by the companies. The government has one of the foremost duties in addressing those issues, since there is still not a commonly accepted National strategy for CSR (the draft version needs to be voted by the Parliament) and no official reporting of CSR practices is compulsory by the Hungarian law. In 2006, only 15 companies published their CSR reports.⁶⁸

Considering this rather discouraging findings and taking into account the leading hypothesis of this research, that public policies and regulations influence stock exchange listed companies' CSR principles towards other companies, stakeholders and communities, because of their directive character and financial impact, the following section will examine the extend to which public policies, regulations and harmonization to the EU legislation have, up to now, contributed to the achieved level of companies' CSR performance in Hungary.

3. 1. 2 Public Policy Framework

Hungary engaged in legal harmonization mainly for the purpose of joining the EU because each applicant country is advised to comply with the "acquis communautaire", the EU Law. As a matter of fact, the new legislation has to be applied and enforced thoroughly in order to be officially recognized as implemented and to be able to generate awaited transformations on a collective level in acceptable timeframe.

From among the newly enforced laws and regulations reinforcing the corporate acts of publicly listed companies, the most important is the Company law, established in 1997 as Act CXLIV and revised/modified in July 2006, with the Act IV on Business Associations. This law includes new forms of business associations thus bringing alignment to the European Company Law: "as a result of the accession of Hungary to the European Union as of 1 May, 2004 new forms of business associations have also been integrated to the Hungarian company law legislation."⁶⁹ These new legal business forms are the European public limited company, also called *Societas Europaea* (SE) that basically can be registered in any member state by merger, as a joining company or as a subsidiary⁷⁰, and the European Economic Interest Grouping (EEIG) that has as its main purpose to integrate the interest of all its members, thus not making profit for itself as a final goal. Besides the new modifications in regard to the forms of business association that offer enlargement of activities especially for those companies that have their principal seat in other Member States than their domestic ones, the Companies Act makes clear references to the rules regarding companies' corporate governance structure such as: the duty of diligence and care in management of the business association expected from the companies' executives officers; the appointment of members in Supervisory Board comprising only of non-executive officers and the obligation of appointment of an auditor in accordance with the Auditing Act, who can: 1. examine and inspect all the companies' records and 2. validate the verities claimed by the company's operation therefore giving fair and truthful view. These supplementary adaptations in the Companies Act provide evidence of the willingness to align the Hungarian CG

68 UNDP, "Baseline Study on CSR Practices in new EU Member States and Candidate Countries", 2007, pp. 60, found on www.undp.org

69 KPMG, "Investment in Hungary", KPMG Hungaria Kft., Budapest, 2007, found on www.kpmg.org

70 Introduction to SE can be find on: www.companieshouse.gov.uk

structure to the European level, however they still lack direct reference to the element of CSR in order to enforce compliance to and set legal standards for CSR rules.

In addition, the Tax Law, specifically the Act of Corporate Tax and Dividend Tax from 1996⁷¹, refers to minor incentives for corporate responsible performance, such as reduction of the corporate tax in a case of charitable causes. Under this act, the donations reduce the base of corporate tax if a certain percentage is paid to public service organization and if adequately certified. Apart from that, other CSR tax-related incentives are not given by this law, thus not stimulation the companies to act beyond the minimum legal standards.

One of the Hungarian government’s most noteworthy consideration in the support of CSR was the Resolution No. 1025 on reinforcement of the social responsibility of the employers, signed in by the Ministry for Employment and Labor in 2006, whose provisions involve stimulating debate, communication and negotiation on issues related to employers’ social responsibility and promoting legally regulated responsible labor relationships. Specifically, this resolution relates to cases of public tenders and public aid, where special provisions enforce obligation of taking into account companies’ record/documentation on labour, while deciding for the qualified companies. Although the Resolution No. 1025 signifies one of the most enthusiastic governmental efforts for aligning public policies to concrete CSR practices, “the regulation adopted is of very limited scope, as it only focuses on issues of labour relations and does not take into consideration other CSR criteria.”⁷²

Furthermore, the Law on Trade (from the Acts of Parliament, No. 164 in 2005) contains some requirements such as the protection of any abuse of employees’ rights, the fair and equal treatments of the employees, the establishment of fair trading practices and self-regulating codes of ethics.⁷³ With regard to CSR, the latter Law shall additionally stimulate fair trading operations between the corporate sectors.

Likewise, the Hungarian Competition Policy has an important role, since “greater efforts have been made for approximating Hungarian rules of competition to those of the Union than in other fields.”⁷⁴ For example, the Act LVII (1996) on the Prohibition of Unfair and Restrictive Market Practices (Hungarian Competition Act) has set high standards for competition reflecting the European Law and applying the rules of the European Community. In 2005, the Competition Act was amended due to the new adjustments to the EU competition regime and due to other needed restructurings of provisions dealing with complains, individual investigation etc., thus creating a new competitive regulatory environment.

Besides the laws, there are few bylaws and codes of conduct published by the ministries, chambers and other organisations as a result of the efforts of harmonization with the EU legislatives: the Hungarian Consumer Protection Act, for example, protects the economic interest of consumers, their rights for safe and healthy products, and for credible and accurate information. Also, a National Consumer Protection Authority has been established as an outcome

71 Act LXXXI of 1996 on Corporate Tax and Dividend Tax, Hungary 1996, found on www.legislationline.org

72 International Federation for Human Rights, “Report: An overview of the Corporate Social Responsibility in Hungary”, No. 458/2, September 2006, pp. 14

73 UNDP, “Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, *op.cit.*, pp. 48-49

74 Attila Harmathy, *Introduction to Hungarian Law*, A. Harmathy (ed.), Kluwer Law International, November, 1998, pp. 130

of the centralized efforts for protection of the consumers' rights.⁷⁵

Another important directive is the Hungarian Code of Advertising Ethics⁷⁶ (signed in 2005 by twenty seven Hungarian organisations) which serves as a foundation for establishment of professional ethic norms for advertisers in Hungary. Also, the Ministry of Environment founded the Hungarian Eco-Labeling Organization that established the official eco-label in Hungary.

In the area of environment, the Act LXXXIX from 2003, by the Ministry of Environment and Water Protection, takes in account the fees on emission and stimulates the companies to reduce the emissions in order to decrease their payable fees.

Altogether, modifications in public policies have been undertaken mostly recently and some of the provisions still remain to be applied and carried out. As well as, none of the laws and regulations directly relates to, neither mentions CSR, which leads to the point that a next step of the government should be a concrete CSR legislation in Hungary.

Considering the fact that this thesis' focus is on CSR of publicly listed companies, this paper will further explore the advancement of the Hungarian stock exchange, and assess how much the stock exchange's regulations have enforced the CSR actions of the Hungarian publicly listed companies.

3.1.3 Budapest Stock Exchange (BSE): Regulations and Listed Companies

The Hungarian Stock Exchange has existed for more that 100 years, whereas its official re-establishment as a Budapest Stock Exchange (BSE), after being dissolved following the Second World War, has been in 1990 developing further into the Budapest Stock Exchange Company Private Limited Company Ltd. in 2002.⁷⁷

The major Exchange Regulations were established after 2004, which shows that they are all newly introduced and thus still need to attest their application.

The Budapest Stock Exchange's Code was made published on 9th of January, 2004, in the same year, when the Exchange Rules were established as a binding obligation for trading, listing, membership etc, and covering main aspects of doing business at the BSE. The Exchange Rules were followed by the establishment of Exchange Regulations dealing with the regulatory formalities and consequences provided for and requested by the companies listed on the stock exchange. For example, the Regulations of the BSE on the Code of Trading are to "ensure a transparent, controlled framework for exchange trading organized by the Budapest Sock Exchange Ltd. and to thereby ensure equal opportunity and fair impartial market protection for the investors".⁷⁸ Therewith, this Code states the right and duties of the parties involved in the trading and establish clearly defined trading rules. It has to be mention here that the code was not unquestioned and consequently required alterations in the following years: 2004, 2005, 2006 and 2007. Its final version approved by the BSE Board of Directors and the Supervisory Authority dates from January 2008.

In line with the previous aim of introducing some of the Exchange Regulations, the "Rules

75 Price Waterhouse Coopers, "CEE Tax notes: Working...", *op.cit.*, , pp. 50-59

76 Found on: www.helyiradiok.hu/english/links/act_ethics_code.html, Hungarian Code on Advertising Ethics

77 Found on: www.bse.hu/topmenu/about_us/history

78 Regulations of the Budapest Stock Exchange Ltd. on the Code of Trading, published on 11th of November, 2004, Budapest

of conflict of interest of persons in management positions and employees” is yet another example of regulations aiming at securing that the management and the employees will act according to the legal legislation and ensuring “control over circumstances that may give rise of conflict of interests”.⁷⁹

The most significant regulations in regard to CSR are the Corporate Governance Recommendations (CGR) for the listed publicly limited companies firstly published in 2004 and modified in May 2008 in addition to the Company Law from 2006. These recommendations are not mandatory for the publicly limited companies (PLC) and they deal mainly with issues such as shareholders’ rights and treatment, responsibilities of the Supervisory Board and the Managing Body, main Committees in the PLC and transparency and disclosure on CG.⁸⁰ Also, the Exchange’s Corporate Governance Committee was formed with the purpose of monitoring the compliance with rules elaborated and proposing additional modifications. The CGR introduced for first time the possibility of a one-tier corporate company’ structure in Hungary, as in the Anglo-Saxon system, which means that the board of directors can act and take on role of the supervisory board of the company, thus representing the full interests of the company.

On November 7th, 2006, the BSE became one of the founding members of the European Code of Conduct for Clearing and Settlement, whose principles aim at establishing functioning and transparent post-trading sector in EU, and committed itself to a greater price transparency, ensuring freedom of choice of trading and an open access to post-trading services. The Code of Conduct for Clearing and Settlement aspire to promote the integration of the European capital market.⁸¹

Although the newly established regulations for PLC have promising future, if enforced properly, the competencies of the BSE need furthermore to be strengthened in order to produce the required changes and successively to be able to invigorate shareholders’ interests for the listed stock exchange companies as well as to attract new companies. For instance, at the moment there are only 50 foreign and domestic publicly listed companies on the Budapest Stock Exchange⁸², demonstrating that quantitatively the number of the listed companies is very low compared to other stock exchanges in regions such as Warsaw Stock Exchange or Frankfurt Stock Exchange. It is known that with these 50 listed companies “foreigners hold approximately two quarters of the shares listed in the Stock Exchange”.⁸³ Also, “there is an agreement with the London Stock Exchange and 5 Hungarian companies are listed in London”.⁸⁴

According to an analysis of the local business daily newspaper, *Napi Gazdasag*, in 2007, the leading companies MOL, Magyar Telecom, Richter and OTP Bank, had a share of 84% of the overall profit of public companies listed on the BSE.

Table 1 on page 240 provides an overview of the leading stock companies and their turn-

79 Bylaws of the Budapest Stock Exchange Ltd. on the Rules of conflict of interests of persons in managements positions and employees, published on 5th of August, 2002

80 Corporate Governance Recommendations, prepared by the Corporate Governance Committee of the BSE, found on www.bse.hu

81 European Code of Conduct for Clearing and Settlement, 7th of November 2006, found on www.bse.hu

82 List of the publicly listed companies can be found on the official web-site of the Budapest Stock Exchange: www.bse.hu

83 Nick Sljivic and Johnatan Reuid, *op.cit.*, pp. 113

84 Nick Sljivic and Johnatan Reuid, *op.cit.*, pp. 113

| Issuer | Turnover EUR m |
|----------------|----------------|
| OTP | 13,924.10 |
| MOL | 13,712.81 |
| Ged on Richter | 2,777.33 |
| MTelekom | 1,768.84 |

Table 1. Most traded stocks on BSE as of 31 December 2007
(Compare to: Facts and Figures about BSE, p. 2, found on www.bse.hu)

over as of December 2007:

As we can see, OTP Bank has the largest turnover of €13,924.10 million, MOL Plc. €13,712.81, Ged on Richter €2,777.33 and Magyar Telekom €1,786.84 million. Among these, the largest two companies MOL Plc. and OTP Bank have increased enormously their market capitalization and turnover in the recent years, mainly due to their regional expansions and affiliate companies. For example, the annual report of the BSE states that their joint capitalization has been 59% and their turnover 80% of the overall market capitalization as we can see in the following chart⁸⁵

Apart from the legal requirements and the structure of publicly listed companies, the BSE was endangered recently from being taken over by the Vienna Stock Exchange, which announced an enlargement of its stakes at BSE. According to several experts⁸⁶, the BSE's authority is low as well as "there is neither a vivid shareholding culture in Hungary nor a broader public debate"⁸⁷ that can create changes in the weak position of the minority shareholders or that could foster improvements at the shareholders' and corporate level in publicly listed compa-

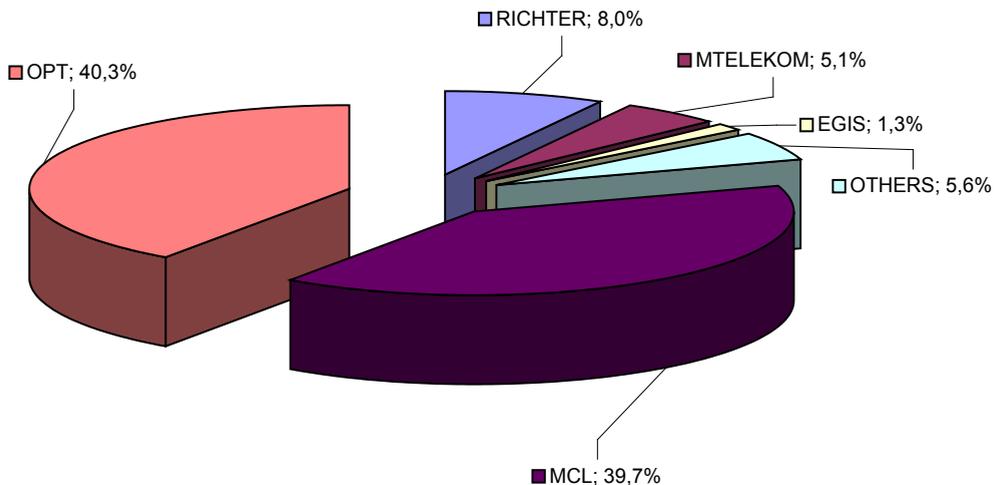


Figure 3. Turnover breakdown of the biggest stocks (Facts and Figures about BSE, p. 2, found on www.bse.hu).

⁸⁵ Annual Report 2005, Budapest Stock Exchange Financial Reports, found on www.bse.hu

⁸⁶ International Federation of Scholarly Association of Management (IFSAM) "Good corporate governance in the transitions countries – A comparison of expert's perception in East Germany, Estonia and Hungary", found on www.ctw-congress.de/ifsam

⁸⁷ International Federation of Scholarly Association of Management (IFSAM) "Good corporate governance in the transitions countries...", *op.cit.*

nies.

The above mentioned statement attests that there are some obstacles that impede CSR development in Hungarian stock exchange listed companies; therefore the next section will provide an in-depth analysis of the major reasons for the slow catch of CSR in Hungary.

3.2 Main Impediments in CSR Development

As we could see from the previous section, the BSE has own supervisory and sanctioning powers that direct to some extent the corporate performance of the Hungarian publicly listed companies. However, these “powers” are still new and not adequately integrated in order to alter specific conditions that prove to impede CSR development.

With regard to these obstacles as well as the context of CSR in Hungary, Habisch, Jonker, Wegner and Schmidpeter, 2004, state the following: “Little domestic large scale publicly held business corporations operate in Hungarian economy, to which the original concept corporate social responsibility can be properly applied.”⁸⁸ At this point, the legitimate question appears - which are the major challenges that prevent a proper implementation of CSR in Hungarian publicly listed companies?

In the following section, few points relevant in determining some major obstacles for Hungarian stock exchange companies are discussed: one being the public disclosure of information, other the high level of economic crimes and last, the weak corporate governance (CG).

3.2.1 Public Disclosure of Information

As introduced, one of the main reasons that affect negatively on the CSR advancement is the public non-disclosure of information.

Many of the previous communistic states have the problem of disclosure of information due to their previous mentality of “secrecy”, which proved to be a culturally accepted norm for companies in the “state-owned” societies. However, the transition to stable market economies requires new modified dimensions of companies’ conduct because without altering patterns in accountability and public disclosure, Hungarian public companies will not be able to attract new investors, neither can they achieve a compatibly competitive performance.

As a general rule, “disclosure of material financial and corporate information leads to transparency and the ability of shareholders and other stakeholders to evaluate individual and company characteristics.”⁸⁹ One way of disclosing information is via the official web-sites of the companies. For this reason, an analysis of 32 Hungarian publicly listed companies’ websites was made, with an aim of determining the level of disclosed information. Companies’ website information is used as given/published on the Official Issuer List on the BSE. The following issues were specifically observed: disclosure of information in Hungarian and English language;

88 Andre Habisch, Jan Jonker, Martina Wegner, Rene Schmidpeter, *Corporate Social responsibility across Europe*, 1st Edition, Springer, 2004, pp. 143

89 American Chamber of Commerce in Hungary, “Good Corporate Governance as a pillar of Hungarian National Competitiveness: leading to better decisions, increased valuation and more investments”, in *AmCham Position Brief*, No. V, April 2005, p. 5

availability of company' quarterly and annual reports; financial data and data on investor relations; disclosed information on corporate governance structure and of course, published CSR reports.

The companies considered are: Allami Nyomda Plc., Biggeorge's-NV Property Investment Fund Management Rt., Bookline, Budapest Fund Management Company, Budapesti Ingatlan Nyrt., CIB Bank, Csepel Holding, Danubius Hotel and Spa Public Limited Company, Econet Plc., EGIS Plc., Ella Bank Zrt., Elmu Plc., Erste Bank Hungary, Forras Rt., Gardenia Lace Curtain Nyrt., Gedeon Richter Plc., Humet Plc., Linamar Hungary Nyrt., Magyar Telecom, MKB Hungarian Foreign Trade Bank, MOL Plc., OTP Bank, Pannon-Flax Linen Weaving Co., PannErgy Plc., RABA Automotive Holding Plc., Raiffeisen Bank, Regionalis Fejlesztési Vallalat Nyrt., Synergon Plc., TVK Plc., UniCredit Banca and Zwack Unicum.

From 32 publicly listed companies, 69% of the have information available in English, 9% of their websites are in a process of translation to English, and 22% have information available only in Hungarian. 66% of the surveyed companies include detailed company's information, while another 34% have only some supplementary info about their company. 16% of these companies have contact details that have not been functioning at the moment of evaluation (March/April 2008).

Furthermore, 56% of the surveyed Hungarian companies maintain available financial data on their websites, 22% present only limited information on their financial situation, and another 22% do not show financial figures at all. Nearly the same 56% of the companies possess an annual or quarterly report, 13% have only annual reports on their current web-sites and 31% do not have any reports, such as Gardenia Lace Curtain Nyrt., Pannon-Flax Linen Weaving Co., Humet Plc., etc. In the context of this thesis' focus, this means that large percentage do not recount any information about their corporate performance and therefore do not undertake any responsibility of transparently disclosing their actions.

Regarding the corporate governance structure, 34% of the surveyed companies publish details of their ownership structure and their corporate governance system, 28% release only enumeration of the main supervisory bodies and members of those bodies, and 38% do not include anything on this issue.

Additionally, 28% of the companies have CSR policies, 22% mention only one aspect of CSR mainly sponsorship, environmental policy or health policy, and other 50% of the companies seemingly don't use any CSR strategy or publish CSR reports on their websites.

From the above analyzed results, the following assumptions can be drawn: companies' websites are often times not translated to any foreign language other than English (such as Econet Plc., Synergon Plc., Forras Rt.); the financial data is in most of the cases not accurate or not relevantly updated (for example Humet Plc.); corporate government structure information is not shared sufficiently, neither is presented adequate info about the board and executive members that representing the publicly listed company on a corporate level (for example Linamar Hungary Nyrt., Pannon-Flax Linen Weaving Co.); the majority of the companies do not issue CSR related information on their website neither do they have CSR strategy (Ella Bank Zrt., EGIS Plc., PannErgy Plc.) and in most cases, the issue of sponsorship is mentioned as most important CSR tool (in the case of Zwack Unicum). As well as, corporate reporting is not made obligatory for the Hungarian companies, consequently influencing the slow pace of CSR reporting.

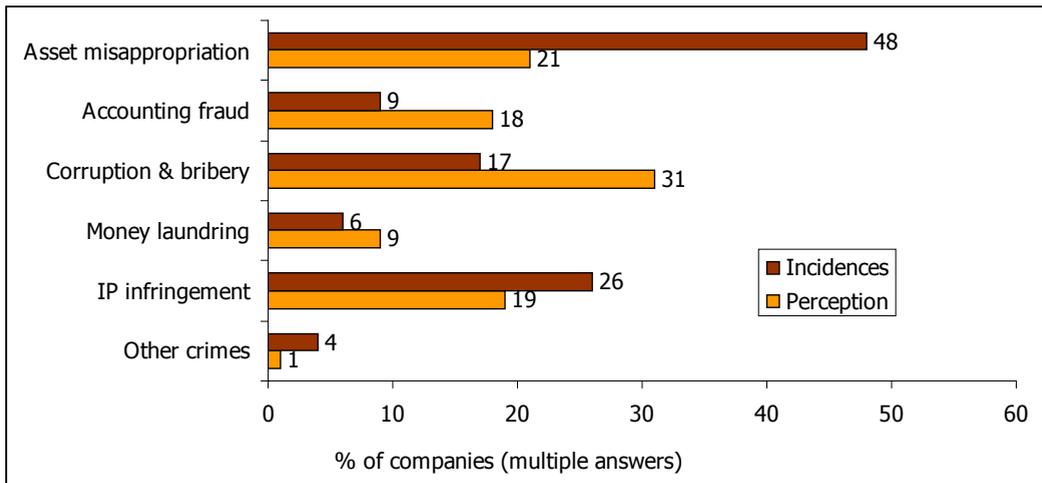


Figure 4. Comparison between perception and incidences of economic crime in Hungary (PricewaterhouseCoopers, “Economic crime: People, cultures and control”, op.cit., p. 2)

Therefore, taken as a whole, Hungarian stock exchange companies do not release sufficient information on their working performance, thus providing basis for more corruptive actions and insufficient organizational operation, and moreover, impeding the process of public disclosure to CSR. Some of these will be mentioned in the following part.

3. 2. 2 Economic Crimes

The second major obstacle to CSR development, the various forms of economic crimes, is closely related to the aforementioned issue of non disclosure of information. According to the Global Crime Economic Survey 2007 conducted by PricewaterhouseCoopers (PWC), “62% of companies surveyed in Hungary reported being subject to one or more significant economic crimes”.⁹⁰ The Global Economic Survey findings further demonstrate that most Hungarian companies tend to not report cases of economic crimes, thus allowing illegal practices in companies to be continued. Figure 4 illustrates major forms of economic crimes in Hungary in 2007 and the difference between the perception and incidences among them.

As we can see from Figure 4, asset misappropriation, which means misuse of companies’ assets, corruption and bribery as well as intellectual property (IP) infringement are considered as major types of economic crime in Hungary, followed by accounting fraud and money laundering. The survey findings show that while asset misappropriation largely is underestimated by the companies as a possible form of crime, nearly 48% of the companies have reported cases of asset misappropriation. Moreover, corruption and bribery in Hungary are “perceived as the most prevalent type of economic crime by 31% of surveyed companies, yet only 17% of respondents reported that they had been victims of corruption”⁹¹. These results prove to be in line with the Transparency International Corruption Perception Index (CPI), according to which Hungary has a corruption rate of 5,3 index points in 2007, whereas 10 represents highly clean

⁹⁰ PricewaterhouseCoopers, “Economic crime: People, cultures and control”, The 4th Biennial Global Economic Crime Survey, Hungary, 2007, p. 2, found on: www.pwc.hu

⁹¹ PricewaterhouseCoopers, “Economic crime: People, cultures and control”, op.cit., p. 3

countries and 1 the most corrupt ones.⁹²

Besides, there is no institution or organization that investigates accusations on economic crimes in companies in Hungary, except the police. Two organizations, the Ethics Council and the State Secretariat of Public Finance, that have worked in the field of the anticorruption, ceased to exist since 2004.

Based on the CPI assessment and in line with the previous statements, the assumption of this research is that it is crucial, firstly, for the Hungarian government to provide more consistent efforts to limit corruption and bribery and to implement measures for economic crimes, thus ensuring that the legal environment encourages best transparent and ethical practices among publicly listed companies. Secondly, publicly listed companies by themselves have the ability – only if willing - to set high standards with clear ethical guidelines that would support anti-corruptive practices and would stimulate loyalty and trust towards their companies.

3. 2. 3 Corporate Governance (CG)

After having discussed the main forms of economic crimes as being one of the major barriers to CSR development in the Hungarian stock exchange listed companies, another generally accepted obstacle to the CSR expansion is also observed: the corporate governance structure.

Efficient corporate governance, defined as responsible authority over the company's performance, is essential for the economic revival of transition countries, because signifies a decisive factor in investment deals and “doubts about the quality of CG can easily drive investors to avoid companies or even countries”.⁹³

Hungarian companies listed on the stock exchange are characterized by concentrated or “block holder dominated” ownership, which is typical for most of CEE transition countries. “From CG point of view, concentrated ownership undermines the independence of boards, eliminates such tools of market discipline as the threat of takeovers and the market for corporate control and increases the likelihood of minority rights expropriation.”⁹⁴ This leads to the assumption that dominant owners enjoy most of the company's benefits and there is a weak influence from the side of the stakeholders. Besides, the minority shareholders' voting rights and participation in decision processes are rather limited and do not have influence on the board's decisions.

Moreover, the Hungarian legislation does not set explicitly responsibilities related to the internal controls. Corporate Governance Recommendations published by the Budapest Stock Exchange recognize only the responsibilities of the board of directors, but there are no recommendations for the establishment of other systems of internal control such as independent committees or independent directors.⁹⁵ The independent directors are able to exercise an independency in their judgments by not having material or other interference with the company where they serve, to demand more financial transparency and to gain deeper confidence

92 Found on http://www.transparency.org/policy_research/surveys_indices/cpi/2007, explanation of CPI in 2007

93 Eva Oszvald, “Corporate Governance in Hungary”, Ichiro Iwasaki (ed.), in *Corporate Governance in Transition Countries, Part 2: The case of Hungary*, IER Discussion Paper Series B, The Institute of Economic Research, Hitotsubashi University, Tokyo, Japan 2005, p. 1

94 Eva Oszvald, “Corporate Governance in...”, *op.cit.*, p. 9

95 American Chamber of Commerce in Hungary, “Good Corporate Governance as a pillar of Hungarian National Competitiveness: leading to better decisions, increased valuation and more investments”, *op.cit.*, p. 1-8

from the investors.

The World Bank Group Report on the Observance of Standards and Codes (ROSC)⁹⁶ dated 2003, according to which a country’s corporate governance practice is benchmarked versus the OECD Principles for Corporate Governance, also identifies two major issues concerning CG in Hungary: “(i) the general weakness of the supervisory board, which causes some non-compliance with several OECD Principles; and (ii) a conflict between law and practice in the area of share registration, particularly the problems related to the ability of all shareholders to attend meetings and exercise their voting and other rights.”⁹⁷ In fact, the weakness of the supervisory boards and the feeble influence of minority shareholders and stakeholders, together with the block holder domination, can be summarized as main hindrances to effective CG. Although, the Hungarian Financial Supervisory Authority (HFSA) regulates the corporate governance of companies and capital markets as well as acts as an independent auditor for the annual reports of the companies, yet the CG structure of publicly listed stock exchange companies in Hungary necessitates additional improvements and additional compliances to established international standards.

Summing up, according to the literature and research findings of some leading organizations⁹⁸, the level of economic crimes and corruption, corporate governance and public disclosure of information represent the main hindrances to CSR growth in Hungarian publicly listed companies

3.3 CSR Image in Hungary: Results of a Survey with Hungarian Customers/Consumers

As part of this research, a separate survey was carried out with Hungarian customers in order to assess the level of awareness for CSR in Hungary and to furthermore determine other relevant obstacles to CSR in Hungarian listed companies. This chapter will elaborate the finding of the survey.

The CSR survey in Hungary was carried out with 86 customers/consumers⁹⁹ and consisted of 13 questions intended to provide an assumption about the public perception and the public awareness of CSR. Looking at the participants, it is to be stated that 51% of the surveyed group was female and 49% male, while 71% was in the age group of 18-30 and 29% between 30 and 50 years. Considering the fact that large percentage of the participants are in an age range of 18-30 year, it is assumed that the survey’s results reflect an opinion not only of current and prospective products’ users, but also of future potential investors and decision makers.

From altogether 86 respondents, 52% classified the level of awareness as low, 28% as moderate, 11% as very low and another 9% do not know. Interestingly, no one shared an opinion that

96 Found on www.worldbank.org/ifa/ros_cg.html

97 World Bank Group, “Report on the Observance of Standards and Codes (ROSC): Corporate Governance Country Report Hungary”, February 2003, found on www.worldbank.org

98 Such as the World Bank, OECD, PricewaterhouseCoopers

99 The questionnaire is attached to the Appendix

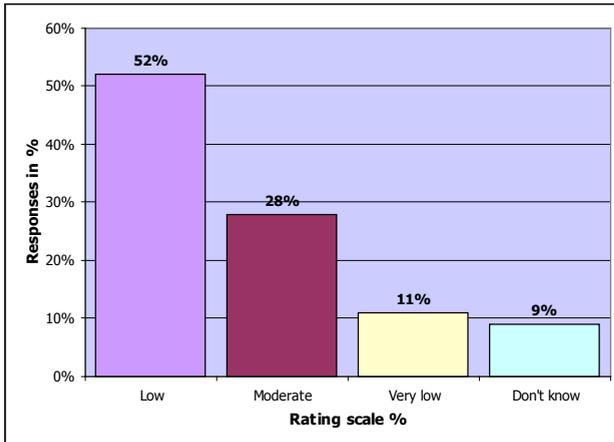


Figure 5. Level of CSR Awareness in Hungary from Customers' Perspective
(Own adaptation according to a "Survey on CSR in Hungary: for Customers/Consumers", attached to the Appendix)

the awareness for CSR in Hungary was high. Figure 5 presents an overview of the survey's participant' responses.

Another question from the survey directly related with the term correlating mostly to CSR. The results show that the environmental protection and social welfare are most commonly associated to CSR, followed closely by employment rights and charitable donations. Only a few people consider sponsorship and effective corporate governance as highly important or representative for CSR. Profit maximization and satisfying the interest of the shareholders are ranked as minimum important to CSR. The following chart gives an overview of the findings:

In line with Figure 6, we can see that 63% of the survey's participants consider environmental protection the most relevant term related to CSR in Hungary; the percentage given to social welfare is also high ranging up to 59%; an other 44% take in consideration the employees' rights and 42% regard charity as the most dominant term that relates to CSR. Only 14% of the survey's

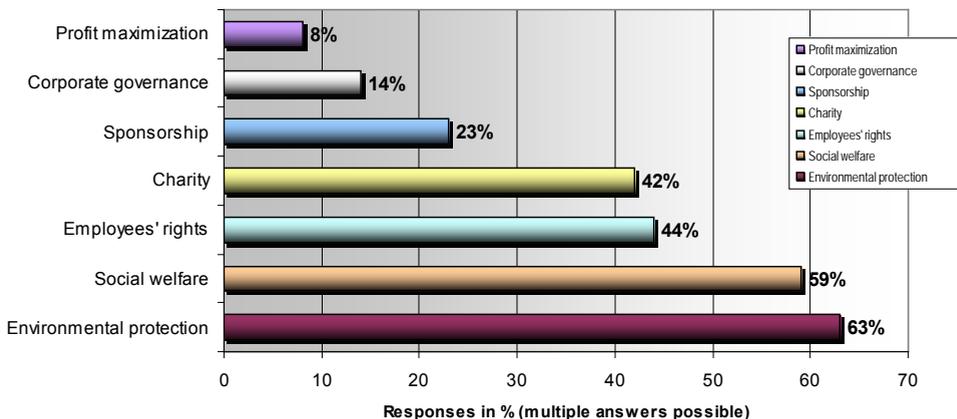


Figure 6. Terms associated to CSR in Hungary
(Own adaptation according to a "Survey on CSR in Hungary: for Customers/Consumers"; attached to the Appendix)

| Promoters: | NGOs | Government | Trade Unions | Media | Customers | Foreign companies | Domestic companies |
|------------|--|--|--|--|--|--|--|
| 1 | 6 | 9 | 4 | 6 | 14 <input checked="" type="checkbox"/> | 14 | 9 |
| 2 | 8 | 11 | 11 | 9 | 4 | 7 | 17 <input checked="" type="checkbox"/> |
| 3 | 3 | 13 <input checked="" type="checkbox"/> | 6 | 10 | 12 | 5 | 14 |
| 4 | 6 | 7 | 10 | 12 <input checked="" type="checkbox"/> | 6 | 12 | 8 |
| 5 | 10 | 6 | 12 <input checked="" type="checkbox"/> | 10 | 7 | 10 | 7 |
| 6 | 8 | 7 | 8 | 7 | 13 | 9 | 4 |
| 7 | 25 <input checked="" type="checkbox"/> | 6 | 11 | 9 | 5 | 16 <input checked="" type="checkbox"/> | 7 |

Table 2. Main CSR Promoters in Hungary
(Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”, attached to the Appendix)

respondents acknowledge that CG associates to or impacts on CSR, while the percentage of those that regard CSR as a tool for raising profit is only at around 8%.

Furthermore, from among the main promoters of CSR in Hungary, NGOs are considered as most influential, followed by the foreign owned companies. Trade unions are more relevant CSR promoter than media. At the end of the list of CSR promoters, one finds the government, domestic companies and consumers, regarded as minimum active in Hungarian CSR promotion. Details are provided in Table 2.

Table 2 offers an overview of the rating of CSR promoters as viewed from the customers' perspective. On a scale range from 1-7 (1 minimum active and 7 maximum active), the respondents were asked to rate seven actors according to their level of involvement in CSR promotion. Most of the respondents classified NGOs (25 respondents) and foreign companies (16 respondents) as most active thus ranging them on the maximum level. Surprisingly, the survey reveals that trade unions in Hungary are still regarded as a dynamic actor in the CSR development and the majority of the survey's participants ranged them with 5 on a scale from 1-7. Media is consider a slightly less important promoter than the trade unions, however it receives identical attention as promoter being ranged with 4. According to the survey results, the Hungarian government is among the three less active CSR advocates which demonstrates the low level of public trust towards governmental policies. Domestic companies are as well ranged on a minimum level with 2, followed by the customers that represent the less active promoter for CSR in Hungary.

Additionally, 62% of the surveyed group considers that companies do not share sufficient information with the public. Only 6% confirms that the information shared by the Hungarian companies is sufficient. Other 32% are “maybe” convinced in the sufficient level of information sharing.

In addition to aforementioned, the results from the survey are in evidence for the high level of dominance of the foreign companies: The answers of the Hungarian consumers/customers show obviously that they do not trust sufficiently to the domestic companies, rather they

think that foreign owned companies have a major influence on developing a good CSR policy. From 86 customers, 77% answered that the foreign companies obtain a larger influence on CSR in Hungary.

Altogether, the results of the survey point out that the foreign companies take precedence in guiding CSR related issues since they are ranked among the first three active promoters in CSR and are given more credibility if compared to domestic companies. This leads to the point that strengthening the role of the domestic companies could furthermore contribute positively to the CSR image in Hungary.

Moreover, government and customers need to take as well leading role as dynamic promoters of CSR. This can be done, for instance, by increasing the level of educational and informational campaigns on the meaning and importance of CSR that could eventually influence positively to improve the public attentiveness to CSR matters.

3.4 Case Studies of Selected Publicly Listed Companies in Hungary

Based on the previous findings of main impediments of a suitable CSR development as well as taking into account the survey's results determining the level of CSR awareness, the following section will present three case studies of selected Hungarian publicly listed companies, focusing on their CSR policies.

The selected companies are: MOL Plc., Magyar Telekom Plc. and OTP Bank. The selection is made according to the list of the 10 largest listed companies on the BSE Index and according to diversity of sectors: one of the companies is in the oil industry, other in telecommunications and the third one in banking services. The companies are analyzed according to the following three criteria:

1. Companies' profile: by analyzing companies' CSR reports and CSR policies as published on their official web-sites and by evaluating the results of the CSR Survey for Hungarian Companies distributed to selected companies in March/April 2008¹⁰⁰;
2. Media' reports: by looking at articles and reports published by the media in the recent years about the performance of selected listed companies;
3. Customers' perception: by evaluating the results of the survey made with 86 Hungarian customers/consumers in regard to the CSR policies of the selected companies.

Based on these three criteria, this paper will assess the CSR policies and strategies of the three companies chosen and assert their current level of social responsibility.

3.4.1 MOL Plc.: Example of a Trustworthy and Responsible Company?

The Hungarian Oil and Gas Company MOL Plc., is the largest corporation in Hungary and the leading oil and gas company in CEE. It has 15000 employees and it ranks among the top

¹⁰⁰ The CSR Questionnaire for the Hungarian Companies is attached to the Appendix

CEE companies in terms of total revenues and annual net profit. It was established in 1991, being the first company in Central Europe that was privatized as a gas and oil company. Soon after the privatization, MOL Plc. started to expand on a regional level by opening the first filling station in Romania, Transylvania.¹⁰¹ Later, in 2000, MOL Plc. acquired ownership of the largest Slovakian national oil company Slovnaft Ltd., becoming its major shareholder in 2004¹⁰². In 2003, it acquired 25% of the Croatian Oil company INA, establishing a strategic partnership with the same company and obtaining important position on the growing South Eastern European oil market. There were some other major acquisitions in Romania, Austria, Serbia and Montenegro, thus making MOL a dominant player on the CEE market. MOL's international expansion and particularly the formation of MOL Group in 2004, (consisting of Mol. Plc., Slovnaft Plc., the Hungarian leading petrochemical company TVK Plc¹⁰³ and the Austrian company Roth), had large impact on its CSR approach because of the know-how benefits from its partners that contributed to better understanding of CSR processes, better-positioned operations in terms of dealing with CSR matters and combined efforts to approach the issues of relevance to SD.¹⁰⁴

- **MOL's Sustainable Development Policy**

In terms of CSR, MOL claims to implement a sustainable development (SD) strategy. "We do not use the term CSR, and consider it mainly a strategic issue", are the words of the SD Chief Advisor of MOL in the "CSR Survey for Hungarian Companies"¹⁰⁵ conducted in March/April 2008. He stated that "the company has no separate policy or strategy; the main policy and strategic documents contain all issues related to sustainable development". This means that the main SD goals are integrated into company's business strategy. According to the survey's results, at the moment there are 20 people employed and managing the SD policy of the company. Special SD Committee is in charge of the commitment and implementation of MOL's sustainable goals. Besides, MOL's Group Council of Ethics, which was formed in 2006, operates as a representative council and as an advisory body for the employees, business partners and suppliers by monitoring the appliance of the recommendations set up by the Code of Conduct. This Council is also in charge of monitoring MOL's SD strategy 2006-2010 that has as its main targets increasing the growth, efficiency and financial profitability of MOL's Group.

MOL's SD Reports are published in English & Hungarian language on a yearly base, adapted by the Guidelines and Recommendation from the Global Reporting Initiative (GRI) and since 2004, MOL Group also publishes group-level integrated SD reports. The SD strategy of MOL is communicated via internet, SD Reports, other publications in newspapers and conferences.

Regarding the most common CSR tools, the company offers support to the local community activities mainly through sponsorship strategy concentrating on sport, children, talents and environment.¹⁰⁶ Looking at the prevalence of the sponsorship activities, it is to be stated that currently sponsorship is the most dominant form of MOL's CSR.

101 The history of MOL Plc. is furthermore explained on: www.molgroup.hu

102 In 2004 MOL Plc. acquired 98,4% stake in the Slovakian Oil Company Slovnaft

103 TVK Plc. stands for Tisyavideki Vegzi Kombinat Plc. It is the largest petrochemical complex in Hungary

104 Section "Corporate Responsibility", Subsection "Integrating Operations", found on: www.molgroup.hu

105 The survey is attached to the Appendix

106 Findings from the Survey made with MOL's SD Chief Advisor

In the survey's question¹⁰⁷ addressing the main incentives for the company's CSR, MOL considers the brand image, customer satisfaction, attraction to new investors, profit and competitiveness, quality and employee's benefits, as most important incentives. On the other hand, government's regulations and compliance to EU legislative are not considered to be satisfactory incentives for MOL's CSR policy.

Furthermore, the same survey reveals that NGOs, international organisations and media are the main stakeholders that influence on company's need to raise the standard of CSR performance. At the same time, MOL considers shareholders, customers and competitors as having minimum influence on its CSR performance: on a scale ranging from 1-12, these three actors are ranked lowest, with shareholders being the least influential on MOL's CSR policy. This brings in contradiction the motivation for the main goal of MOL's SD strategy for 2006-2010 (achieving superior shareholder return) and raises the question how much MOL's shareholders truly influence its sustainable policy's decisions.

Besides, the survey discloses that MOL Plc. considers the stakeholders' disinterest for CSR and not having a public CSR policy, as major reasons not to engage more on CSR.

- **Witnessing Media Reports: Lex MOL - Right or Wrong?**

Having considered the company's view on CSR, this section will explore some media reports related to MOL's CSR.

At the end of 2007, the largest Hungarian oil company attracted most of the international and domestic media attention, especially in regard to the recent Lex MOL legislative. The so called Lex MOL law was passed on 8th of October, 2007 by the Hungarian Parliament as a defensive strategy for the envisaged hostile takeover of MOL by the Austrian oil company OMV, which is 31,5 % owned by the Austrian state. This anti-takeover law extends to the companies in the energy sector and water sector supply and is based on the following provisions: setting limits on the voting rates of the shareholders (10%); only investors with 75% stake can change the Articles of Association; and a company can buy back its own shares, which gives freedom to MOL.¹⁰⁸ In terms of CSR, it illustrates that other investors', shareholders' rights and stakeholders' rights are neglected and limited.

Besides, the Hungarian Government is in process of increasing the oil and gas extraction fees and in a case of an acquisition of MOL, the acquirer would have to pay a large percent to the state for gas extraction. These changes have fostered some EU criticism since this law applies automatically to every EU country and it increases the trade protection instead of the trade liberalisation.

OMV has a 20,2% stake in MOL and recently OMV's CEO announced that "OMV-MOL merger is necessary to counter the Russian Gazprom".¹⁰⁹ Gazprom, which is the largest world extractor of gas, holds the monopoly position among the gas producers. However, MOL does not share the same viewpoint, since an acquisition of MOL would mean a regional monopoly for these two companies and an interference from the Austrian state in the national affairs of the other country. For this reason, MOL has given recently "friendly shares" to few companies such as OTP, whose CEO is in the MOL's Board of Directors, and to MFB Invest, a subsidiary of

¹⁰⁷ The CSR Survey for Hungarian Companies is attached to the Appendix

¹⁰⁸ The Economist, Economist Intelligence Unit, 10th of October, 2007, Press Release

¹⁰⁹ Ein News, World online news, published on 25th of March, 2008

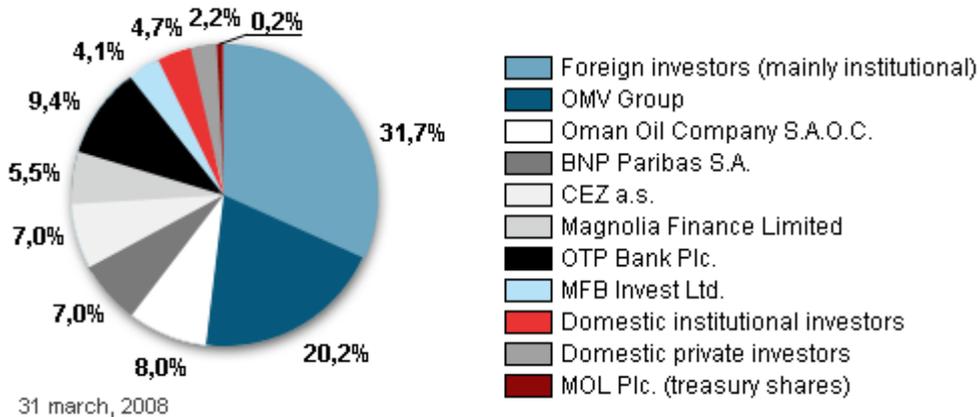


Figure 7. MOL's Ownership Structure in 2008
(Found on the official web site of MOL Plc.: www.mol.hu)

the MFB, a Hungarian state owned Bank.¹¹⁰ Altogether, as we can see from Figure 7, the share of MFB Invest Ltd and OTP Bank Plc. are 13,5%. On this way, MOL increased indirectly its control of its own shares. Figure 7 provides an overview of MOL's current ownership structure.

The above mentioned situation of MOL was criticised not only from the EU, but also from eminent people within the country stating that “it serves the interests of Hungarian oligarchs, especially those of MOL's Nyrt. Chairman, CEO Zsolt Hernádi, and of MOL's deputy chairman, OTP Bank Chief Sándor Csányi”¹¹¹ and it does not serve the public interest.

Also, some local newspapers stated that the Board of Directors did not practice its fiduciary duty by representing the interest of all shareholders.¹¹²

These media articles provide an assumption that competitors and shareholders of MOL Plc. do not have influence on its corporate performance. This perfectly aligns to the findings given in the previous section, that shareholders have minimum influence on MOL's CSR policy and thus answers the question posed above that the viewpoint of the shareholders are neglected in the decision making processes of MOL (which definitely does not create an advantageous position in terms of MOL's CSR).

- **Customers' Perception of MOL's CSR**

In order to assess properly MOL's CSR, the survey made with 86 customers in Hungary, examined the customers' perception of MOL by addressing the question whether MOL Plc., as the leading Hungarian Oil Company, exemplifies superior corporate social responsibility. The given answers reveal that most of the consumers, 36%, do not know, other 25% are “maybe” sure that MOL is a responsible company, while yet another 26% answered positively, trusting that MOL incorporates good CSR.

Figure 8 on page 252 shows that most the majority of customers are not aware of MOL's CSR, thus demonstrating that consumers do not sufficiently know about MOL's CSR practices.

On the other side, those customers that do not have sufficient trust in MOL, associate the

¹¹⁰ The Economist, op.cit. 10th of October 2007

¹¹¹ Budapest Sun, 17th of October, 2007, found on Budapest Sun Online News: Budapest.sun.com

¹¹² Budapest Sun, op.cit., 5th of December, 2007

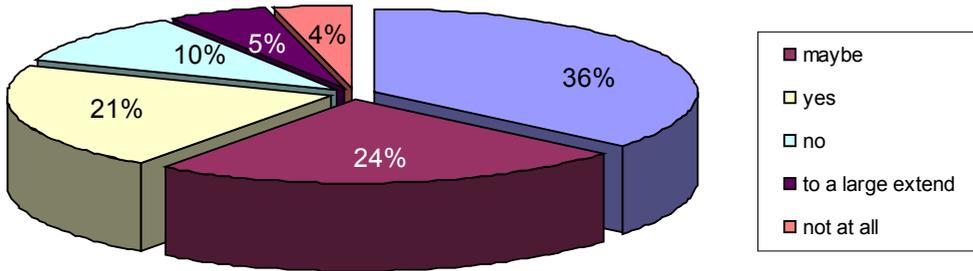


Figure 8. Customers' Perception on MOL's CSR
(Own adaptation according to a "Survey on CSR in Hungary: for Customers/Consumers", attached to the Appendix)

acts of the company with the oil scandal revealed in 2000 that dealt with the oil mafia affairs in the 1990s when additional substances were added to the subsidized oil and sold for a more expensive prize than fuel.¹¹³ In this affair, the subsidized-household oil was bought in some cases from MOL Plc., therefore the company was criticized in being involved in hidden corruption deals.

Overall, the above findings from the media articles, company's profile and customers' survey, do not attest a high positive perception on MOL's CSR activities. Also, MOL's Council of Ethics, as well as MOL's SD Management System were formed only in 2006 and still necessitate time to exercise their full capacities in establishing high standards of ethical performance and of developing sustainable long-term operations.

3.4.2 Magyar Telekom Plc. – Money and Profit vs. Social engagement

Magyar Telekom Telecommunications Plc. is the second case study of publicly listed companies in Hungary to be assessed here. Magyar Telekom Plc. was firstly established in 1991 as a state owned company, being a direct successor of the national telecommunication company. The name of the company in its first decade of existence was Matav Hungarian Telecommunications Company Ltd. In 1993, the company was restructured and Deutsche Telekom, Ameritech International and MagyarCom acquired the largest proportion ownership, whereas in 2000, Deutsche Telekom's share increased to 59, 2 % thus qualifying as the majority owner.¹¹⁴ Additionally, since 1997 Magyar Telekom is listed on BSE.

In 2001, Matav obtained the majority ownership of the Macedonian National Telecommunication, becoming international telecommunication group. In the later year of 2004, it acquired the majority ownership of the Montenegrin Telecommunications Company.

In 2005, Matav changed its name to Magyar Telekom Group, introducing the T-brand¹¹⁵, and in the same year merging with T-Mobile Hungary Rt. As a result, in 2006, the official name of Magyar Telecom Group became Magyar Telekom Telecommunication Plc.

¹¹³ Budapest Sun, op.cit., 27th of July, 2000,

¹¹⁴ The data and information about Magyar Telekom is published and available on the company's web-site: www.magyartelecom.hu

¹¹⁵ T-Brand includes T-Com, T-Online, T-Mobile, T-Systems and T-Kabel, thus offering large variety of products in the telecommunication sector. They exist as a separate business units within Magyar Telekom Plc.

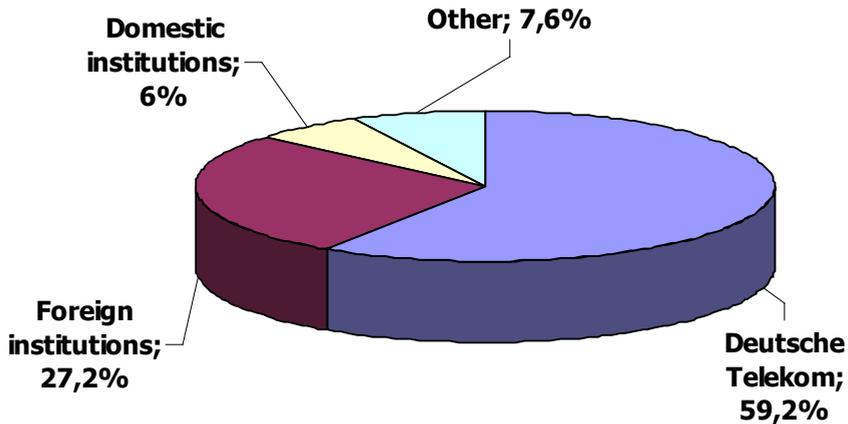


Figure 9. Customers' Perception on MOL's CSR
(Own adaptation according to a "Survey on CSR in Hungary: for Customers/Consumers", attached to the Appendix)

- **Promotion of CSR Principles at Magyar Telekom**

Magyar Telekom is listed on the BSE and on the New York Stock Exchange (NYSE). In accordance to the rules of these stock exchanges, the company has the responsibility to meet the expectation and requirements by both stock exchanges. Whether or not these requirements are fully met by the company will be discussed in the subsequent section.

The dominant owner of Magyar Telekom, Deutsche Telekom, with 59,2% shares, influences mostly on the company's corporate sustainable strategy and reputation.

As an affiliate of the European Telecommunications Network Operators' Association, Magyar Telekom has a common Code of Conduct which is based on the Global Compact principles and the Global Reporting Initiative guidelines.¹¹⁶ Besides, the company shares a Code of Ethics, which applies to the employees' rights and employees' behaviour and is managed by the Human Resources Management Department.

Important issues of Magyar Telekom's CSR policy are: equal opportunities and employment rights; labour relations such as prohibition of child labour, forced and compulsory labour; environmental protection; health and safety policy; education, training and development; freedom of association; anti-corruption etc. In the "CSR Survey for Hungarian Companies"¹¹⁷ conducted in March/April 2008, the CSR manager of Magyar Telekom reported that the CSR policy is very important part of the whole branding and communication strategy. Contradictions appear between that what is promoted as corporate contributions on the company's official website and official reports (main corporate contributions are in a form of sponsorships, charities and institutional patronages for some museums, high schools and charitable foundations) and that what was answered in the above mentioned CSR survey by Magyar Telekom's CSR manager (it was stated the company does not give financial or any other support to local community activates).

Further, according to the survey's results, Magyar Telekom considers trade unions, busi-

¹¹⁶ International Federation for Human Right, "Report: An overview of the Corporate Social Responsibility in Hungary", No. 458/2, September 2006, pp. 21

¹¹⁷ The survey is attached to the Appendix

ness partners and international organizations as having minimum influence on the company's need to raise the standards of CSR performance, whereas customers and media have the largest influence. It is surprising that international organizations are ranged among the least influential groups on company's CSR policy, since most of the corporate reporting standards in Hungary are promoted by them.

Additionally, as in the previous case of MOL Plc., public policy and governmental incentives are considered as major reasons for the company not to engage more on CSR matters.

- **Main Public and Media Reactions**

In April 2007, many Hungarian and foreign owned newspapers/journals reported a remarkable case of bribery of Magyar Telekom: The well known international financial journal, Financial Times, gave an account of an ongoing investigation of the US Securities and Exchange Commission (SEC) for a bribery committed by Magyar Telekom while acquiring the Montenegrin Telecom and additionally the subsidiary in Macedonia.¹¹⁸ Two signed contracts of Magyar Telekom were reported as suspicious: the acquisition of the telecom company in Montenegro was publicized as not being reported adequately and in line with the SEC policy requirements for publicly listed foreign private issuers. According to the rules on NYSE, where Magyar Telekom is listed, "foreign private issuer can only suspend, and cannot terminate, a duty to report".¹¹⁹

Furthermore concerning this case, media reported suspicion that the contracts were bribed in favor of Magyar Telekom in order to secure the reporting. In line with that, roughly around the same time, "MTel has already suspended several employees, who have since resigned, in connection with the case".¹²⁰ In addition, the accounts of media conveyed that in 2005, the auditors at PWC refused to sign the financial report of the Company, thus confirming already conveyed suspicions.

This means that company's promoted standards of transparency, public disclosure and non-corruptive practices showed to be invalid in terms of their practical implementation. More to the point, Magyar Telekom case clearly demonstrates the prevalence of the major obstacles to CSR development in Hungary, which are (as mentioned in the previous subchapter) the public disclosure of information, the high level of economic crimes and weak CG structure.

- **Public/Customers' perspective**

Additionally, from customers' perspective, the findings are illustrating that Hungarian customers are mainly not aware of the Magyar Telekom's corporate attitude. 40% of the surveyed consumers do not know whether the quality of services of Magyar Telecom corresponds to the promoted corporate attitude and 25% are not sure if the company promotes socially responsible conducts. The proportion of consumers that answered negatively is rather higher (20%) than those respondents who confirmed positively that Magyar Telecom has reliable corporate attitude (15%). Figure 10 provides overview of the survey results:

As we can see from the previous findings, although Magyar Telekom tends to be known as a highly profitable and influential company, yet the perspectives of its main stakeholders, me-

118 Financial Times, 27th of April, 2007, found on www.ft.com

119 Budapest Sun, op.cit., 2nd of May, 2007

120 Budapest Sun, op.cit., 2nd of May, 2007

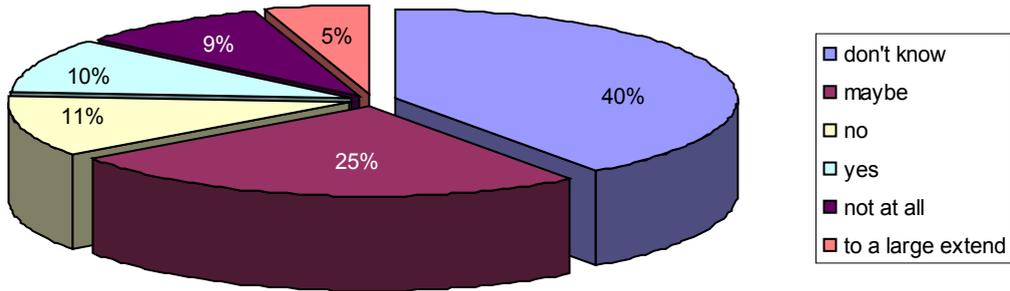


Figure 10. Customers' Perception on Magyar Telekom's CSR (Own adaptation according to a "Survey for CSR in Hungary: for Customers/Consumers"; attached to the Appendix)

dia and customers, are rather opposite regarding its positive corporate image. There is clear contrast between two positions: how the company promotes itself and how the stakeholders perceive its performance and corporate promotion. Only if these two views take unifying pace, Magyar Telekom's actual operations will be confirmed in line with its CSR values.

3.4.3 OTP Bank: CSR Considerations

OTP Bank Plc.¹²¹ is the third case study of selected stock exchange companies from Hungary. The OTP Bank is the largest and oldest bank in Hungary and with market share of "23.5% by total banking assets, 25.1% by total deposits and 20.7% by total loans"¹²² has a leading position in Hungary. It is considered as one of the most profitable enterprises in Hungary.

Originally, it was state owned bank during the communist regime, called the National Savings Bank.¹²³ After the privatisation in 1995, OTP developed an international strategy for expansion, acquiring several banks in few CEE countries: Bulgaria, Slovakia, Ukraine, Montenegro, Croatia, Serbia and Russia.

The Bank operates through several organisational units such as: OTP Mortgage Bank, Merkantil Group, OTP Garancia Insurance Ltd, OTP Fund Management, OTP Real Estate Ltd and OTP Real Estate Leasing.

- **OTP's Bank Social Participation**

OTP Bank has the largest number of branches and serves as an employer to 8257 people¹²⁴, from which 33% belong to age group of 25-35 years. It has established awards programs as a way of encouraging the best performance of its employees.

The first CSR Report of the OTP Bank was published in 2006. The Code of Ethics comprises few a sections such as: basic moral requirements, principles of professional operation and respect towards clients, colleagues and competitors, principles of governance and social respon-

¹²¹ More information about OTP Bank can be find at the official bank website: www.otpbank.hu

¹²² Found on www.otpbank.com.ua

¹²³ The National Savings Bank was established in 1949

¹²⁴ OTP Bank's Corporate Social Responsibility Report 2006, pp. 31-32, found on www.otp.hu. The given data refers only to full time employment

sibility and reporting of ethical offences.¹²⁵ Some of these sections, such as the basic ethical values and principle of professional operations will be examined in the following paragraph, by comparison to published media articles.

There are number of principles promoted by the bank such as: human rights and equal opportunities; protection against money laundering and insider trading; safe and security policy regulations etc. For example, in order to avoid money laundering, the bank requires the strict observance of the “Act on the prevention and impeding of money laundering”¹²⁶ from its employees.

Donations and sponsorship activities are the predominant form of CSR application. Most of them are focused in the areas of local and international civil organisations, sport events, cultural programs and child rescue services. The bank is co-financing many community development projects.

In 2003, the OTP Fund Management Ltd. tried to establish Socially Responsible Investment (SRI) Fund that would invest in responsible companies in the emerging markets of Central and Eastern Europe. Because of the inability to find supportive partners in these countries and the low level of demand¹²⁷, this project has not been successful. However, the project served as platform for drafting and establishing a SRI strategy.

- **The Media’s View**

In 2006 and 2007, some national and international newspapers published articles on required fines for OTP Bank for misleading advertisements.¹²⁸ The Hungarian Competition Authority (GVH) criticized that OTP bank would not inform properly its customers about the use of its products, such as credit cards, debit cards etc.¹²⁹, a threatening phenomena in a society where 80% of its household are over-debt. Therefore certain fines were assigned for the bank. Looking back at the previous sections where some of the OTP’s Code of Ethics principles were enumerated, such as the basic moral requirements and the principle of professional operations, we can obviously detect contradiction between principles and the bank’s conduct.

As in previous cases, the media’s view once more provides evidence for the high level of economic crimes potentially present among publicly listed companies in Hungary.

- **CSR at OTP Bank in a Rating with Competitor Banks: The Customers’ Perspective**

The CSR survey with Hungarian Consumers/Customers¹³⁰ demonstrates that OTP Bank is ranked on the 5th place, from among six banks, in terms of service orientation. This shows that customers are generally not satisfied with the services of the bank and do not share the opinion that OTP Bank has positive CSR image.

Figure 11 illustrates the results of a rating made between few selected competitor banks in Hungary. The survey respondents were asked to rate the banks on a scale from 1-6, 1 being the lowest and 6 the highest, according to the banks’ service orientation and the positive image

125 OTP Bank’s Code of Ethics founded on the OTP bank’s web-site

126 OTP Bank’s Corporate Social Responsibility Report 2006, op.cit. pp. 26

127 OTP Bank Corporate Social Responsibility Report 2006 , op.cit., pp. 27

128 Reuters Articles, 30th of November 2007, found on www.reuters.com

129 Reuters Articles, op.cit., 30th of November 2007

130 Survey on CSR in Hungary: For Consumers/Customers: see Appendix

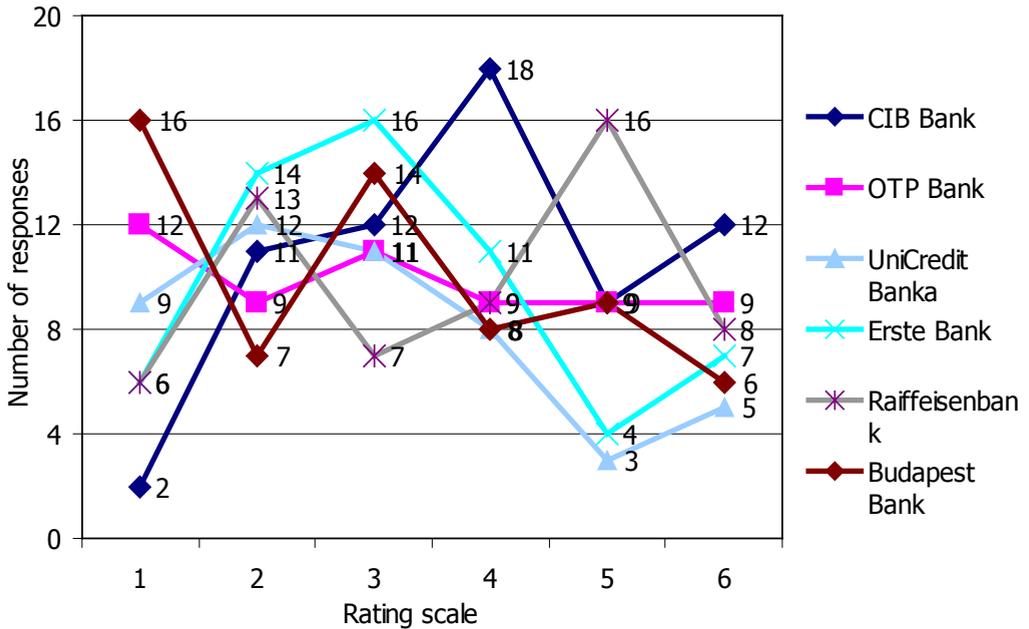


Figure 11. Hungarian Bank’s CSR rating
 (Own adaptation according to a “Survey on CSR in Hungary: for Customers/Consumers”; attached to the Appendix)

among the public. Most of the respondents rated Budapest Bank and OTP Bank on the lowest scale, and CIB Bank was rated on the maximum scale. As we can see from the graph, the line for CIB Bank noticeably rises from 1 to 6, taking the highest point on 4 which proves that this Bank enjoys highest confidence from the side of the surveyed customers. Conversely, OTP Bank’s line scale is high on 1, reaching maximum peak at 3, and falling down enormously afterward, which proves that the customers’ consideration of the bank’s service orientation is not high.

To preliminary summarize from the OTP Bank’, Magyar Telekom’ and MOL’ case studies, integrating social values into business practices of Hungarian publicly listed companies is not an easy task because frequently companies’ main values prove to differ and to be inconsistent when executed in practical situation. The companies selected for the case studies are the largest and most influential business entities listed on the Hungarian stock exchange and therefore they have potentials not only to attract foreign and domestic investors but also to offer an example of companies with highly value added performance and sustainable positive community contribution. However, as emphasized in this chapter, impediments such as corruption and bribery, weak CG and non-disclosure of relevant information, have proven to stop the progress of the socially responsible operations of publicly listed companies and to slow down the CSR progress in Hungary. These impediments or dimensions are largely inhabited from the previous social and political system and consequently they need to be overcome by new attitudes of business performance, which will help in the actual processes of EU integration.

With this chapter emphasis on the CSR context and dimensions in stock exchange listed companies in Hungary, figuring out a discrepancy between presented values and actual situation, it is -in the next chapter- worth to elaborate these dimensions on the examples of

Macedonia and cases of local stock exchange listed companies.

Chapter 4

CSR in the Macedonian Context

As in the Hungarian case, the Macedonian economy was also exposed to the intricacy of the transition processes with controversial privatization deals, slow pace of public administration adjustments, rigidity to FDIs, an unfavorable investment climate and high unemployment rate. In addition to the internal difficulties, the country also faced a certain amount of external impediments such as the Greek embargo imposed in 1994 -1995, the Kosovo war in 1999 and the ethnic crises with Albanians in 2001. All of these challenges created political and economic imbalances thus hampering the expansion of new forms of socially responsible practices in Macedonia.

Since 2002, some positive alterations were experienced such as simplifications in the procedures of starting up business, simplifications in the procedures of tax payments and a reduce of the corporate income tax from 15% to 12%, consequently bringing a new impetus to the economy, attracting some foreign capital and providing a basis for the ongoing reforms. According to the World Bank’s Doing Business Report 2008¹³¹, Macedonia is ranked on the 4th place of successful reformers from among 178 countries.

Alike the previous chapter on Hungary, the third chapter will elaborate the significant events regarding CSR in Macedonia, the public policy framework and challenges for an ongoing CSR promotion, as well as, it will present case studies with selected publicly listed companies in the Macedonian stock exchange.

4.1 CSR Foundations in Macedonia

In 2002, the concept of CSR was for the first time introduced in Macedonia by the following international organizations: World Bank (WB), UNDP, USAID etc.

The first pilot projects aiming at increasing the level of awareness for CSR were implemented in collaboration with the St. Cyril and Methodious University in Skopje: “In November 2003 the Faculty of Economics in Skopje, St. Cyril and Methodious University, supported by the World Bank Institute, organized a public presentation “Corporate Social Responsibility -

¹³¹ World Bank/International Bank for Reconstruction and Development, “Doing Business 2008: Comparing regulation in 178 economies”, Washington DC, USA, 2007

Towards Sustainable Business”, aimed at bringing the concept closer to the public and to decision-makers.”¹³² The presentation was well attended thus bringing the concept of CSR to wider publicity. In continuation, the university established Business Start-up Centre as part of the project “Skopje University Business Start-Up Centre: Through Networking to Successful Companies”, financed by the Austrian Development Agency. This project serves as a mean of promoting employment opportunities for recent graduates by offering them support on business ideas and other service oriented solutions, by monitoring and supporting the management and development of the newly founded companies and by upholding the principles of excellence in business by providing various awards for innovative and competitive business ideas.¹³³

Additionally, during 2002/2003, a few online discussions and public presentations on CSR were organized. In June 2003, the National Entrepreneurship and Competitive Council (NECC) was established with aim of increasing the cooperation and dialogue between the public, private and civil sector in order of achieving high national competitive level, and furthermore boosting the foreign, domestic and public investments in line with the European integration requirements for economic progress. Although the role of the Council has been somewhat supportive in building regulatory legal environment for competitiveness, yet the basis for necessary trust is still missing among various organizations in public and private sector, consequently decelerating the process of effective cooperation.

In March of the same year, the Standardization Institute of Republic of Macedonia (ISRM) was formed, soon after the adaptation of the Law for Standardization in 2002 and the Decision of the Macedonian government on formation of National institute for standardization of the Republic of Macedonia.¹³⁴ The Institute for Standardization has its main responsibility in fostering and promoting quality of products and services in Macedonia by preparing, adapting and promoting the application of the national standards.¹³⁵ Though the ISRM has also a task to promote actively the standards of the ISO, yet not many companies are certified to ISO standards, as much as they are signatories to the Global Compact Network, for example, which is present in the country since 2004.¹³⁶ According to the research made by the UNDP on the CSR practices in new EU member states and candidate countries, “only 17 companies in Macedonia are independently certified to ISO14001”¹³⁷, the well-known environmental management standard, while 50 are signatories to the Global Compact.¹³⁸

Furthermore, the USAID launched and funded a Corporate Governance and Company Law Project, with duration until 2006, and following the same year, a Corporate Governance program for Southern Europe was initiated by the International Financial Corporation (IFC) with

132 UNDP, “Baseline Study on Corporate Social Responsibility in FYR Macedonia”, Skopje, Macedonia, 2007, pp. 18

133 More information about the project “Skopje University Business Start-Up Centre: Through Networking to Successful Companies” can be find on www.bsc.ukim.edu.mk

134 Official Gazette of the Republic of Macedonia, no. 14/2003, March 2003

135 More to be found on: www.iso.org and www.isrm.gov.mk

136 UNDP, “Baseline study on CSR practices in new EU...”, op.cit, pp. 1-80

137 UNDP, “Baseline study on CSR practices in new EU...”, op.cit., pp. 61

138 UNDP, “Baseline study on CSR practices in new EU...”, op.cit., pp. 61

duration for three years, with main aim to assist the companies in few selected countries¹³⁹ to implement the corporate governance principles and to create socially responsible and trustworthy environment. Additionally, the OECD played an active role in carrying out the CG standards in public and non-public listed companies in Macedonia. As a result from the efforts of the international organizations in 2004, the Law on Trade Companies implemented new corporate governance standards for listed companies and brought “substantial improvements to the legal climate for shareholders and investors”.¹⁴⁰ However, until now “the implementation of the new standards remains a challenge”.¹⁴¹

Comparable to the activities of the international organizations, the NGO sector in Macedonia tends to have rather weak influence. Mainly, the developments of the civil sector reflect the economic situation and the high unemployment rate. The Macedonian population perceives NGOs as an employment opportunity, despite the fact that this sector does not belong to the profitable sector and is not intended to serve as a career opportunity.¹⁴² Besides, the civil sector in Macedonia is highly dependant on foreign financial support. Although there are around 6000 registered NGOs¹⁴³, their existence does not influence on the formations of public policies or on the developments in the economic system of the country. For example, Akcioner 2001, was the first association for protection of minority shareholders rights in the Republic of Macedonia, formed only in 2001, with aim of improving the current shareholder legislation and promoting good corporate governance standards.¹⁴⁴ The Consumer Organization of Macedonia, which is the association of local consumer organizations working for raising the public awareness of the consumers, has organized few campaigns on the protection of the consumers’ rights, but in a sum, the activities have not been widespread until now.

These examples are in line with the assumption that the NGOs need to be furthermore strengthened since most of the activities of the above enumerated organizations have started only recently and have not produced some visible effects.

On other hand, among the institutional promoters of CSR are the Economic Chamber and the Macedonian Chamber of Commerce, founded after the formation of the Economic Chamber Law in 2004.

On a governmental level, the Ministry for Economy is a major promoter for CSR. For example, in 2007, the Ministry for Economy drafted a New Program for stimulating investments in Macedonia for 2007-2010, where an establishment of a CSR body within the Economic-Social Council of the Government is planned, but not yet established, and as well, intensification of activities aimed at promoting CSR concept in Macedonia are also encouraged.

139 The countries where this program is taking place are: Albania, Macedonia, Serbia, Montenegro and Bosnia and Herzegovina

140 Samir Latif and Dr. Gregory F. Maasen, “Macedonia: Recent Developments”, OECD (ed.), in *Corporate Governance in non-listed companies*, 2005, pp. 198

141 Samir Latif and Dr. Gregory F. Maasen, “Macedonia: Recent Developments”, op.cit., pp. 220

142 Detail analyses of the NGO sector is given in the article written by Elizabeta Buova “Promoting the role of the civil society actors”, in *Balkan Civil Practice*, No. 1: The role of the civil society in the EU integration and democratization process in the Balkan, Balkan Civil Society Network, Skopje, Macedonia, October 2004, pp. 49-55

143 Macedonian Centre for International Cooperation, *Registar na graganski organizacii vo Makedonija* (Register of Civil Organizations in Macedonia, English translation), Macedonian Centre for International Cooperation, Skopje, Macedonia, 2007, found on www.graganskisvet.org.mk

144 Found on www.akcioner2001org.mk

Furthermore, since 2005, the Macedonian government has encouraged Macedonian companies to be listed on the stock exchange by giving them tax deductions in the first 3 years of their listing. However, this incentive is mainly established in order to revive the activity of the Macedonian capital market and it does not refer, neither encourages CSR expansion of the existing and the perspective stock exchange listed companies.

Accordingly, the following section in this thesis will analyze some specific laws and policies thus examining the level of successful approach on behalf of the Macedonian government in approaching and advancing the issues of CSR policy.

4.2 Public Policies Related to CSR

Closely linked to the Hungarian motive for public policies' adjustment is the Macedonian: the application for EU membership has been moving force in both countries for improvement of the policies related to CSR. The next pages will provide an overview of the recent laws and regulations in Macedonia that aim at establishing corporate responsible and fair legislation.

4.2.1 Labour Relations, Social Security and Employment Policy

The labour law is one of the major areas closely relating to CSR. Most of the modifications in the employment policy were made only recently. For example, the new Labour Relation Act was passed on 22nd of July, 2005.¹⁴⁵ This Act represents a significant step in the labour policy because the legal conditions for labour relations were not modified since enacting the Labour Law in 1993. It introduces regulatory frameworks in the employer–employee relationship, diversifies the forms for employment, promotes the rights of the employees, it points out on the protection of females and disabled people in their working environments, promotes the voluntary joining of employees to the syndicates and other forms of organisations etc.

The new modifications in the areas of labour law are result of the efforts of the Macedonian government to apply EU principles in its legislative structure after being accepted as official applicant for the EU membership in 2005. The guidelines of the European Council, for example, call on to member states to promote the employment policy and to encourage job creation.¹⁴⁶

Nevertheless, in the Macedonia's Progress Report 2007, regarding the developments made in preparing for EU Membership, the European Commission states the following: "In the area of **labour law**, limited progress was made through the adoption of the Law on Employment and Work of Foreigners which aims at transposing the *acquis* on posting of workers."¹⁴⁷ The EC observes that certain progress has been made in the health and safety policies at work and as well social protection, but it adds that "administrative capacity, including that of the state labour inspectorate, which is understaffed and lacks proper facilities for normal working, is insuf-

145 The Labour Relations Act was published in the Official Gazette of Republic of Macedonia on 28th of July, 2005. It entered into force of 5th of August, 2005.

146 Adam Larson, Kiril Minoski and Janet Morris, *Employing workers: Case Study Macedonia*, pp. 20-25, found on www.reformsclub.org

147 Commission of the European Communities, "The Former Yugoslav Republic of Macedonia 2007 Progress Report", Commission Staff Working Document, Brussels 2007, pp. 45, found on www.ec.europa.eu

ficient to ensure proper implementation and enforcement of the legal provisions.”¹⁴⁸

Moreover, in regard to the employment policy, the Ministry for Labour and Social Policy adapted National Employment Strategy 2010, that is partially overambitious: for instance the employment rate is proposed to be 48%, from the present 37,9% disregarding the fact that since 2001, the employment rate has grown only 6,7% (from 31,2% to 37,6%). At the current stage, the most relevant problem remains to be the high rate of unemployed youth.

In addition to the employment policy, the Law on employment of disabled people¹⁴⁹ was also modified in 2004. The modifications defined many aspects that were neglected in the previous law, such as for example Article 3, where it is added that the employer should adapt the working place where the disabled person is employed by adding necessary equipments or rebuilding the working place according to the conditions required by the Ministry for Labour and Social Policy in Republic of Macedonia.¹⁵⁰ Some NGOs, such as Polio Plus, are currently fostering the implementation of the provisions of this law.

4. 2. 2 Environmental Law and Regulations

The Law on Environment was adapted in 2005¹⁵¹ by the Macedonian government with an intent to give further guidance for protection of the environment and for the prevention of the pollution. The Law consists of 228 Articles divided in XXIII Provisions/Chapters and represents adjustment to the Law on Environment and Nature Protection and Improvement¹⁵² dating back to 1996.

As its focus, the Law on Environment clearly defines the obligations of natural persons and legal entities regarding the protection of the environment and preserving data “on the used natural resources, raw materials and energy, emissions of pollutants and substances, types, characteristics and quantities of generated waste.”¹⁵³ As well as, it outlines the obligations in regard to public information on environmental pollution and special obligations for labeling products for trade.

Moreover, the Law on Environment has classified the environmental permits bringing attention to the integrated environmental permits for those entities that deal with industrial facilities and installation operations that are causing major pollution. These integrated permits have conditions that require self-monitoring process of the emissions and pollution. They also include annual inspections from the institutions in charge for environmental protection. This is especially important for the future developments of CSR policy since it increases the awareness among the companies that are working in the industry sector and furthermore provides restrictions to pollution emission.

Besides, chapter XIX deals with the issue of sustainable development. For example, the

148 Commission of the European Communities, “The Former Yugoslav Republic of Macedonia 2007 Progress Report”, op.cit., pp. 45

149 Law on replacement and modification of the Law on employment of disabled people, in Official Gazette of Republic of Macedonia, no. 16/04, 2004

150 Law on replacement and modification of the Law on employment of disabled people, op.cit., Article 3, p. 1

151 Law on Environment, in Official Gazette of Republic of Macedonia, no. 53/2005, 1st of September, 2005

152 Law on the Environment and Nature Protection and Improvement, in Official Gazette of Republic of Macedonia, No. 66/96, was furthermore modified in 1999, 2000 and 2002 (No. 13/99, 41/00, 96/00 and 45/02).

153 Law on Environment, op.cit., Article 28, pp. 16

article 186 states that the municipalities, state administrative bodies and institutions are in charge of promoting, supporting and implementing the principles of sustainable development. Surprisingly, this article clearly points out on the legal obligation of the public institutions to reinforce and execute CSR policy, but it seems that until now this legal provision is neglected and not attentively enforced from the side of the state institutions. Furthermore, the same article defines the need of establishing a National Strategy for Sustainable Development by the Government of the Republic of Macedonia, which is not yet adopted, but it is in a process of formulation.

Another important aspect to be mention in regard to environmental protection is that according to the Profit Tax Law, there is no taxation on profit invested for environmental protection. This means that the number of investments in environmental protection should be increased as a result of this incentive, although this is not yet the case.

In June, 2004, the Law on Waste Management was established pointing on the need of regulations in the area of waste management and elimination of the negative impacts that waste has on the environment. A special focus on recycling, reuse or use as sources of energy is given as supplementary ways of using the waste. However, the awareness for waste management is still low in Macedonia since other laws do not refer or stimulate the entrepreneurs to invest in this area.

Regarding the noted progress in the area of environment, EC reports that certain progress has been made, although “a certain amount of legislation has still to be enacted in order fully to align the provisions with the *acquis*.”¹⁵⁴

4.2.3 Other Policies and Regulations

Besides the major labour law and environmental protection legislations, which partially relate to CSR issues, there are also other policies of interest that receive importance in regard to CSR and are to be considered under this section:

- **Law on Equal Opportunities for Men and Women**

The Law on Equal Opportunities for Men and Women was established on 31st of May, 2006. The Ministry for Labour and Social Policy supervises the enforcement of this law and promotes the equal status of men and women in all spheres of the social life. The law refers also to the terminology of equal opportunities and treatments specifying the area of economical field as indispensable for its realization. It refers to the prohibition of discrimination based on gender in the fields of employment and labor.¹⁵⁵ This Law is of importance to CSR developments in Macedonia because CSR issues regard equal rights for employment to both genders as crucial for sustainable business growth. However, the statement of the EC regarding the implementation of the law on equal opportunities is more critical: “women remain vulnerable to discriminatory practices and further efforts are needed to promote women’s rights notably in rural areas and to increase female participation on the labour market.”¹⁵⁶

154 Commission of the European Communities, The Former Yugoslav Republic of Macedonia 2007 Progress Report, op. cit., pp. 58

155 Law on Equal Opportunities for Man and Women, Primary Legislation, in Official Gazette of Republic of Macedonia, No. 66/06, 31st of May, 2006, founded on www.legislationline.org.

156 Commission of the European Communities, The Former Yugoslav Republic of Macedonia 2007 Progress

- **Regulations on the Prevention of Money Laundering**

Other important bylaws linked to CSR are the regulations on the prevention of money laundering inaugurated in 2001. The International Monetary Fund has given the following statement in regard to the efforts made in the area of money laundering prevention: “Recognizing the country’s high vulnerability to money laundering, the authorities have taken important steps in recent years to build and implement a coherent legal framework to combat money laundering [...] However, these efforts are still in their early stage. Much remains to be done to effectively counter money laundering.”¹⁵⁷

The First Law on Prevention of Money Laundering was adopted by the Parliament of the Republic of Macedonia in 2001. This Law provided the establishment of a Directorate for money laundering prevention that acts as an administrative unit at the Ministry of Finance.¹⁵⁸ This administrative unit is in charge of collecting and analyzing data about suspicious transactions, reporting and cooperating with other international organizations that deal with the same issues. The Law on prevention of money laundering was redrafted on 20th of July, 2004.

The Commission of the European Communities in the “Progress Report for Republic of Macedonia for 2006”¹⁵⁹ has noted that the legislation in this area does not fully comply with the EU standards and that the Directorate in charge for prevention of money laundering lacks quantitative and qualitative capacities in order to ensure proper reporting to the responsible institutions. In the same report, the EC states that the division of the responsibilities between the Ministry of Finance and the Ministry of Interior is still unclear.

- **Competition Policy Legislation**

At the end of the public policy section, it is worth to mention the competition policy which is a fairly new element in the Macedonian market economy. As of January 2005, the Law on the Protection of Competition has been enforced in the territory of the Republic of Macedonia and the provisions of this law are valid until 2009. This Law supplements the legislations in the area of avoiding potential limitation to competition dating back to 1999, 2000, and 2002¹⁶⁰ and is in line with the EU competition policy requirements. The purpose of the law is “to ensure free competition on the domestic market in order to stimulate economic efficiency and consumers’ welfare”.¹⁶¹ The main body in charge for the enforcement of this Law is the Commission for Protection of Competition, which was formed soon after the adaptation of the Law in 2005. Besides the Commission, the existence of the National Council for Entrepreneurship and

Report, op. cit., pp.46

157 International Monetary Fund, “Former Yugoslav Republic of Macedonia: Financial system Stability Assessment, including reports on observance of standards and codes in the following topics: Banking supervision, Payment system, Monetary and financial policy transparency, and Anti-money laundering and combating the financing of terrorism”, in IMF Country Report, No. 03/374, IMF Publication Services, USA, November 2003, pp. 1-45

158 Council of Europe, “Project against Money Laundering in the Former Yugoslav Republic of Macedonia”, MOLI-MK; 1st of August, 2004, pp. 1-20, found on www.coe.int

159 Commission of the European Communities, “Commission Staff Working Document: The Republic of Macedonia 2006 Progress Report”, Brussels, November 2006

160 Law against limiting competition, in Official Gazette of Republic of Macedonia, No. 80/99, No. 29/2002 and No. 37/2004

161 Law on Protection on Competition, in Official Gazette of Republic of Macedonia, No. 04/05, 2005, Article 2, p.

1

Competition has been recognized since 2003. This Council acts as a forum for dialogue between different public and private organizations in order to create better conditions for competitive business environment.

In its observations made in 2007¹⁶², OECD states that there is still a need of other legislative procedures and their enforcement in the area of competition policy and that the competition advocacy is still weak. Further knowledge should be transferred and information on competition should be given to the consumer organizations, public and the other governmental institutions.

Altogether concerning CSR, the analyses of the public policy regulations demonstrate that the Macedonian government has to implement stronger efforts in establishing an adequate legislative framework that would enforce corporate social and responsible performance of the companies, especially of those companies that are publicly listed on the Macedonian stock exchange and that have large a influence on the market, and has to ensure that those legislations are properly put into practice.

4.3 The Business Environment as a Stimulant for Adequate CSR Development

After revising the main public policies related to CSR and the adjustments made in the recent years, this part of the chapter will analyze in-depth the business environment and the main characteristics that influence on the CSR promotion in stock exchange listed companies in Macedonia.

In June 2007, the Parliament of the Republic Macedonia and the Economic Chamber of Macedonia established partnership and signed a Memorandum of Understanding, therefore strengthening the collaboration between the parliament and the most influential business association¹⁶³. This act attests the willingness of the Parliament to implement changes towards greater transparency and openness, and to promote the building of a democratic society,¹⁶⁴ inevitably relating a support of a greater cooperative and responsible economic performance. In terms of CSR, it indicates that positive developments in the CSR discourse start to take place and that there are potential possibilities of initiation of other partnerships between the governmental and business sector.

Additionally, the new Company Law¹⁶⁵, adapted by the Government of the Republic Macedonia in May 2004, allowed legal functioning of diverse types of companies such as partnership, joint stock companies, limited liability companies etc., and emphasized the scope of activities for all legal commercial entities, thus giving new impetus to the companies' operational activities. Consequently, this law influenced on the increase of the number of the busi-

¹⁶² OECD, "Progress in Investment reform: Investment Reform Index", OECD Investment Compact Program for South East Europe, Skopje, January 2007, found on www.oecd.org

¹⁶³ The Economic Chamber of Macedonia is considered to be most influential business organization in Macedonia

¹⁶⁴ Chamber of Commerce Macedonia, "Business Medium, Retro 2007", June-December 2007, Chamber of Commerce Macedonia, Skopje, 2007, p. 4-6

¹⁶⁵ Company Law, in Official Gazette of Republic of Macedonia, No. 28/2004, July, 2004

ness entities in Macedonia. For instance, in 2006, the State Statistical Office of Republic of Macedonia registered the following percentage of business entities: “38.2% are enterprises, 41.4% are trade companies, 11.9% are sole proprietors and 8.5% are others”.¹⁶⁶ This also indicates the possibility of potential increase in the number of stock exchange listed companies. Furthermore, the same law describes in details the various terms related to the company’s functioning such as shareholders, company assets, shareholder value, supervisory board, core/charter capital etc. Some of the Articles of the Company Law are closely related to the promotion of CSR values: for example, Article 39 points out on the right of the members or the shareholders of the company to be personally informed about the company’s activities and to have access to the company’s official books and other vital documents.¹⁶⁷ It means that all shareholders (including the minority ones) have legal right to access information, even thou they are not members of the company’s internal management. Or, another article of the law, Article 69, states that “partners who are not managers shall be entitled to receive accounting reports and other documents of the general partnership, as well as to raise questions in writing regarding the management of the general partnership, to which they shall receive answers in writing.”¹⁶⁸ This Article refers to partnership, as a company form, and is important legal statement for the rights that are entitled to both parties, whether they are in management positions or no.

The Company Law includes also the forms and obligation of the corporate governance structure, giving furthermore permission for formation of “one tier” or “two tires management system”.¹⁶⁹ As well as, the duty of diligence and care of the management and board members¹⁷⁰, while conducting their business activities, is stated by this law. Another article, Article 318, enforces the duty of publishing data and reports in the company’s bulletin, internet or daily newspaper.¹⁷¹ Overall, progress has been reported in this area, but is still far-off from the established world-wide CG standards.

The business environment in Macedonia has been moderately strengthened since 2006 not only as a result of the new regulations of the company law, but also as a result of the simplification in the tax payments and reduction of taxes. According to the Law on Profit Tax, Article 32,¹⁷² the tax payer has the right for a tax deduction in case of investment in underdeveloped regions or specific regions, such as mountainous areas or border areas that need incentives for development. The tax base is reduced by the amount that is invested. Furthermore, Article 35, states that that tax base will be decreased if the amount is invested in projects/activities aimed at environmental protection.¹⁷³ In order to boost the capital market trading, the Law on Profit Tax assigns a tax deduction on the computed profit tax if the taxpayers are listed for first time

166 State Statistical Office of Republic of Macedonia, “Report on types of business subjects recorded in the evidence of business subjects”, 11th of January 2006, Skopje, Macedonia

167 Company Law, op.cit., Article 39, pp. 41

168 Company Law, op.cit., Article 39, pp. 69

169 One tire management system comprises only from Board of Directors. Two Tire Management System comprises from Supervisory Board and Management Board.

170 Company Law, op.cit., Article 241, pp. 113

171 Company Law, op.cit., Article 318, pp. 145

172 Profit Tax Law (Revised Version), in Official Gazette of Republic of Macedonia, No. 80/93. Amendments and modifications are published in the No. 33/95, 43/95, 71/96, 5/97, 28/98 and 11/2001.

173 Profit Tax Law (Revised Version), op.cit., Article 35, pp. 18

on the stock exchange and their rights for deduction of 50% of the computed profit tax are valid for the first three years.

Moreover, since January 2006, Macedonia has introduced a one-stop-shop system¹⁷⁴ that enables companies to register their activities in a very short time (4-5 hours) and to be electronically accessible in the Central Register of the Companies. The one-stop-shop system reduced, to a great extent, the administrative barriers for newly registered companies. From June 2008, the data of the Macedonian companies is available on internet for the other EU member countries.

On the other hand, besides some of the improvements in the domestic economy, other areas such as investments, greenfield and FDI, did not show noticeable changes. As EC reports, “unclear property rights, slow legal procedures and fragmented responsibilities between the central and local governments are impeding FDI”, therefore reducing their valuable impact on the rise of CSR awareness (in the case of Hungary, FDI have opposite effect).

Altogether, this section has shown that the Macedonian business environment demonstrates certain signs of progress in specific areas such as company’s formation and tax reduction, but necessitates additional efforts in other areas such as investments and CG.

4.4 Major Challenges for CSR Promotion among Publicly Listed Companies in Macedonia

As the previous section has shown, the business environment in Macedonia needs additional restructuring and modification in order to advance the corporate responsible practices among the companies operating in Macedonia. Yet, there are many obstacles that impede the business growth in terms of CSR. For instance, the inefficient process of companies’ privatization in Macedonia contributed negatively to the current level of CSR implementation. The enactment of the Law on Transformation of Enterprises with Social Capital dating back in 1993, favoured Employee-Buyouts (EBOs), resulting in large percentage of non-transparent insider trading deals. Prominent manager-owners used their insider connections to ban competition, thus winning many profitable contracts and benefiting from privatization deals. Besides, the weak market incentives and the insubstantial policy frameworks did not produce sufficient restructuring in the large state-owned enterprises. Further, during the last decade (1995-2005), the governmental policies have not been supportive to foreign investments, therefore the influx from the foreign companies operating worldwide was limited and of no consequence in promoting added values to the domestic companies. Also, the grey or shadow economy (that amounts between 33%-37% of GDP) contributes negatively to CSR alertness among the companies and public.

Besides the above enumerated reasons, there are other obstacles that particularly impede the CSR expansion in stock exchange listed companies in Macedonia. These obstacles will be elaborated in the next part as follows: newly formed stock exchange; high political involve-

¹⁷⁴ According to the Law on One Stop Shop System, in Official Gazette of the Republic of Macedonia, No. 84/05, 2005

ment in companies' CG structure and lack of socially responsible investments.

4.4.1 Newly Formed Stock Exchange

Generally, every stock exchange reflects the economic performance of its domestic country and reverse, the fair capital market determines the successful performance of its stock exchange. In the light of this statement, the following section will examine the performance of the Macedonian Stock Exchange (MSE).

The MSE is relatively new one, since it was established in 1995 and it started to work actively in 1997. At the outset, MSE had nineteen members, but this number reduced to seven as result of the Law Requirement on Issuance and Trading of Securities (1997), that allowed only legal entities and brokerage houses to be registered as members of MSE. In the following years, the banks were also allowed to join the stock exchange and nowadays the number of the members of MSE is seventeen, thus operating as a joint stock company. Besides, the MSE has twenty shareholders and around fifty publicly listed companies and these small numbers demonstrate the undersized activity of the stock exchange. In addition to that, neither one company in Macedonia was privatized through the stock exchange which shows the insignificant involvement of the Macedonian government in the stock exchange activities.

The electronic system of trading, called BEST, started in 2001, after signing the “Memorandum for understanding” with Ljubljana Stock Exchange.¹⁷⁵ Parallel to that, the Macedonian Bourse Index (MBI) was introduced. Since the introduction of the electronic trading system, the transparency of the listed companies has been somewhat improved, although disclosure and transparency are still largely discussed issues.

MSE has two markets: official and unofficial or free market. The companies allowed to be listed on the official market must have 25% of the shares owned by the public or by minimum 200 shareholders.¹⁷⁶ Also, MSE recently was opened for the foreign portfolio investments, but most of the foreign investors are from the region (ex-Yugoslavian countries and other Balkan countries).

In 2006, MSE adopted the Corporate Governance Code and in 2007, the Corporate Governance Manual for the Macedonian Joint Stock companies¹⁷⁷ was published (based on the materials for the Russian Corporate Governance Code). This manual is part of the project “Corporate Governance Program for Southern Europe” done in cooperation with USAID and the International Financial Cooperation (IFC). Given that “the insider domination in terms of ownership and the low level of investor protection during a lengthy period of time”¹⁷⁸ were determined as major impediments to the development of the Macedonian capital market, this project aims at helping the investors in assessing properly the corporate governance policies of the Macedonian listed companies and as well, strengthening the current CG structure.

Although, as we can see, some efforts are made in strengthening the CG and the financial

¹⁷⁵ The given information is taken from the Macedonian Stock Exchange web site at www.mse.org.mk

¹⁷⁶ American Chamber of Commerce in Macedonia, “Emerging Macedonia: Why Invest in Macedonia, Ten Years of Growth of Macedonian Stock Exchange”, Issue 1, April/June 2006, pp. 25

¹⁷⁷ Olga Mihajlova Tikvarovska, Samir Latif, Zorica Semenkova, Ilco Lazarevski, Corporate Governance Manual for Macedonian Joint Stock Companies, International Financial Corporation (ed.), Washington, USA, 2007

¹⁷⁸ Olga Mihajlova Tikvarovska, Samir Latif, Zorica Semenkova, Ilco Lazarevski, op.cit., pp. 25

performance of the publicly listed companies, yet in the course of 2007 until July 2008, the market value of the 10 most liquid companies listed on MSA declined to 34%, and the total turnover was reduced to 92 million euros (from the existing 325 million euros at the same time last year)¹⁷⁹. This decline is a result of the withdrawal of many foreign investors, due to the unstable country's political and economic conditions in the course of 2007/2008 (such as the official rejection of Macedonia to join NATO, due to the Greek veto).

Finally, if the above mentioned issues about MSE are evaluated in the light of the statement - that every stock exchange reflects the economic performance of its domestic country - it can be seen that the MSE manifests signs of weak domestic economic performance and lacking capital market strength and therefore does not support positively the CSR expansion.

4. 4. 2 *Corporate Governance vs. Corporate Political Control: the Case of Makedonska Banka*

As a second major obstacle to CSR promotion is the political involvement in the CG structure of the Macedonian companies.

Petar A. Gourvevitch and James Shinn observe that “corporate governance - the authority structure of a firm - lies at the heart of the most important issues of society [...] It creates the temptations for cheating and the rewards for honesty, inside the firm and more generally in the body politic [...] It influences social mobility, stability and fluidity [...] It is no wonder then, that corporate governance provokes conflict. Anything so important will be fought over [...] like other decisions about authority, corporate governance structures are fundamentally the result of political decisions.”¹⁸⁰ Few companies in Macedonia prove to meet the terms of the above explanation thus being greatly politically dependant and economically inefficient. The following example of Makedonska Banka¹⁸¹ will demonstrate the validity of these observations:

Founded in 1992, Makedonska Banka AD Skopje¹⁸² was fourth bank in Macedonia in terms of assets and first bank by the number of branches. Most of the historical developments of the bank are connected with shareholders who were politically active and had financial backup for their “banking” activities from their political parties. Besides, the bank has been often times reported to have suspicious financial transactions. In 2002, for first time officially, the bank was charged by the Central Bank, to change its ownership structure by selling its shares. This decision of the Central Bank was taken as a result of the implementations of the new regulations by the Law on Political Parties, 2002¹⁸³ (according to which political parties were not allowed to own companies). In 2003, the ownership structure of Makedonska Banka was modified by allowing 70% ownership rights to a well-known Serbian businessman, Jovica Stefanovik Nini, who was already under investigation for financial corruption in Serbia. Disregarding this well

¹⁷⁹ Found on www.a1.com, reported on 3rd of July, 2008

¹⁸⁰ Petar A. Gourvevitch and James Shinn, *Political power and corporate control: The new Global Politics of corporate power*, Princeton University Press, USA, 2005, p. 3

¹⁸¹ The case of Makedonska Banka has been in detail reported by A1 on www.a1.com.mk (reporting dates 10/10/2006, 18/10/2007 and 12/12/2007)

¹⁸² AD stands for Limited Liability Company

¹⁸³ Law on Political Parties, in Official Gazette of the Republic of Macedonia, No. 42/2002, 25th of June, 2002

known public information, the Central Bank approved the new bank’s structure and in 2004, the Governor of the Central Bank, Petar Gosev, nominated his main people Nikola Kacarski (employed in the Central Depository) and Spase Lazarevski (advisor of the Governor), as general directors of the bank. As the new directors were political activist of the ruling governmental party in 2004, the bank got again controlled by political party members.

Furthermore, in the course of 2004/2006, the bank was claimed for enormous financial debts.¹⁸⁴ As a consequence, Makedonska Banka was again instructed to sell the majority of its shares and to restructure. The major shareholder, Jovica Stefanovik Nini, subsequently transferred his shares to few other privately owned companies, which unofficially were controlled by him. The Central Bank, denied the transfer of shares claiming as illegal transfer, and after many heated discussions, the Central Bank announced liquidation to Makedonska Banka (in October, 2007). Consequently, two hundred Macedonian citizens¹⁸⁵ lost their employment and savings, and many strikes took place as a sign of disagreement to the Central Bank’s decision for liquidation.

The case of Makedonska Banka (being the first bank in Macedonia that was liquidated by the order of the Central Bank) indicates clearly the necessity of corporate social responsibility from the side of the government and companies. At the same time, it provides visible example that effective corporate governance structure can not go hand in hand with corporate political control.

4. 4. 3 *Lack of Socially Responsible Investments*

As a third major obstacle to CSR development in Macedonia is the lack of initiatives for attracting socially responsible investments.

In 2007, the Government of Republic of Macedonia established Technological Industrial Development Zones (TIDZs)¹⁸⁶ in order to increase the investments in the country by providing incentives for FDI such as ten years tax break, reduction of personal income tax for the first five years and availability of land under lease up to fifty years. However, EC states that “so far the impact of these zones on FDI has remained limited”¹⁸⁷ and as well, they did not provide incentives for responsible investments (none of the regulations deals with issues of environmental protection, community investments or product safety).

At the moment, there are only sanctions for socially irresponsible investments but no stimulations for those companies that are responsible. The sanctions are given by certain banks in a forms of not allowing financing or loans to companies that work in the field of blacklisted industries such as tobacco, production of weapons and other military purposes, alcohol, casinos & gambling industry etc. These preventions of credits and loans are only basic legal form of business sanctions and do not contribute to CSR promotion.

On the whole, lack of socially responsible investments, political involvement in CG struc-

¹⁸⁴ Found on A1 Online News: www.a1.com.mk (section Archive)

¹⁸⁵ Two hundred people is considerably large number considering the fact that Macedonia has only two million inhabitants

¹⁸⁶ More information to be found on the present website of the Technological Industrial Development Zones at www.fe.z.gov.mk

¹⁸⁷ Commission of the European Communities, “The Former Yugoslav Republic of Macedonia 2007 Progress Report”, op.cit., pp. 23

ture and the newly established stock exchange are perceived as one of the major hindrances to CSR development in Macedonia, followed by other obstacles such as increased level of corruption, limited engagement of domestic companies in CSR activities, lack of commitment to CSR values, low level of CSR reporting, newly established regulations for CG, insubstantial NGO's activism etc. All of these obstacles reduce the current level of public awareness for CSR in Macedonia. Therefore, the following section will provide some findings on the level of CSR awareness.

4.5 CSR and the Present Corporate Image

This part of the chapter presents the results from the CSR survey made with Macedonian customers/consumers and analyses three case studies with selected Macedonian stock exchange listed companies.

4.5.1 CSR Survey with Macedonian Customers/Consumers

A survey with 104 customers/consumers in Macedonia¹⁸⁸ was carried out in the period of April/May 2008, in order to assess the level of CSR awareness. This survey is identical to the "Survey on CSR in Hungary: for customers/consumers", and it examines the same issues as in Hungarian case.

38% of the survey's participants are male and 62% are female; further, 38% belong to an age group of 18-30 years, 48% are between 30-50 years old and 1,4% are 50 and more years old. Considering the fact that large percentage of the participants are in an age range of 30-50 years, it is assumed that the survey's results reflect an opinion of current products' users.

53% of the survey's respondents indicated that they are familiar with the term of CSR, other 27% participants were not sure about the meaning of CSR, while 20% responded that they do not know what CSR means.

One survey's question focused primarily on the term that mostly relates with CSR. The results show that the employment rights are considered as most important to CSR. Next on the list are social welfare and environmental protection. Charity and effective corporate governance are as well ranked among the terms that are mostly associated to CSR. Profit maximization and satisfying the interest of the shareholders are ranked more important than sponsorship. The following graph illustrates the survey's participant results:

Figure 12 shows that 72% of the survey's participants consider employees' rights the most relevant term related to CSR (this percentage is nearly double more than in the Hungarian survey's results, where only 44% of the participants considered employees rights as notable); the percentage given for social welfare is nearly the same as in Hungarian case (52% in Macedonia and 59% in Hungary); the environmental protection is considered from 51% of the respondents as a dominant term that relates to CSR, whereas this percentage is 63% in Hungary (environmental protection took most attention among the Hungarian customers); other 34% take in consideration charity and 29% the CG (the Hungarian consumers gave only 14% importance to

¹⁸⁸ The questionnaire is attached to the Appendix

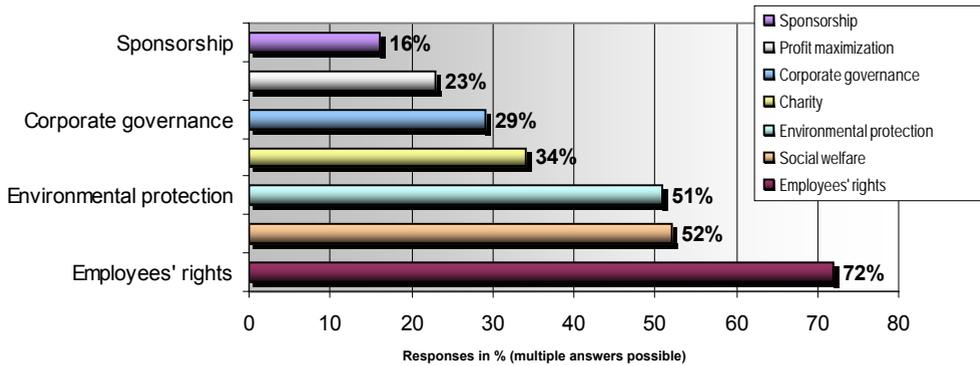


Figure 12. Main Terms Associated to CSR

(Own adaptation according to a “Survey on CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)

effective CG). Profit maximization is also surprisingly highly ranked with 23% comparable to the Hungarian 8%, while the percentage of those customers that identified CSR with sponsorship is only 16%. Furthermore, from among the main promoters of CSR in Macedonia, NGOs are considered as most influential, government is ranked on the second place, followed closely by the media. The results demonstrate that Macedonian consumers are skeptical towards the importance of the trade unions because the number of high voted responses, 7, ranges equally as the number of low voted responses, 1. As we can see in Table 2 on page 247, where 1 represents minimum active CSR promoter and 7 is maximum active, the responses given for 7 and for 1 are equally amounted as 15. The similar situation or range is to be found in the case of the foreign-owned companies, though in this case the public opinion is rather not so extreme as in the case of the trade unions because most of the respondents classify the level of CSR activity of the companies between 3 and 5 (see Table 2 on page 247).

Similarly to the Hungarian survey’s results, the consumers and the domestic companies are regarded as minimum active actors in CSR promotion. Figure 13 gives detailed overview of the results and rating scale (see Figure 13 on page 274).

Additionally, the results from the survey demonstrate that foreign companies have larger influence than domestic ones; 73% of the survey’s respondents consider foreign-owned companies more important than the 27% given for the domestic companies.

The previous findings are showing that the Macedonian consumers are not well informed about the meaning and importance of the CSR. Only 53% from the respondents are familiar with the term CSR, whereas other 48% are not sure or do not know what means CSR. Most of respondents associate CSR with employee’s right, which also explains the long lasting influence of the previous socialist system in which employees or workers rights were rather emphasized. However, it is surprising that 23% consider that CSR has a lot to do with satisfying the shareholders’ interest and adding profit to the company. What’s more, surveyed group perceives the government and trade unions as more influential promoters than the domestic companies and the consumers.

These findings will be furthermore re-evaluated in the concrete case studies analyses with selected stock exchange listed companies in Macedonia.

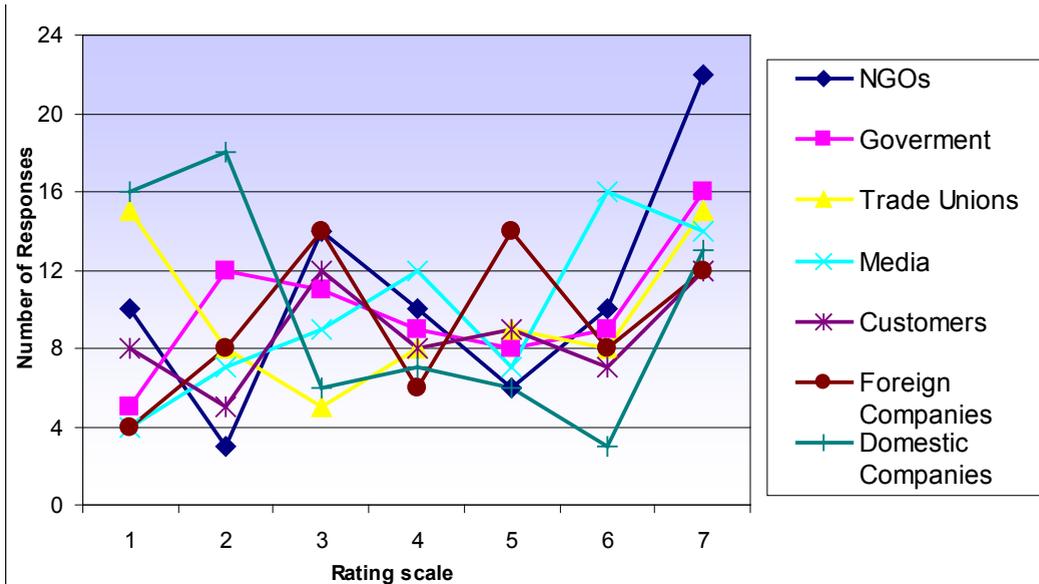


Figure 13. Main CSR Promoters in Macedonia
(Own adaptation according to a “Survey on CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)

4.5.2 Case Studies of Selected Macedonian Publicly Listed Companies

Taking into consideration the survey’s results of the level of CSR awareness, the following section will present few case studies of selected Macedonian publicly listed companies, focusing on their CSR policies.

The selected companies are: Makedonski Telekom AD Skopje, which is the largest telecom provider in Macedonia; Alkaloid AD Skopje, one of the well-know pharmaceutical company and three banks (Komerrijalna, Stopanska and Tutunska Banka) whose performance is evaluated successively.

- **Makedonski Telekom: Social Responsibility vs. Sponsorship**

Makedonski Telekom AD Skopje was formerly part of the state owned company PTT Makedonija which provided services in the area of telecommunication and post. In 1997, the company was divided in two entities: AD Makedonski Posti, with specific focus on postal services and AD Makedonski Telekomunikacii, specializing only on telecommunication services. The process of privatization of AD Makedonski Telekom started in 1998 when the company was registered as a joint stock company and lasted until 2000, when the majority of ownership was acquired by the largest Hungarian telecommunication provider MATAV.¹⁸⁹ During the privatization process, large disputes were reported that re-questioned the loyalty and transparency of the company. These disputes were mainly related to two dividends that were declared by the Telecom Board Members shortly before selling the company to the new owner, MATAV (Magyar Telekom). The International Crisis Group has reported in its 2002 report¹⁹⁰ that the first

¹⁸⁹ The enumerated historical developments of Makedonski Telekomunikacii are based on the company profile given on the official website: www.mt.com.mk

¹⁹⁰ International Crises Group, “Macedonia’s public secret: How the corruption drags the country down”, in ICG’s

| Shareholders of Makedonski Telekom | | |
|---|-------------------------|---------------|
| Name of owner | Number of shares | As % |
| Stonebridge AD Skopje (in liquidation) | 48,877,780 | 51.00 |
| Government of RoM | 33,364,875 | 34.81 |
| Makedonski Telekom AD (Treasury Shares) | 9,583,878 | 10.00 |
| IFC | 1,796,980 | 1.88 |
| Other minority shareholders | 2,215,268 | 2.31 |
| Total | 95,838,781 | 100.00 |

Table 3. Shareholders’ Structure of Makedonski Telekom
(As published on the official website of Makedonski Telekom, under section Investors Relations: www.telekom.mk)

dividend was declared during the privatization in 2000 and the second one right after the acceptance of the buyer. The same report states that the buyers were unaware of the dividends and suspected/questioned the amount given. This suspicious case was never openly resolved, though it affected on detail investigation of the ongoing processes of privatization. In spite of the fact that the privatization of the largest state owned company in Macedonia is another complex topic for discussion, this negative experience has certainly shown that there have been many concealed irregularities in the corporate organization of Makedonski Telekom that do not correspondent at all with CSR.

After the privatization, the ownership structure of Makedonski Telekom was changed and nowadays has the proportions shown in Table 3.

As we can see from the table, Stonebridge Communication AD Skopje, whose owner is MATAV or Magyar Telekom, has 51% shares, while the government of Republic of Macedonia participates with 34,81% shares, which is also large amount. The company has only 2,31% minority shareholders that proves that the decision making processes are mainly controlled by the major shareholder Magyar Telekom.

Until May 2008, the company was named Makedonski Telekomunikacii, and after that period adopted the name Makedonski Telekom, corresponding to the new strategic goals related to the implementation of the global T brand.

Furthermore, regarding the company’s CSR policy, the findings reveal that the term “social responsibility” is generally used as a synonym for CSR. Most of the socially responsible activities of the company are in form of sponsorships and donations in the area of education, culture and sport. Makedonski Telekom sees itself as a participant in the community’s social life mainly through its sponsoring program which shows that there is certain identification of CSR with sponsorship.

In order to analyze the public perception on Makedonski Telekom’s CSR, this research included a survey question on Makedonski Telekom’s CSR (whether the quality of services provided by Makedonski Telekom is in line with company’s promoted corporate responsible attitude) in the Survey for CSR in Macedonia made with customers/consumers¹⁹¹. Most of the customers consider that the level of service does not correspond to what the company promotes as CSR strategy. 36% answered negatively, with another 8% claiming that the company’s ser-

Balkan Report, No. 133, 14th of August, 2002, Skopje/Brussels, pp. 14

191 Attached to the Appendix

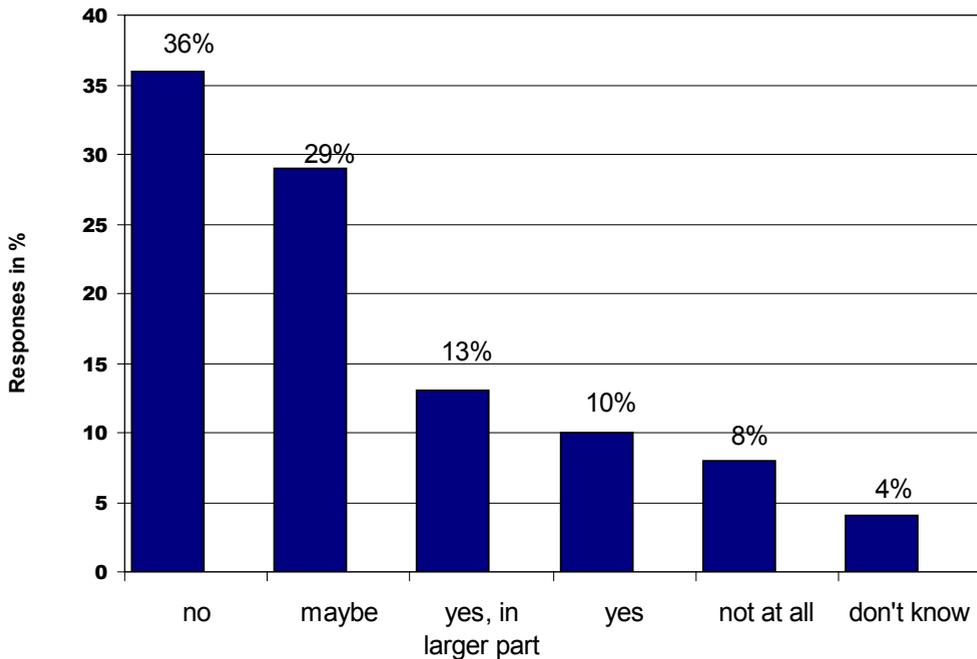


Figure 14. Quality of Services vs. Promoted CSR
(Own adaptation according to a “Survey on CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)

vice is not at all corresponding to its CSR policy. Only 13% of the survey’s participants suppose that the company provides (in large extent) adequate quality of services that corresponds to its CSR level with other 10% of the respondents are absolutely sure in satisfactory CSR policy of Makedonski Telekom. The following chart provides an overview of the survey’s results:

As it can be seen from Figure 14, the percentage of negative answers is higher than the positive ones, consequently demonstrating the level of dissatisfaction from the side of the Macedonian consumers regarding Makedonski Telekom’s CSR. This assumption can lead to another assumption that Makedonski Telekom takes insufficient consideration of customers’ satisfaction (since majority of the survey’s group are current customers/product users), as opposite to the current company’s CSR requirements of prioritizing the needs of the consumers as most important stakeholder group (as discussed in 2. 2. 1 “Customers/Consumers” on page 227).

- **Alkaloid AD Skopje**

Another Macedonian stock exchange listed company, whose CSR activities are evaluated in this paper, is Alkaloid AD Skopje. Alkaloid is a joint stock pharmaceutical company that exists more than 70 years. It is the oldest and the leading company in the pharmaceutical sector and as well one of the most successful companies in Macedonia with selling activities in nearly 30 markets. Since 2002, the company has been listed on the official market of the MSE and its securities are promoted as most liquid on the Macedonian Stock Exchange.

Concerning the management structure, Alkaloid AD Skopje has two-tire corporate govern-

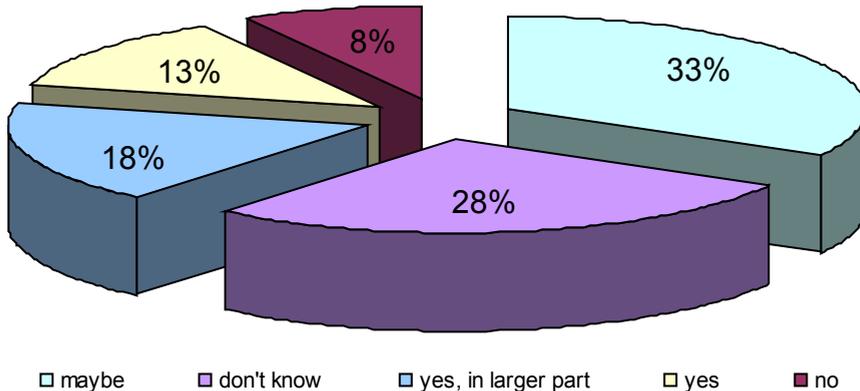


Figure 15. Customer's Perception on Alkaloid's CSR
(Own adaptation according to the results from the Survey on CSR in Macedonia: for Customers/
Consumers, attached to the Appendix)

ance system composed of supervisory board and management board (as it is most often case for the Macedonian companies) and concerning its operational structure, company's operational units are divided in four parts: pharmaceutical, chemistry, botanical and cosmetics, thus covering wider variety of products and services.

In regard to the CSR policy of Alkaloid, the company does not use terms such as SD or CSR in its corporate communication, neither has CSR or SD policy. Basically, environmental policy is the main CSR tool, managed by the Department for quality, assurance and environmental protection, and the main logo of the company “health is above all” is used to promote company's goal of improving the quality of life of the individual and community. Compliance to the well-known standards ISO14001 and ISO9001 is in ongoing phase since 2006.¹⁹²

Likewise, training, development of skills and mobility carrier schemes for company's 1100 employees (as part of the Human Resource (HR) policy) are one of the main corporate aims managed by the HR department. Conversely, special department for CSR does not exist yet.

Generally, Alkaloid is promoted by the media as a good corporate citizen with long-term added and sustainable values, however the above findings provide propositions that the company mainly identifies environmental and HR policy with CSR. In order to examine the customers' perception on this issue, a special question was addressed (in the CSR Survey with the Macedonian customers/consumers¹⁹³) whether Alkaloid AD Skopje is considered as a company with an outstanding CSR. 33% of the respondents were not sure and another 28% did not know; other 31% altogether consider this company to a large extent being socially responsible, while 8% of the respondents replied negatively.

The results given in Figure 15 indicate that most of the consumers, 61% altogether, are not familiarized with the promoted CSR of Alkaloid as opposite to the 32% that consider this company to some extent socially responsible. These findings are on a way consistent to the findings in 4. 5. 1 “CSR Survey with Macedonian Customers/Consumers” on page 272 were the survey's results demonstrated that 48% of the respondents are not aware of the meaning and

¹⁹² See “Alkaloid's Quality and Environmental Policy“, section Environmental Protection on www.alkaloid.mk

¹⁹³ Attached to the Appendix

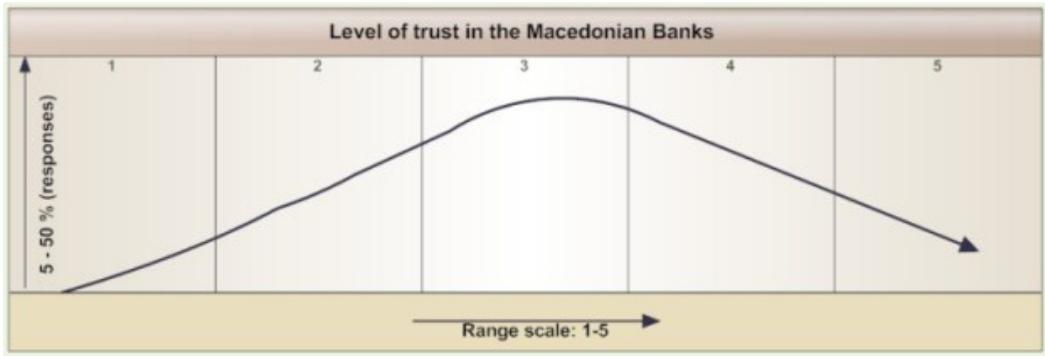


Figure 16. Level of Trust in Macedonian Banking Sector
(Own adaptation according to a “Survey for CSR in Macedonia: for Customers/Consumers”; attached to the Appendix)

importance of CSR.

Regarding both case studies, Makedonski Telekom AD Skopje and Alkaloid AD Skopje, the previous analyses provided an evidence for the low awareness (from the side of the Macedonian customers) for the CSR policies of both companies and, as well as, for the lack of adequate and formulated socially responsible policies in both companies. Particular areas such as, donations and environmental protection, are identified as main CSR activities in both cases.

- **Macedonian Banking Sector: A Promising Story?**

The last part of this chapter deals with the banking sector in Macedonia. For this reason, three successful Macedonian banks will be examined in terms of their CSR policies and the practical implication.

Looking at the Macedonian banking system, “comparative analysis with the other transition countries shows that the Macedonian banking sector is lagging behind in the bank consolidation process.”¹⁹⁴ The new banking legislation (is to be approved by the Macedonian Parliament in the course of the following months) would have potential chance to improve the compliance to the EU banking directives, but yet the lack of competitiveness still continues to underline the banking structure.¹⁹⁵ The EC states that “supervisory practices, capacity and expertise need to be further enhanced in the light of forthcoming challenges, such as the growing presence of foreign capital, product complexity, accelerating development, further liberalization, increasing consolidation and competition on the financial services market”¹⁹⁶.

In line with these statements, a survey’s question (Survey on CSR in Macedonia: for Customers/Consumers) was addressed about the level of trust in the banking sectors. On a scale range from 1-5 (1 minimum and 5 maximum) 46% of the survey’s participants ranked their level of trust as medium (3).

Figure 16 illustrates that the highest percentage is achieved at number 3 which shows that customers have only to certain extent trust in the banking system, but not sufficiently high.

¹⁹⁴ Borko Handzjiski, “The efficiency of the Macedonian Banking Sector”, published November 2005, found on www.balkananalysis.com

¹⁹⁵ Borko Handzjiski, “The efficiency of the Macedonian...”, op.cit., p. 2

¹⁹⁶ Commission of the European Communities, “The Former Yugoslav Republic of Macedonia 2007 Progress Report”, op.cit., pp. 33

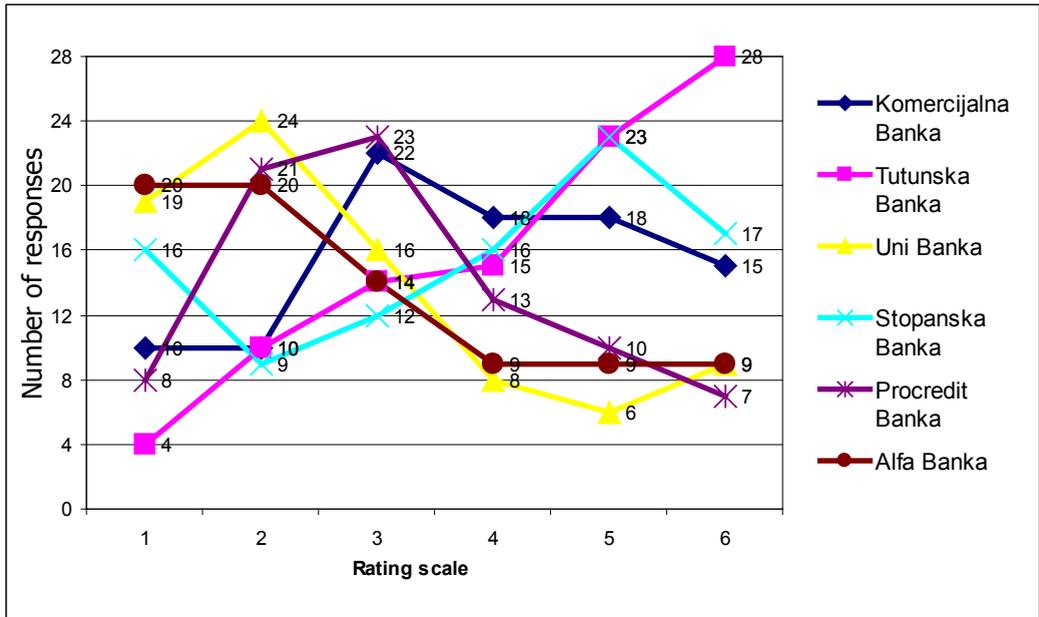


Figure 17. Rating Scale of the Macedonian Banks
 (Own adaptation according to the results from the Survey for CSR in Macedonia: for Customers/
 Consumers, attached to the Appendix)

Only 21% ranged their level of trust with 4, another 9% with 5, whereas other 25% have minimum level of trust ranging between 1 and 2.

At the same time, another survey’s question requested the participants to rate certain selected Macedonian banks on a scale range from 1- 6 (1 minimum and 6 maximum) in terms of their successful corporate performance. The selected Macedonian banks are: Komerzijalna Banka, Tutunska Banka, Uni Banka, Stopanska Banka, Procredit Banka and Alfa Bank. Figure 17 demonstrates the results.

The horizontal line on Figure 17 represents the range scale from minimum up to maximum (1 to 6), the vertical line represents the number of responses given from the survey’s participants and the lines with different colors within the graph, symbolize the banks. As we can see, the line of Tutunska Banka has most continuous and highest progress from 1 to 6 and is considered most successful in terms of performance, positive impact and quality of services. Next on the scale is Stopanska Banka, followed by Komerzijalna Banka. Uni Credit Banka and Alfa Bank appear at last on the range scale.

It follows that from among the banks mostly considered as socially responsible (regarding customers’ views) are Tutunska, Komerzijalna and Stopanska Banka. These banks are at the same time considered as the largest banks in Macedonia, whose mutual performance is nearly 70% of all banking activities. Therefore the following section will provide CSR assessment of each of these banks.

- **Tutunska Banka AD Skopje**

Tutunska Banka AD Skopje has majority of foreign ownership: Internationale Handelsbank AG Frankfurt has 29,83% of the shares, Interfinanz AG Zurich 29,04% and Nova Ljubljanska

| <i>Shareholders with more than 5%</i> | <i>in %</i> |
|--|--------------|
| LHB Internationale Handelsbank AG Frankfurt | 29,83 |
| NLB Interfinanz AG Zurich | 29,04 |
| Nova Ljubljanska Banka d.d. Ljubljana | 26,96 |

Table 4. Ownership structure of Tutunska Banka in 2008
(According to the published information on 30/06/2008 on found on www.tb.com.mk)

Banka d.d. Ljubljana 26,96%.¹⁹⁷

Being under direct control of foreign investors, Tutunska Banka was enforced to implement CSR principles in its ongoing projects. For instance, the bank has increased almost double, since 2000, the employment of young people in its branches across the country and further promotes training and development for its employees. In the Survey for CSR in Macedonian publicly listed companies¹⁹⁸ specially distributed to selected stock exchange listed companies, Tutunska Banka was the only Macedonian company that replied. From the results given by the Head of the business planning and control department of Tutunska Banka, we can see that although the bank has CSR policy, yet does not have special department for CSR neither has published so far any CSR reports (it is planned to start from 2009 onwards). Currently there are eight people in charge of CSR activities. Furthermore, according to Tutunska Banka, the lack of public policy for CSR has been a major reason for not to engage more on CSR issues. Among the main stakeholders that influence mostly on the company's need to raise the standards of CSR performance, the NGOs, international organizations and the shareholders are ranked as most influential, while the business partners, competitors and the local community have least impact. Herein, it is interesting to compare these results with the findings from the survey made with the CSR manager from Magyar Telekom¹⁹⁹, where competitors and business partners are also mentioned among the least influential stakeholders. It means that the business partners in both countries, Hungary and Macedonia do not have proactive role as stakeholders, thus proving that practically, the publicly listed companies do not have policies that align their values with those of their business partners, neither do they consider this issue as important as it should be (opposite than what was explained in 2. 2. 4 "Business Partners (Suppliers and Subcontractors)" on page 229).

Additionally, the bank's view is that it is very important to make CSR reporting compulsory in Macedonia.²⁰⁰

Altogether, the case of Tutunska Banka demonstrates that the efforts of the bank in implementing CSR principles are still on a beginning level, without having produced some visible effects, and therefore it is difficult to evaluate some specific achievements.

Komercijalna Banka AD Skopje

Another successful and service oriented bank, according to customers' perception, was found to be Komercijalna Banka AD Skopje. The Bank operates for more than 50 years and has network of seven regional branches in Macedonia and forty-three city branches. The largest

¹⁹⁷ Found on: www.tb.com.mk

¹⁹⁸ Attached to the Appendix

¹⁹⁹ Survey on CSR in Macedonia: for Macedonian Publicly Listed Companies, attached to the Appendix

²⁰⁰ Answers as given in the Survey on CSR in Macedonia: for Macedonian Publicly Listed Companies

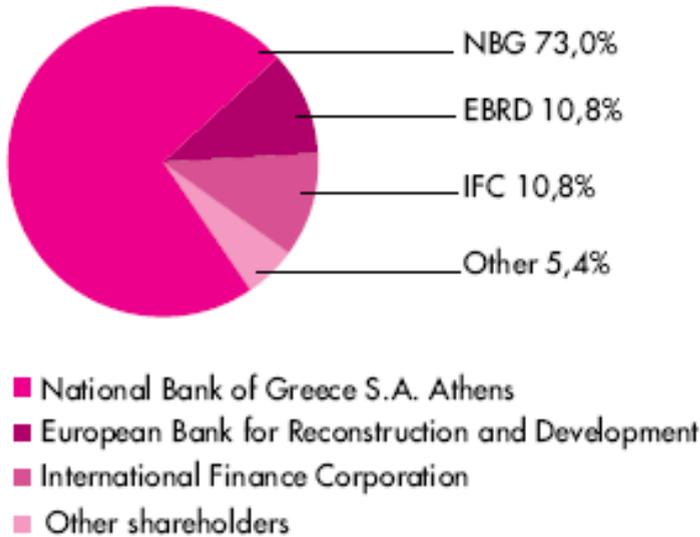


Figure 18. Ownership Structure of Stopanska Banka AD Skopje in 2006

shareholders are thirteen domestic companies from Macedonia and other 9,10% of the bank's shares are in state ownership. It is among the few Macedonian banks that have domestic-owners structure.

The financial statements of the bank are prepared in accordance with the International Financing Reporting Standards (IFRS) and PWC acts as an independent audit enterprise that verifies the legality of the bank's financial reports. In line with that, in 2007, Komercijalna Banka won the reward “Crystal Bell” from the MSE for being the most transparent company among thirty eight nominated publicly listed companies.

In terms of CSR, only in 2007, Komercijalna Banka started to publish in its annual report special section entitled as CSR, in which it reports the implementation of human rights policies, employees' standards, anti-corruption policies and environmental protection. Regarding the environmental protection, the report states that the bank does not have separate strategy and it considers it as part of the marketing plans and IT security policies.²⁰¹ This demonstrates the insufficiency of the bank to integrate CSR strategy as crucial part of the bank's operative performance and accordingly, CSR is identified as a marketing tool.

Stopanska Banka AD Skopje

Among other banks that have successful CSR strategies is also Stopanska Banka AD Skopje. Stopanska Banka was established in 1944 and after 2000, it was completely privatized, with the National Bank in Greece acquiring the majority ownership, followed by the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC).²⁰²

With the new restructuring, the bank was able to raise its competitiveness and organizational management. Additionally, Stopanska Banka was one of the first banks that started to implement CSR principles from the United Nation Global Compact (UNGC), such as human

²⁰¹ Komercijalna Banka, “Annual Report 2007”, pp. 36-37, found on www.kb.com.mk

²⁰² Found on www.kb.com.mk

right protection, labor standards, fight against corruption and environmental protection, but only since 2006. Besides, Stopanska Banka publishes information on its CSR program in its annual reports, as well as reports the development of the implementation of UNGC principles.

As it can be seen from the examples of the three successful banks in Macedonia, most of the CSR principles were established only in the recent years. This means that clear and visible results can be evaluated only in the following years according to how successful these principles will be put into effect. Likewise, none of the banks has so far published CSR report, conversely CSR strategy is taken as a part of the marketing strategy or identified with HR policies.

In sum, aside from the recent potential promising signs from the side of the banking sector, there are not many positive stories about CSR development in the stock exchange listed companies in Macedonia. This is mainly due to the unbalanced macroeconomic situation in Macedonia with extremely high unemployment rates, the low level of FDI and the lack of public understanding of the concept of CSR.

Chapter 5

Comparative Perspective of CSR Policies and Implementation in Hungary and Macedonia

After having evaluated the notion on CSR in stock exchange listed companies in Hungary and Macedonia and the main impediments to CSR development in both countries, in this last part of the thesis it is worth to look systematically at some comparable experiences and related challenges in the socio-economic and political dimensions of both countries and to envisage common recommendations concerning CSR development in these countries.

5.1 Similar Experiences vs. Similar Challenges

The still narrow vision of CSR in selected transition countries is closely related to the vulnerable role of the companies in societies, dating back to the previous communist socio-political ideology, given that companies are not yet adequately seen as potential sources of value creation in terms of financial wealth, jobs, technologies and innovations etc. Cultural differences affect CSR dynamics of publicly listed companies in various contexts, as for instance in Hungary, where social responsibility is seen in the traditional model of social welfare provisions to employees or in Macedonia, where it is identified with the safeguard of the employees' rights. Therefore, concentrated research is needed in the area of socio-cultural differences among the CEE transition countries in order to deliver concrete profound knowledge for the business entities and other public leaders.

Further, the regulatory public framework imposes rules that can often times be seen as constraints for the CSR development, such as in the case of Macedonia where administrative and legal inconveniences of starting up businesses have been perceived as barriers to new investment opportunities for a long time. As well, policy developments tend to consist of rather top-down approach and are mostly conducted without the external involvement of other partners such as companies or NGOs, who are invited to participate only at final stages when the appropriate mechanisms are already designed.²⁰³

²⁰³ Cris Gribben, Kate Pinnington and Andrew Wilson, “Governments as partners: The role of Central government in developing new social partnerships”, Findings from seven European countries, The Copenhagen Centre, 2001, pp. 23, found on: www.copenhagencentre.org

Apart from that, weak and inadequate governmental policies, tax restraints, ineffective board governance and an inconsistent stakeholders' dialogue are to be observed as parallel patterns of vulnerability in both country cases. The occurrence of constructive partnerships in CSR issues among various players has not been observed on a regular basis, although it is an emerging paradigm in Hungary. In Macedonia, NGOs exemplify a rather weak role, tend to be not very influential in shaping the CSR debate and do not initiate activities aiming at creating public-private social partnership, therefore limiting the proliferation of CSR activities. Besides, the Macedonian civil sector takes the ideological perception that many provisions should be provided by the government.

Above all, CSR is not an integrated part of the strategic planning of the stock exchange listed companies in Macedonia and Hungary, as we could see in the case of Tutunska Banka in Macedonia or the OTP Bank in Hungary. The OTP Bank has started to align its corporate values with its CSR framework, but corporate financial performance and corporate social responsible performance are still treated independently.

From a corporate perspective, unsatisfactory results are delivered in regard to the CSR promotion in stock exchange listed companies and only a handful of companies are implementing partial CSR policies with the aim of gaining social and economic benefits.

In order to understand systematically the CSR context and the differences in CSR concepts in Hungary and Macedonia, the following section will examine separately the economic/political/social dimensions of the selected case-study countries with the aim of providing comparative analysis for the final recommendations.

5.2 CSR under Consideration of Economic/Political/Social Dimensions in Hungary and Macedonia

One of the clearest points that emerged from this research is the necessity to distinguish between various external and internal variables that affect CSR advancement in stock exchange listed companies in Hungary and Macedonia. The following section looks into the various perspectives encountered.

5.2.1 Economic Background and FDI Dimension

National economic policies provide various social and economic outcomes such as economic wealth and competitive advantages consequently stimulating higher aspirations among the business entities. For instance, Hungary's current competitive standards, productivity and domestic economic performance are largely impacted from the national FDI policy that stimulates inflow of high level of FDI and therefore penetrates the economic structures. Basically, FDI and multinational enterprises have significantly contributed to the Hungarian economic transformation and corporate restructuring, boosting the standards of high performance among stock exchange listed companies and creating a platform for the expansion of CSR. In a research on CG in transition countries, Ichiro Iwasaki observes that "this vast influx of foreign capital strengthened the Hungarian economy by spurring effective demand, contributing

significantly to the restructuring of domestic firms through the conversion of corporate ownership structure, improvements in production system, strengthening market competitiveness, modernization of management systems, revitalization of R&D and innovation activities. In other words, FDI has been a powerful ‘driving force’ for Hungary to create an effective market economy, which was one of prerequisites for joining the EU.”²⁰⁴ These observations are in line with the above assumption that FDI provided the basis for altering of the old forms of business behaviors and at the same time for enlarging the framework for business acceptance of new strategic long-term goals with focus on a responsible performance.

On the contrary to the investment culture highly promoted in Hungary, the economic policies in Macedonia did not promote FDI sufficiently (until recently), thus neglecting the incentives for generating positive business externalities and finally, obtaining insufficient market outcomes. Additionally, Macedonian’s labour market is very inactive and with high percentage of grey economy that helps explain the country’s disadvantaged environment for a responsible companies’ conduct. Domestic regulations only recently began using the benefits of FDI and to attract and enable investments, but whether these governmental policies will contribute positively to the advance of CSR standards as well, how and when, will have to be recognized in near future.

5. 2. 2 Governance and the Rule of Law

Another factor that can strengthen CSR is the role of the government to regulate and enforce public policies. Evidence has shown that through an appropriate public sector engagement and through the existence of effective CSR tools such as reports, code of conducts; guidelines etc., CSR issues can be intensified thus bringing potential benefits for the emerging economies and enhancing long-term sustainable strategies.

As we could observe in both cases, the rule of law still necessitates an enforcement in Hungary and Macedonia, and the provision of public services is notably more absent in Macedonia (as explained in 4. 2 “Public Policies Related to CSR” on page 262).

Besides, both governments offer limited incentives to CSR expansion through their public policies. Companies, on the other hand “seem to feel that when corporate social responsibility practices have social value, governments should provide financial incentives to encourage such practices and remove the risks of hidden costs and potential liabilities for businesses acting responsibly. Business sees a special role for a government in shaping supportive policies in areas such as sustainable development, social policies, environmental policies, public procurement, and fiscal, trade, and export policies.”²⁰⁵ This explains that publicly listed companies require reducing their economic risks and costs in their CSR practices by getting governmental support in financial incentives. For instance, in Hungary only the Act of Corporate Tax and Dividend Tax refers to some minor incentives for corporate responsible performance, such as the reduction of the corporate tax in a case of charitable causes.

204 Ichiro Iwasaki, “Foreign Direct Investments and Corporate Restructuring in Hungary”, in Ichiro Iwasaki (ed.), *Corporate Governance in Transition Countries, Part 2: The case of Hungary*, IER Discussion Paper Series B, The Institute of Economic Research, Hitotsubashi University, Tokyo, Japan 2005, p. 22

205 World Bank, “Opportunities and Options for Governments to Promote Corporate Social Responsibility in Europe and Central Asia: Evidence from Bulgaria, Croatia and Romania”, Working Paper, World Bank Publications, March 2005, pp. 25

Furthermore, there isn't a national strategy for CSR or SD in Hungary and Macedonia, neither have the governments issued systematic CSR reports or national plan of execution in terms of CSR.²⁰⁶ "In Hungary the strategy is ready and under stakeholder discussion and feedback before it is submitted to the parliament"²⁰⁷, while in Macedonia lacks behind in its preparation.

The Economic and Social Committee of Hungary, which is a governmental body operating since 2005, has established a Working Committee with a special consultative role on CSR issues and has set up a "Recommendation on Social Responsibility", that serves as main CSR objectives for the future implementation of the National CSR strategy. CSR Committee has not been established so far, although its founding is planned within the framework of the Economic and Social Committee. Conversely, the Economic and Social Committee of the Macedonian government is still in its rudimentary stages and the CSR issues are not addressed properly.

As we can observe, both countries necessitate the CSR promotion on an institutional level and a firm governmental commitment to executing the CSR objectives.

5.2.3 Civil Sector's Role in CSR Promotion

In line with the role that the governmental sector has towards the expansion of CSR, one finds the role of the NGOs or the civil sector. Their importance has grown in the past two decades due to the social imbalances caused by the changes in the political systems in most transition countries. As a result of these changes, the capacities of the government to respond to environmental problems and social uses were lessened and the civil sector took more direct part in social issues.

In its recent comparative study about CSR developments in CEE transition countries, the UNDP states that although the number of the NGOs has grown enormously, many of them are registered for the sake of using the benefits provided by the various forms of tax breaks under diverse legislative provisions.²⁰⁸ For instance, since 1996, the Hungarian government enlarged the benefits to NGOs by allowing taxpayers to contribute 1% of their income tax to the NGOs. This legislation resulted in duplication of newly registered NGOs, but did not exercise qualitative impact on these newly formed organizations. For example, Hungarian NGOs' organizational capacity and advocacy are not yet sufficiently strong in order to be able to influence to the strategic developments of companies, as observed in the research done by the SOROS Foundation in Hungary.²⁰⁹

On the other hand, the role of the Macedonian civil society is even less clear and does not influence on the companies' CSR performance.

In the "2007 NGO Sustainability Index", the USAID observes that many NGOs do not plan accordingly their strategic activities and budgets and lack mainly organizational strength²¹⁰ and therefore can not exercise reliable and consistent impact on their wider environment. There

206 UNDP "Baseline study on CSR practices in the new EU member states...", op.cit., pp. 62

207 UNDP, "Baseline study on CSR practices in the new EU member states...", op.cit., pp. 62

208 UNDP "Baseline study on CSR practices in the new EU member states...", op.cit., pp. 23

209 The Hungarian NGOs: History, characteristics and difficulties, 2003, found on www.snap.archivum.ws

210 USAID "2007 NGO Sustainability Index for Central and Eastern Europe and Euroasia", 2008, pp. 158 found on www.usaid.gov

are relatively few self-funding NGOs and the majority of NGOs are financially supported by various international organizations such as EBRD, WB etc. Further, the implementation of the Law on sponsorship and donations (2007) according to which tax deductions are provided for companies if they offer charitable donations to NGOs, generated a new impetus towards NGOs, but the results are not yet apparent.

Besides the above mentioned issues “although there are NGOs involved in CSR promotion, in general they still lack the necessary skill to engage in dialogue with business and business associations and build public private partnerships aimed at addressing CSR issues.”²¹¹ It means that Macedonian NGOs are not yet effective in promoting stakeholders’ dialogue and therefore necessitate sufficient competence to stimulate the inter-sector cooperation and to enhance the positive public image.

In both cases of Hungary and Macedonia, proactive NGO’s approach towards community involvement is needed in order to produce some visible results in CSR developments in the course of the upcoming years.

5. 2. 4 Companies’ Performance: CSR Strategies and Reporting Standards

A fourth feature of CSR growth is the companies’ actual performance and their commitment to the established reporting standards.

In regard to this, as discussed earlier, there is still lack of clear definition of CSR, which makes it difficult to evaluate the efficiency and effectiveness of companies’ CSR policies.

Basically, in Macedonia, charity donations and sponsorship programs, commonly presented as CSR policies, remain the governing CSR strategies being mainly marketing-oriented. In the Hungarian case, CSR policies are often considered as a PR strategy and are managed by the PR or other similar departments. As well as, an identification of social responsibility and charity is still too frequently present.

Most often, CSR programs are separated from the core activities of the publicly listed companies in Macedonia and Hungary and CSR does not constitute an internal part of the business strategies. This was seen through some of the selected publicly listed companies’ case studies such as Komeracijalna Banka in Macedonia.

In addition, CSR reporting is not compulsory for publicly listed companies in Hungary and Macedonia therefore the number of the published CSR reports continues to be significantly small.

Overall, Hungarian companies publish more reports than the Macedonian companies and external agencies or experts are involved in some cases of the reporting, but not in the majority. The research conducted by UNDP in 2007 regarding CSR practices in Macedonia and Hungary, has provided some figures about the level of CSR reporting by the companies. Figure 19 on page 288 presents the results of 40 surveyed Hungarian companies concerning their CSR reports:

As we can see from Figure 19 only 16,1% of the survey’s companies have submitted CSR or SD reports. The percentage for the environmental and health and safety reports submitted by the Hungarian companies is equal as the CSR reports (16,1%). Another 12,9% of the companies have prepared their reports in accordance to the GRI guidelines and other 6,5% submit other

211 UNDP, “Baseline Study on Corporate Social Responsibility in FYR Macedonia“, op.cit., pp. 41

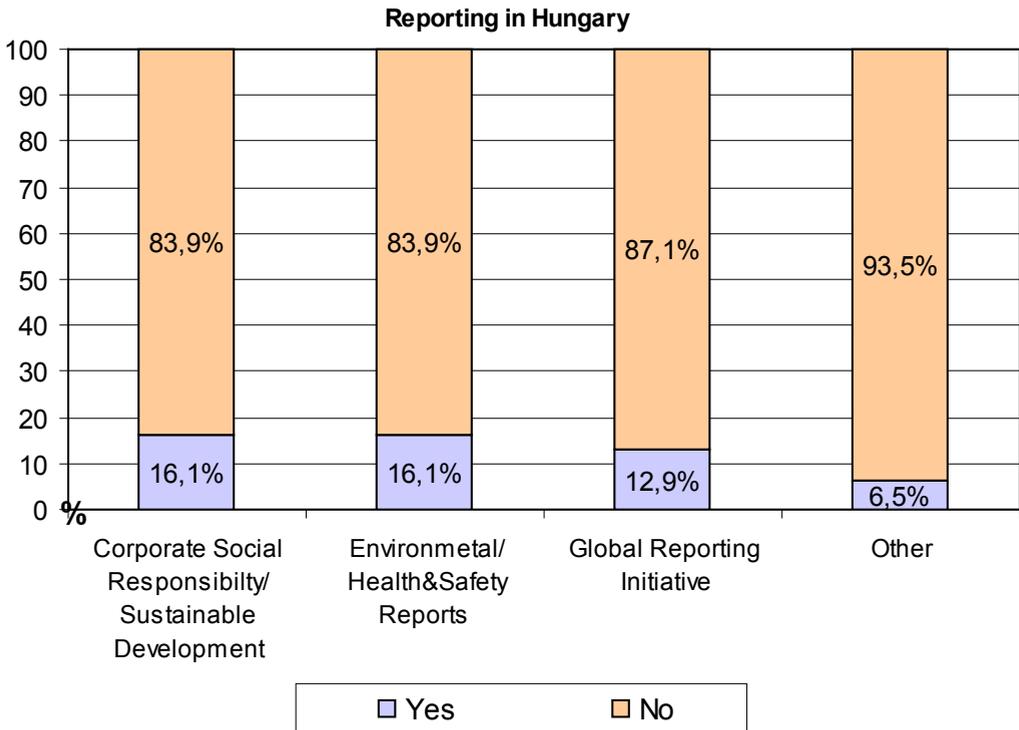


Figure 19. CSR Reporting in Hungarian Companies
(Compare: UNDP, “Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, op.cit., pp. 52)

additional reports. The results show that the level of reporting in Hungary is not sufficiently high and additional efforts are required to strengthen the area of CSR reporting.

In comparison to the above Hungarian case, Figure 20 on page 289 presents the results of the findings in Macedonian companies.

As we can see, Figure 20 demonstrates the very low percentage of submitted CSR/SD Reports (13,1%) by the Macedonian companies, whereas this percentage is even lower with regard to the environment, health and safety reports, amounting only 3,3% of the surveyed companies. Additionally, 1,6% of the companies use the GRI guidance in preparing their reports, while other 6,6% submit supplementary reports. Compared to the findings in the Hungarian companies, the Macedonian companies prove much lower tendency to reporting.

Also, whereas some publicly listed companies publish detailed and illustrated report, others publish more modest or “simply fail to make any accounts on their social activities”.²¹² In most cases the published reports “fail to give a successful presentation”²¹³ of their CSR practices.

Altogether, the current situation shows that CSR strategies and reporting standards of the publicly listed companies are insufficiently developed in order to produce advantageous posi-

²¹² Kinga Deak, Gabor Gyori, Peter Baron and Laszlo Agoston, “More that Business: Corporate Social Responsibility”, Laszlo Agoston (ed.), published by DEMOS Hungary, May 2006, pp. 20

²¹³ Kinga Deak, Gabor Gyori, Peter Baron and Laszlo Agoston, op.cit., pp. 20

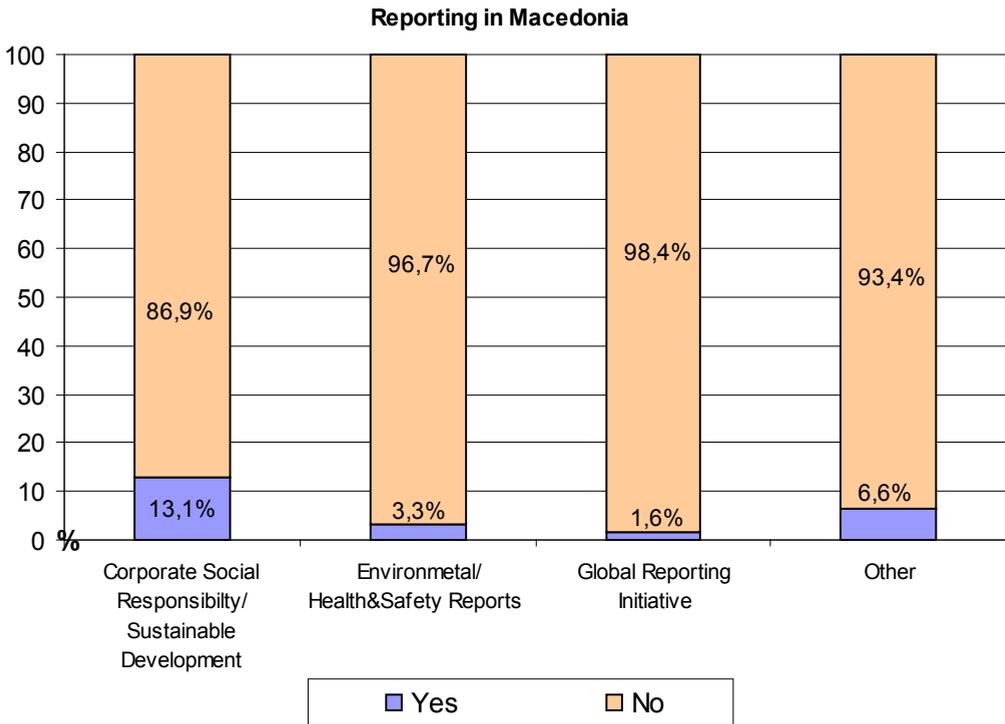


Figure 20. CSR Reporting in Macedonian Companies
 (Compare: UNDP, “Baseline Study on Corporate Social Responsibility in FYR Macedonia“, op.cit., pp. 47)

tive changes toward CSR awareness.

5.3 Recommendations for CSR Expansion in Hungary and Macedonia

Based on the previous findings of the comparative approach and on the in-depth analyses provided in Chapter 1 on page 211 and Chapter 3 on page 233, the following recommendations are to be drawn:

Firstly and most importantly, additional scientific research is required on CSR in CEE transition countries which would take into account the specific needs of the emerging markets and would provide an adequate assessment of the CSR discourse based on the particular country’s social/political/economic dimensions. Taking into consideration the characteristics of various socio-economic and political factors could endow the research with an objective perception on each country’s case-study, thus offering new insights to the existing literature on CSR and presenting new directions for the CSR evaluation. Further, implementing already existing Western European models of CSR is not sufficient and can not be applied properly, particularly in the cases of Macedonia and Hungary, since these countries, as we have seen, have their own historical past and diverse economic environments that require rather unique and differ-

ent approaches: In both case study countries, a decentralized bottom-up approach for national the CSR policy is required (involving mainly stakeholders) in order to secure a consistent CSR growth.

Secondly, the appropriate legislative framework for CSR would have to engage incentives ranging from fiscal ones, such as tax exemptions, to qualitative rewarding schemes, such as various awards or grants for best CSR performances. As the current research has shown, neither the Hungarian, nor the Macedonian legislative (including their stock exchanges) provide sufficient incentives for well-functioning CSR performances in publicly listed companies.

Thirdly, active inter-sector partnerships and collaborations between NGOs, governments, international organizations, educational institutions and business entities, would benefit each country's case and would intensify the ongoing work on CSR. As we have seen, Hungary, compared to Macedonia, finds itself more advanced to some degrees in constructing effective stakeholders' dialogues and encouraging new initiatives for partnerships, however the level of these initiatives is still in emerging phase and needs to be approached more consistently and with a long-term plan of continuity and sustainability.

Fourthly, the application of the international standards for reporting in publicly listed companies is inevitable for a company's accountability and for raising the standards of transparency in each of these countries. The previous section of this chapter has shown that the reporting standards are implemented at a minimum level, which means that prioritizing corporate reporting in company's annual goals would bring new impetus to their commercial performance and would moreover amplify the trust among the stakeholders, especially among their potential customers.

Finally, regarding the corporate governance structure of the stock exchange listed companies, it would be highly recommendable that the election of independent directors takes place on the companies' boards, which would additionally stimulate the objectiveness in the main strategic decisions thus acting on behalf and protecting the interests all stakeholders.

Chapter 6

Summary & Conclusions

After all, we have seen that CSR principles take on a central role in successful corporate (financial and social) performance of stock exchange listed companies. In line with the most common definition, the role and task of CSR is to produce long-term sustainable results that are beneficial not only for the publicly listed company and its shareholders, but to all its stakeholders.

This research was carried out in Hungary and Macedonia, two countries that are rarely taken for a comparison in the academic research: Hungary is located in Central Europe and its economic development has often times been a focus for numerous comparative perspectives to other Central European transition countries, whereas Macedonia is usually taken in the context of the West Balkan economies, more specifically, aligned and assessed in the framework of the economies of the ex-Yugoslavian countries. Herein, by comparing CSR developments in a country that has received EU membership recently, like Hungary, with a country that is in its pre-accession period, such as Macedonia, this uncommon way of comparison conveys distinctively different premises towards CSR assessment, thus suggesting additional models for theoretical and practical examination.

6.1 Test of the Hypotheses

Having presented the main concepts and trends of CSR in Chapter 1 on page 211 and in-depth analyzed CSR in Hungary and Macedonia in Chapter 2 on page 214 and Chapter 3 on page 233, this last part of the thesis will provide concluding remarks regarding this research. Therefore and as we have discussed in the first chapter, an evaluation of the main hypotheses is to be undertaken. The main hypotheses are enumerated as follows:

1. Listed companies in the emerging markets take on a leading role in promoting and enforcing the standards of CSR behaviour because they are the financially strongest entities, tend to have good relations to politics and are the largest employers.

The research findings indicate that publicly listed companies in selected transition countries do not have a leading role yet among the main CSR promoters due to their inability to promptly adapt their business strategies to the social and environmental re-

quirements and due to the minimum pressure and monitoring from the side of other stakeholders like NGOs and the media. Further, as we could see in the case of the Macedonian publicly listed companies, companies' interference to politics tends to violate their basic principles of ethical codes/values and to impede their potentials for exemplifying responsible business practices. However, they do have potentials to become the driving forces for social responsibility and to take on the current leading role of the international organizations.

In the light of the thesis, this hypothesis proves not to be true.

2. Public policies and regulations influence stock exchange listed companies' CSR principles towards other companies, stakeholders and communities, because of their directive character (laws, benefit, penalty etc.) and financial impact (funds, taxes, interest rates, etc.).

Public policies do enforce the corporate responsible performance, therefore this hypothesis is valid. The above chapters provided evidence that the level of public policies' influence related to CSR in Hungary is slightly stronger than in Macedonia due to the recent EU membership. However, both countries are in an urgent need of a legislative framework that would enforce CSR principles.

3. The stakeholders' engagement is the primary driver to achieving effective corporate progress due to potential sustainable commitment towards the companies' lines of products and services.

The major reason for the slow pace of CSR progress in Hungary and Macedonia is – as we have seen – because of the stakeholders' non-commitment and disinterest towards developing sustainable patterns of community growth. When stakeholders would actively engage and be aware of the CSR effects, then a remarkable corporate progress would be undoubtedly achieved bringing moreover community progress on a long run. Therefore this postulation perfectly correlates with the results of this research, proving that stakeholders have the foremost role in effective corporate performance of the publicly listed companies, however not yet to sufficient extent in Hungary and Macedonia.

In sum, the above evaluated hypotheses verified their own validity under certain circumstances and in particular cases. Nonetheless their propositions have been guiding indications for this research providing the framework for analysis of the main focus, which was CSR in stock exchange listed companies in Hungary and Macedonia.

6.2 Conclusions

When dealing with the topic of CSR, one of the most considerable and challenging aspects consists of assessment of the level of CSR development in CEE transition countries, since the CSR agenda in these countries is rather unexplored and not sufficiently developed. This thesis has attempted to examine this area of analysis by taking the example of two transition countries in emerging economies, Hungary and Macedonia. More specifically, this paper has under-

taken a research on CSR in stock exchange listed companies of these selected transition countries because stock exchange companies tend to have the largest influence on social and economic changes and therefore can clearly be considered as important executors in the field of CSR. For this reason, both the Hungarian and the Macedonian stock exchanges have been analyzed, investigating the current regulations and their impact on the listed companies (which as we could see are not yet adequately applied into force). Particularly in the case of the MSE, the government has not been sufficiently involved in its activities and the promotion of a fair and transparent market, therefore an essential requirement for the successful performance of the Macedonian capital market would be the establishment of high-quality unbiased relationships between the respective governmental institutions and the stock exchange, and a strong commitment of the stock exchange to demonstrate the standards set forth in an effective and efficient manner.

Concerning governmental involvement, the legal and public policy frameworks were measured against current CSR trends: Here we have seen that the governmental policies in both countries require added efficiency in implementation and strengthened efforts in devising and applying a national strategy for CSR. Further, major obstacles for a suitable progress of CSR have been detected consisting primarily of low governmental incentives for CSR promotion, weak CG, high level of economic crimes, negligible stakeholders' engagement and a non-transparent reporting framework.

The importance of diverse positively contributing variables related to CSR was also explored, with the strongest being the European integration processes and the commitment to the EU Law, closely followed by the effect of foreign direct investments.

The significance assigned from the consumers to different CSR promoters in Hungary and Macedonia has been furthermore illustrated, indicating that NGOs and foreign-owned companies are considered the most active promoters. Finally, the case studies with selected stock exchange listed companies provided an assessment of CSR actions in both countries proving that CSR principles are still in their early stage of implementation in the case of Hungary (because of not having a public policy for CSR) and not sufficiently encouraged neither promoted in the case of Macedonia (because of the lack of CSR awareness on a public level and the low standard of law enforcement).

The given results later enabled this research to suggest some specific recommendations for a suitable CSR development in publicly listed companies, proposing - among others - that mutually fostered implementation of already developed CSR standards by international organizations can produce most reliable CSR practices in Hungary and Macedonia. Initiatives linked to CSR (such as the election of independent members on the companies' board of directors, the regular publication of CSR reports and the promotion of various awards to socially responsible businesses) can further enhance the existing potentials for CSR expansion.

Evidently, it is inevitable that corporate reporting/or disclosure standards, respectively its enforcement - that include non-financial aspects of corporate performance - are deemed sufficient priority in both cases of Hungary and Macedonian because they can improve the communication between the investors and stakeholders and can increase the long-term value of the stock market performance for the listed companies. The concept of the Triple Bottom Line - people, planet and profit - should be more developed in order to maximize the benefits of all stakeholders. Concerning the relationship between CSR reporting and successful financial

mechanisms in the CEE transition countries, a unified framework for linking these two important activities can produce competitive advantages for the publicly listed companies. In particular, each stock exchange listed company should analyze its own environment and larger community context prior to establishing a CSR policy in order to avoid lines of action that might be perceived as ineffective or with limited social credibility.

Bearing in mind the results obtained in the research, this thesis' nutshells' summary and proposal to the reader as well as to the economist in charge of CSR shall be deemed as follows: If socially responsible principles are successfully taken into account among the stock exchange listed companies in Hungary and Macedonia and if the governments exercise enough efforts to diminish the potential current distortions, enormous opportunities in the emerging markets of these countries are potentially to be deployed both on a corporate level (TBL - people, planet and profit) and on a national level (macroeconomic effects - labour, capital and income).

Bibliography

Book Resources

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Encyclopedia Britannica Inc, The University of Chicago, USA, 1982

Andre Habisch, Jan Jonker, Martina Wegner and Rene Schmidpeter, *Corporate Social Responsibility across Europe*, 1st Edition, Springer, 2004

Attila Harmathy, *Introduction to Hungarian Law*, A. Harmathy (ed.), Kluwer Law International, November, 1998

Bahá’i Business Forum, *Emerging Values for a Global Economy*, A statement of the European Bahá’i Business Forum, European Bahá’i Business Forum (ed.), Paris, France, 2004

Daniel R. Denison, *Managing Organizational Change in Transition Economies*, Lawrence Erlbaum Associates, Inc., USA, 2001

Donella Meadows, Jorgen Randers and Dennis Meadow, *Limits to Growth: The 30-Year Update*, Jorgen Randers and Dennis Meadow (eds.), Chelsea Green Publishing Company, USA, 2004

Elka Dimitrieva, Aleksandar Petroski, Blagoja Nanevski, Aleksandar Murarcaliev, Antonija Josifovska, Lila Stosik, Verica Janeska, Biljana Angelova, Zorica Pecevaska, *Nekoi Aspekti od Razvojt na Makedonskata Ekonomija vo Uslovi na Tranzicija* (Some Aspects of the Macedonian Economic Development in the Period of Transition, English translation), Economic Institute, Skopje, Macedonia, 1999

European Commission, *A European Union Strategy for Sustainable Development*, Luxembourg: Office for Official Publications of the European Communities, 2002

Foundation Friedrich Ebert, *Socijalno-ekonomski Posledici od Privatizacijata vo Republika Makedonija i Republika Bugarija* (Socio-economic Consequences of the Privatization in the

Republic of Macedonia and the Republic of Bulgaria, English translation), Jorde Jakimovski (ed.), Foundation Friedrich Ebert, Skopje, 2002

Foundation Friedrich Ebert, *Participacija i Krizata vo Makedonskata Ekonomija* (Participation and Crises in the Macedonian Economy, English translation), Foundation Friedrich Ebert, Skopje, 2002

Gary King, Robert D. Keohane, Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research*, Princeton University Press, New Jersey, 1994

Geert Hofstede and Gert Jan Hofstede, *Cultures and Organizations: Software of the Mind*, Mc Graw Hills, USA, 2005

George Starcher, *Responsible Entrepreneurship: Engaging SMEs in Socially and Environmentally Responsible Practices*, European Bahá'í Business Forum, Paris, France, 2004

Gyorgy Csaki and Gabor Karsai, *Evolution of the Hungarian Economy 1848-2000: Hungary from Transition to Integration*, Gyorgy Csaki and Gabor Karsai (eds.), Vol. III, Columbia University Press, New York, 2001

James C. Collins and Jerry I. Porras, *Built to Last: Successful Habits of Visionary Companies*, James C. Collins and Jerry I. Porras (eds.), 3rd Edition, Randhom House Business Books, London, UK, 2000

John Elkington, Peter Knight and Julia Hailes, *The Green Business Guide: How to Take up and Profit from the Environmental Challenge*, The Guernsey Press Co. Ltd., Channel Island, 1991

John R. Schermerhorn, James G. Hunt, Richard N. Osborn, Elliott Curries, *Organisational Behaviour*, John Wiley & Sons Canada Ltd, Canada, 2005

Klara Oppenheim and Jenny Power, *Hungarian Business Law*, Klara Oppenheim and Jenny Power (eds.), Kluwer Law International, 1998

Laszlo Halpern and Charles Wyplosz, *Hungary: Towards a market Economy*, Cambridge University Press, UK, 1998

Laszlo Zsolnai, *Ethics in the Economy: Handbook of Business Ethics*, Laszlo Zsolnai (ed.), Peter Lang AG, European Academic Publishers, Bern, 2007

Marcello Pallazi and George Starcher, *Corporate Social Responsibility and Business Success*, Marcello Pallazi and George Starcher (eds.), European Bahá'í Business Forum, Paris, France, 2006

Marat Terterov and Jonathan Reuvid, *Doing Business with Hungary*, GMB Publishing Ltd., United Kingdom, 2005

Matilda Dimovska, *Privatizacijata i Nejinite Efekti* (The Privatization and its Effects, English translation), Economist, Skopje, Macedonia, 2003

Merritt B. Fox and Michael A. Heller, *Corporate Governance Lessons from Transition Economy reforms*, Princeton University Press, New Jersey, 2006

- Milton Friedman**, *Capitalism and Freedom*, University of Chicago Press, USA, 1962
- Nick Sljivic and Johnatan Reuvid**, *Doing Business with Hungary*, Nick Sljivic and Johnatan Reuvid (eds.), 3rd Edition, GMB Publishing, 2003
- OECD**, *Corporate Social Responsibility: Partners for progress*, OECD Publications, Paris, France, 2001
- Petar A. Gourvevitch and James Shinn**, *Political Power and Corporate Control: The new Global Politics of Corporate Power*, Princeton University Press, New Jersey, 2005
- Peter Dicken**, *Global Shift: Transforming the World Economy*, Peter Dicken (ed.), The Guilford Press, New York, 1998
- Peter F. Drucker**, *Concept of the Corporation*, Beackon Press, Boston, USA, 1960
- Peter F. Drucker**, *The New Realities*, Clays Ltd., St. Ives plc, UK, 1989
- Peter F. Drucker**, *Technology, Management and Society*, Cox & Wyman Ltd, London, UK, 1970
- Peter F. Drucker**, *The Future of Industrial Man*, John Day, New York, USA, 1942
- Peter F. Drucker**, *The Practice of Management*, Harper Collins Publishers Inc., New York, USA, 1993
- Robert A.G. Monks and Nell Minow**, *Corporate Governance*, Robert A.G. Monks and Nell Minow (eds.), 3rd Edition, Blackwell Publishing Trust, 2004
- Tom L. Beauchamp**, *Case Studies in Business, Society and Ethics*, Tom L. Beauchamp (ed.), 4th Edition, Prentice Hall, New Jersey, 1998
- Tomas H. Johnson and Anders Bröms**, *Profit Beyond Measure*, Nicholas Brealey Publishing, UK, 2000
- Zbigniew Bochniarz**, Richard Bolan, Sandor Kerekes and Jozsef Kindler, *Designing Institutions for Sustainable Development in Hungary: Agenda for the Future*, Zbigniew Bochniarz, Richard Bolan, Sandor Kerekes and Jozsef Kindler (eds.), Budapest, 1994
- Zdruzenie za Odrzliv Razvoj**, *Golemite Pretpriyatija vo Ekonomijata na Republika Makedonija: Referati i Diskusii od Trkalezna Masa* (Large Enterprises in the Economy of the Republic of Macedonia), Boris Blazevski (ed.), Foundation Friedrich Ebert, Skopje, Macedonia, 2003
- Zdruzenie za Odrzliv Razvoj**, *Konkurentnosta na ekonomijata na Republika Makedonija: Referati i diskusii od naucen sobir* (Competitiveness of the Macedonian Economy), Boris Blazevski (ed.), Foundation Friedrich Ebert, Skopje, Macedonia, 2003
- Zdruzenie za Odrzliv Razvoj**, *Stranskiot Kapital vo Funkcija na Tehnoloski Razvoj na Republika Makedonija: Referati i Diskusii od Naucen Sobir* (The Function of Foreign Capital in a Technological Development of the Republic of Macedonia), Boris Blazevski (ed.), Foundation Friedrich Ebert, Skopje, Macedonia, 2003

Journals

American Chamber of Commerce in Hungary, “Good Corporate Governance as a Pillar of Hungarian National Competitiveness: Leading to Better Decisions, Increased Valuation and More Investments”, in *AmCham Position Brief*, No. 5, April 2005

American Chamber of Commerce in Macedonia, “Emerging Macedonia: Why Invest in Macedonia, Ten Years of Growth of Macedonian Stock Exchange”, in *AmCham Position Brief*, No. 1, April-June 2006

Anna Lewitcka-Strzalecka, “Opportunities and Limitations of CSR in the Post Communist Countries: Polish Case, Corporate Governance”, Emerald Group Publishing Limited, Vo. 6, No. 4, 2006, pp. 440-448

Archie B. Carrol, “The Three-dimensional Conceptual Model of Corporate Performance”, in *The Academy of Management Review*, Vol. 4, No. 4, October 1979, pp. 497-550

Brad L. Rawlins, “Corporate Social Responsibility”, in *Encyclopaedia of Public Relations*, Robert L. Heath (ed.), Vol. 1, Thousand Oaks, CA: Sage References, 2005, pp. 210-214

Budapest College of Management, “Scientific proceedings: On the way to European Union”, Budapest College of Management, Special issue, Budapest, September 2002

Carola Hillenbrand, “Corporate Responsibility and Corporate Reputation: Two Separate Concepts or Two Sides of the Same Coin?“, in *Corporate Reputation Review*, Vol. 10, No. 4, 2007

Chamber of Commerce Macedonia, “Business Medium, Retro 2007”, June-December 2007, Skopje, 2007

Christine A. Hemingway and Patrick W. MacLagan, “Managers’ Personal Values as Drivers for Corporate Social Responsibility”, in *Journal of Business Ethics*, Dordrecht, March 2000, Vol. 50, Issue 1

David Birch, “Corporate Social Responsibility: Some Key Theoretical Issues and Concepts for New Ways of Doing Business”, in *Journal of new Business Ideas and Trends*, No. 1/1, 2003

Dima Jamali and Ramez Mirshak, “Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context”, in *Journal of Business Ethics*, No. 72, 2007

East-West Management Institute, “Partners for Financial Sustainability Program, Report on a survey of Corporate Social Responsibility of the Largest Listed Companies in Hungary”, Final Report, Budapest, March 2004

East-West Management Institute, “Partners for Financial Sustainability Program, Survey of Reporting on Corporate Social Responsibility by the Largest Listed Companies in Eleven Eastern European Countries”, Warsaw, Poland, 2006

Elizabeta Buova, “Promoting the Role of the Civil Society Actors”, in *Balkan Civil Practice*, No. 1 (The role of the civil society in the EU integration and democratization process in the

Balkan), Skopje, Macedonia, October 2004

European Commission, “Promoting a European Framework for Corporate Social Responsibility - Green Paper”, Luxembourg: Office for Official Publication of the European Communities, Brussels, July 2001

Howard R. Bowen, “Turnover of Business Enterprises”, in *The Journal of Business of the University of Chicago*, Vol. 18, No. 2, April 1945

Ivan Kolstad, “Why Firms should not Always Maximize their Profits”, in *Journal of Business Ethics*, No. 76, 2007

International Federation for Human Rights, “Report: An Overview of the Corporate Social Responsibility in Hungary”, No. 458, Vol. 2, September 2006

International Labour Office, “Health and Safety at the Workplace: Trade Union Experiences in Central and Eastern Europe, A report of an ILO Survey in Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Russian Federation, Slovakia and Ukraine”, Publications Bureau, International Labour Office, Geneva, 2000

Ichiro Iwasaki, “Corporate Governance in the Transition Economies, Part two: The case of Hungary”, The Institute of Economic Research, Hitotsubashi University, Tokyo, Japan, January 2005

International Crises Group, “Macedonia’s Public Secret: How the Corruption Drags the Country Down”, in *ICG’s Balkan Report*, No. 133, August 2002

International Monetary Fund, “Former Yugoslav Republic of Macedonia: Financial System Stability Assessment”, in *IMF Country Report*, No. 03/374, IMF Publication Services, November 2003

Isabelle Maignan and O. C. Ferrell, “Corporate Social Responsibility and Marketing: An Integrative Framework”, in *Journal of the Academy of Marketing Science*, Vol. 32, No. 1, 2004

John Elkington, “Towards the Sustainable Corporation - Win-Win-Win Business Strategies for Sustainable Development”, in *California Management Review*, No. 36, 1994, pp. 90-100

Jon Burchell and Joanne Cook, “Confronting the “corporate citizen”: Shaping the discourse of the Corporate Social Responsibility”, in *International Journal of Sociology and Social Policy*, Vol. 26, No. 3/4, 2006

Kerstin Sahhlin-Anderson, “Corporate social Responsibility: a Trend and a Movement, but of what and for what?”, *Corporate Governance*, Vol. 6, No. 5, 2006

Kristin Haugland Smith and Qystein Nystad, “Is the Motivation for CSR Profit or Ethics?“, Paper presented at the Corporate Responsibility Research Conference, September 4-5, 2006, Trinity Collage Dublin, Ireland

KMPG Hungaria Kft., “Investment in Hungary”, Budapest, January 2007

Laszlo Zsolnai, “Honesty and Trust in Economic Relationships”, in *Management Research News*, No. 7, 2004, pp. 57-62

Laszlo Zsolnai, “Responsibility and Choice”, in *Business Ethics Papers Series*, No. 1, Business Ethics Centre, Budapest University of Economics Sciences, September 1999

Laszlo Zsolnai, “Competitiveness and Corporate Social Responsibility”, in *Corporate Social Responsibility Papers*, No. 2, December 2006

Laurence Eberhard- Harribey, “Corporate Social Responsibility as a New Paradigm in the European Policy: how CSR comes to Legitimate the European Regulation Process”, in *Corporate Governance*, Vol. 6, No. 4, Emerald Group Publishing Limited, 2006

Marcel Von Marrewijk, “Concepts and Definitions of CSR and Corporate Responsibility: between Agency and Communion”, in *Journal of Business Ethics*, No. 44, Kluwer Academic Publishers, Netherlands, 2003

Max B. E. Clarkson, “A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance”, *The Academy of Management Review*, Vol. 20, No. 1, January 1995

McKinsey & Company, “Managing for Quality: An interview with Armand V. Feigenbaum”, in *The McKinsey Quarterly*, September 2007

Mel Winson, “Corporate Sustainability: What is it and where does it comes from?”, in *Ivey Business Journal*, Ivey Publishing, March/April 2003

Makedonski Centar za Megunarodna Sorabotka, “Opstestvena Odgovornost na Graganite” (Social Responsibility of the citizens, English translation), Makedonski Centar za Megunarodna Sorabotka (MCMS), Skopje, December 2007

Makedonski Centar za Megunarodna Sorabotka, “Registar na Graganski Organizacii vo Makedonija” (Register of Civil Organizations in Macedonia), Makedonski Centar za Megunarodna Sorabotka, Skopje, 2007

Milton Friedman, “The Social Responsibility of Businesses is to Increase its Profits”, in *New York Times Magazine*, September 13th, 1970

OECD, *OECD Guidelines for Multinational Enterprises*, Annual Report 2002, OECD Publications, Paris, France, 2002

Olga Mihajlova Tikvarovska, Samir Latif, Zorica Semenкова and Ilco Lazarevski, “Corporate Governance Manual for Macedonian Joint Stock Companies”, International Financial Corporation, Washington, 2007

Peter Serenyi, “Corporate Social Responsibility and Post-Communist Business: From State Paternalism to Enlighten Self-Interest”, in *Development & Transition* (title issue Private Sector and Development), No. 7, 2007

Price Waterhouse Coopers, “CEE Tax Notes: Working Cross Border”, Issue No. 8/1, Annual Edition 2008

Price Waterhouse Coopers, “Economic Crime: People, Cultures and Control”, The 4th Biennial Global Economic Crime Survey, Hungary, 2007

Price Waterhouse Coopers, “Doing Business and Investing in Macedonia 2006/2007”, Price

Waterhouse Coopers International Limited, 2006

Robert L. Heath, “Age of Deference (End of)”, in *Encyclopaedia of Public Relations*, Robert L. Heath (ed.), Vol. 1, 2005

Sam Vaknin, “Why is the Macedonian Stock Exchange Unsuccessful?”, in *Global Politician*, on-line International Political News Journal, March, 2008

Stephen Youd-Thomas, “Back to its Roots: CSR and the Co-operative Movement”, in *Consumer Policy Review*, Vol. 2, No. 15, March/April 2005

Tim Barnet, “Corporate Social Responsibility”, in *Encyclopedia of Management*, Marilyn M. Helms (ed.), Gale, 2006

Thomas Hynes, “Social Responsibility and Organizational Ethics”, in *Encyclopedia of Business and Finance*, Burton S. Kaliski (ed.), Vol. 2, New York, USA, 2001

United Nations Development Programme, “Baseline Study on Corporate Social Responsibility Practices in Hungary 2007”, Budapest, July, 2007

United Nations Development Programme, “Baseline study on CSR practices in new EU member states and candidate countries”, June, 2007

United Nations Development Programme, “Baseline Study on Corporate Social Responsibility in FYR Macedonia”, Skopje, Macedonia, 2007

Wall Street Journal, Vol. XXVI. No. 1, Tuesday, January 31st, 2008

Web Resources

www.acceleratingcsr.eu

Accelerating CSR in New Europe, viewed on 22/02/2008

www.accountabilityrating.com

Accountability Rating viewed on 25/03/2008

www.alkaloid.com.mk

Alkaloid AD Skopje, viewed on 26/04/2008

www.amcham.hu

The American Chamber of Commerce in Hungary, viewed on 25/01/2008 and 01/02/2008

www.avrm.gov.mk

Employment Agency of Republic of Macedonia, viewed on 02/04/2008

www.a1.com.mk

A1, Macedonian Private Television Channel, viewed on 05/05/2008, 17/05/2008 and 16/05/2008

www.balkancsd.net

Balkan Civil Society Development Network, viewed on 10/04/2008

www.bbj.com

Budapest Business Journal, viewed on 27/03/2008

www.bitc.org.

Business in the Community, viewed on 06/02/2008

www.bcsdh.hu

Business Council for Sustainable Development in Hungary, viewed on 14/03/2008

www.bsc.ukim.edu.mk

Business Start-up Centre at St. Cyril and Methodius University Skopje, viewed on 15/04/2008

www.bsdglobal.com

Business and Sustainable development: A Global Guide, viewed on 19/02/2008

www.bsr.org

Business for Social Responsibility, viewed on 28/01/2008

www.bse.hu

Budapest Stock Exchange, viewed on 28/02/2008, 03/03/2008 and 04/03/2008

www.budapestsun.com

The Budapest Sun Newspaper, viewed on 26/03/2008

www.corporatewatch.org.uk

Corporate Watch, viewed on 08/02/2008

www.copenhagencentre.org

The Copenhagen Centre for CSR, viewed on 15/02/2008

www.clubofrome.org

Club of Rome, viewed on 18/02/2008

www.csreurope.org

The European Business Network for CSR, viewed on 28/01/2008

www.csrwire.com

Corporate Social Responsibility Newswire, viewed on 04/03/2008, 04/04/2008 and 20/06/2008

www.developmentandtransition.net

Journal Development and Transition founded on 1/05/2008

www.dnevnik.com.mk

Dnevnik, Macedonian daily Newspaper, viewed on 15/05/2008

www.eabis.org

European Academy of Business in Society, viewed on 28/01/2008

www.ec.europa.eu

European Commission, viewed on 17/01/2008 and 07/02/2008

www.ebbf.org

European Baha’i Business Forum, viewed on 15/12/2007, 03/01/2008 and 07/02/2008

www.eiris.org

Ethical Investment Research Services, viewed on 16/02/2008

www.ethicalperformance.com

Ethical Performance (an independent global newsletter for socially responsible businesses), viewed on 16/02/2008

www.en.gkm.gov.hu

Ministry for Economy and Transport in Hungary, viewed on 29/01/2008

www.european-fair-trade-association.org

European Fair Trade Association, viewed on 15/02/2008

www.efta.int

European Free Trade Organization, viewed on 16/02/2008

www.ethics.bkae.hu

Business Ethics Centre at Corvinus University Budapest, viewed on 24/02/2008 and 25/02/2008

www.ey.com

Ernst and Young, viewed on 25/03/2008

www.eiu.com

Economic Intelligence Unit, viewed on 27/03/2008

www.economy.gov.mk

Ministry of Economy of Republic of Macedonia, viewed on 05/04/2008

www.ft.com

Financial Times, viewed on 27/03/2008

www.finance.gov.mk

Ministry of Finance of Republic of Macedonia, viewed on 10/04/2008

www.fez.gov.mk

Technological Industrial Development Zones of Republic of Macedonia founded on 20/04/2008

www.fidh.org

International Federation for Human Rights, viewed on 24/02/2008

www.globalreporting.org

Global Reporting Initiative, viewed on 05/02/2008

www.globalenvision.org

Global Envision, viewed on 22/02/2008

www.hblf.org

Hungarian Business Leaders Forum, viewed on 14/03/2007

www.ilo.org

International Labor Office, viewed on 06/02/2008

www.ica.coop

International Cooperative Alliance, viewed on 13/02/2008

www.icgn.org

International Corporate Governance Network, viewed on 04/03/2008

www.iccwbo.org

International Chamber of Commerce, viewed on 15/02/2008

www.iie.com

The Peterson Institute for International Economics, viewed on 18/02/2008

www.inem.org

International Network for Environmental Management, viewed on 24/02/2008

www.investinmacedonia.com

Agency for Foreign Investments of Republic of Macedonia, viewed on 03/04/2008

www.iso.org

International Organization for Standardization, viewed on 14/04/2008

www.isrm.gov.mk

Standardization Institute of Republic of Macedonia, viewed on 14/04/2008

www.kapital.com.mk

Kapital Journal, viewed on 28/03/2008

www.kb.com.mk

Komercijalna Banka AD Skopje, viewed on 26/04/2008

www.kzk.gov.mk

Commission for Protection of Competition of Republic of Macedonia, viewed on 10/04/2008

www.kovet.hu

The Hungarian Association for Environmentally Aware Management KOVET, viewed on 24/02/2008

www.kpmg.hu

KPMG in Hungary, viewed on 20/03/2008

www.legislationline.org

Legislation Online (legislative database) viewed on 14/03/2008 and 10/05/2008

www.macedonia.usaid.gov

United State Agency for International Development in Macedonia, viewed on 05/04/2008

www.mce.gov.mk

Ministry of Environment and Physical Planning of Republic of Macedonia, viewed on 08/04/2008

www.mszosz.hu

Association of Hungarian Trade Unions (MSZOSZ), viewed on 25/02/2008

www.mol.hu

Hungarian Oil and Gas Company MOL Plc. viewed on 05/03/2008, 06/03/2008 and 21/06/2008

www.molgroup.hu

Mol Group, on viewed 06/03/2008, 07/03/2008 and 10/07/2008

www.magyartelekom.hu

Magyar Telekom, viewed on 09/03/2008

www.mt.com.mk

Makedonski Telekom, viewed on 07/03/2008, 08/03/2008 and 08/04/2008

www.mchambre.org.mk

Economic Chamber of Macedonia, viewed on 28/03/2008

www.mtsp.gov.mk

Ministry of Labour and Social Policy of Republic of Macedonia, viewed on 03/04/2008

www.mrfp.org.mk

Macedonian Enterprise Development Foundation, viewed on 28/03/2008

www.mse.org.mk

Macedonian Stock Exchange, viewed on 15/04/2008, 16/04/2008 and 10/07/2008

www.makbanka.com.mk

Makedonska Banka AD Skopje, viewed on 12/12/2007 and 02/05/2008

www.nobribes.org

Anti Corruption Network for Transition Economies, viewed on 17/02/2008

www.nspk.org.mk

National Entrepreneurship and Competitiveness Council, viewed on 10/04/2008

www.oecd.org

Organization for Economic Co-operation and Development, viewed on 04/12/2007

www.otpbank.hu

OTP Bank, viewed on 07/03/2008

www.opm.org.mk

Consumer Organization of Macedonia, viewed on 14/04/2008

www.pszaf.hu

Hungarian Financial Supervisory Authority viewed on 05/03/2008

www.portal.ksh.hu

Hungarian Statistical Office, viewed on 25/01/2008

www.pwc.hu

PricewaterhouseCoopers in Hungary, viewed on 20/03/2008

www.pfsprogram.org

Partners for Financial Stability Program, viewed on 05/03/2008

www.portfolio.hu

Online Financial Journal for Hungry, viewed on 09/03/2008

www.reuters.com

Reuters, viewed on 27/03/2008

www.szmm.gov.hu

Ministry of Social Affairs and Labour in Hungary, viewed on 15/03/2008

www.sa-intl.org

Social Accountability International, viewed on 04/03/2008

www.seeeurope-network.org

South Eastern European Network, viewed on 12/03/2007

www.sei.gov.mk

Sector for European Integration, viewed on 10/04/2008

www.stat.gov.mk

State Statistical Office of Republic of Macedonia, viewed on 10/04/2008

www.slvesnik.com.mk

Official Gazette of Republic of Macedonia, viewed on 10/04/2008

www.sojuzkomori.org.mk

Macedonian Chamber of Commerce, viewed on 14/04/2008

www.stb.com.mk

Stopanska Banka AD Skopje, viewed on 1/05/2008

www.transparency.org

Transparency International, viewed on 15/02/2008

www.thecro.com

The Corporate Responsibility Officer, viewed on 24/02/2008

www.tve.hu

Association of Conscious Consumers Hungary, viewed on 14/04/2008

www.tb.com.mk

Tutunska Banka AD Skopje, viewed on 1/05/2008

www.undp.org.mk

United Nations Development Programme in Macedonia, viewed on 28/03/2008

www.uts.cc.utexas.edu/laurel

Laurel House Cooperative, viewed on 07/02/2008

www.unrisd.org

United Nations Research Institute for Sustainable Development, viewed on 15/02/2008

www.worldbank.org

World Bank, viewed on 09/02/2008

www.wbcsd.ch

The World Business Council for Sustainable Development, viewed on 30/01/2008

Appendix 1

Questionnaires

A1.1 Questionnaire on Corporate Social Responsibility in Hungary: for Consumers/Customers (English Version)

Questionnaire on Corporate Social Responsibility in Hungary: for Consumers/Customers

1. Choose your age range

- 18-30 30-50 50 and more

2. Gender

- Male Female

3. What is your status in Hungary?

- Hungarian Foreigner living in Hungary Tourist

4. Which term do you associate mostly with Corporate Social Responsibility? (more answers are possible)

- Environmental protection
 Charity
 Sponsorship
 Corporate Governance
 Employment rights
 Profit maximization & serving the interest of the shareholders
 Social welfare (Health/Safety policies)
 Other: _____

5. How do you usually base your choices in buying products?

- Price Fast time delivery
 Corporate image Brand
 Quality Other: _____

6. Do you think that the level of awareness of CSR in Hungary is high?

- Very high High
 Moderate Low
 Very low Don't know

7. Who are the main promoters of CSR in Hungary? Please rank them (1-lowest; 7-highest)

- Non-governmental Organisations (NGOs)
 Government
 Trade Unions
 Media
 Consumers
 Foreign companies
 Domestic companies

8. Do you think that the Hungarian companies share sufficient information with the public?
- yes no maybe
9. Which companies have larger influence on the CSR in Hungary?
- Foreign owned companies Domestic Hungarian companies
10. Can you mention a few companies that are demonstrating excellent CSR practises in Hungary?
- _____
11. In your opinion, does MOL Plc. as one of the leading Hungarian oil companies, exemplify corporate social responsibility?
- yes to a large extend
 maybe no
 Not at all Don't know
12. Is the quality of services of Magyar Telecom Ltd. corresponding to their promoted corporate attitude?
- yes to a large extend
 maybe no
 Not at all Don't know
13. Rank the following banks according to the positive CSR image and best services to the customers? (1-lowest; 6 – highest)
- CIB Bank
 UniCredit Banca
 Raiffeisenbank
 OTP Bank
 Erste Bank
 Budapest Bank

Thank you for your contribution to the survey.

A1. 2 Questionnaire on Corporate Social Responsibility (CSR) in Macedonia: For consumers/customers

9. Do you think that the Macedonian companies share sufficient information with the public?
- yes no maybe
10. Which companies have larger influence on the CSR in Macedonia?
- Foreign owned companies
 Domestic Hungarian companies
11. Can you mention a few companies that are exemplifying good CSR practises in Macedonia?
- _____
12. In your opinion, does Alkaloid AD Skopje, exemplify corporate social responsibility?
- yes
 maybe
 not at all
 to a large extend
 no
 don't know
13. Is the quality of services of Magyar Telecom Ltd. corresponding to their promoted corporate attitude?
- yes
 maybe
 not at all
 to a large extend
 no
 don't know
14. Which is your level of trust in the banking system in Macedonia? (1 minimum, 5 maximum)
- _____
15. Rank the following banks according to the positive CSR image and best services to the customers? (1-lowest; 6 – highest)
- Komercijalna Banka
 Uni Banka
 Procredit banka
 Tutunska Banka
 Stopanska Banka
 Alfa Bank

Thank you for your contribution to the survey!

A1.3 Questionnaire on Corporate Social Responsibility in Macedonia: for Consumers/Customers (Macedonian Version)

Prasalnici za Korporativna Opstestvena Odgovornost vo Makedonija: Za potrosuvaci/kupuvaci

1. Vozrasna grupa

- 18-30 30-50 50 i poveke

2. Pol

- Maski Zenski

3. Koj e vasiot status vo Makedonija?

- Makedonec Stranec so zitelstvo
vo Makedonija Turist

4. Dali ste zapoznaeni so poimot Korporativna Opstestvena Odgovornost ?

- Da Mozebi Ne

5. Sto najmnogu ve asocira na poimot korporativna opstestvena odgovornost? (vozmozni se poveke odgovori)

- | | |
|---|---|
| <input type="checkbox"/> Zastita na okolinata | <input type="checkbox"/> je na interesite na investitorite |
| <input type="checkbox"/> Donacija za humanitarni celi | <input type="checkbox"/> Korporativno upravlvanje |
| <input type="checkbox"/> Sponzosrtvo | <input type="checkbox"/> Socijalna blagosostojba (Zdrastvena i osiguritelna polisa) |
| <input type="checkbox"/> Rabotnicki prava | <input type="checkbox"/> Drugo: _____ |
| <input type="checkbox"/> Zarabotka na profit & zadovoluvan- | |

6. Na koj nacin donesuvate odluka za kupuvanje na proizvodi?

- | | |
|---|--|
| <input type="checkbox"/> Cena | <input type="checkbox"/> Brzo i navremeno dostavuvanje |
| <input type="checkbox"/> Imidz na kompanijata | <input type="checkbox"/> Poznata marka |
| <input type="checkbox"/> Kvalitet | <input type="checkbox"/> Drugo: _____ |

7. Dali mislite deka nivoto na zapoznaenost so poimot Korporativna Opstestvena Odgovornost vo Makedonija e visoko?

- | | | |
|---------------------------------------|--------------------------------------|----------------------------------|
| <input type="checkbox"/> Mnogu visoko | <input type="checkbox"/> Mnogu nisko | <input type="checkbox"/> Nisko |
| <input type="checkbox"/> Skromno | <input type="checkbox"/> Visioko | <input type="checkbox"/> Ne znam |

8. Koi se glavni promoteri na korporativna opstestvena odgovornost vo Makedonija? Rangirajte gi (1-najmalku; 7- najmnogu)

- Nevladini organizacii
 Rabotnicki organizacii/Unii
 Potrosuvaci/Kupuvaci
 Vlada
 Mediumi
 Stranski Kompanii
 Domasni Kompanii

9. Dali mislite deka Makedonsite kompanii dostavuvaat dovolno informacii za javnosta?

- da ne mozebi

10. Koi kompanii/firmi imaat pogolemo vlijanie na razvojot na korporativna opstestvenata odgovornost vo Makedonija?
- Stranski kompanii Domasni kompanii
11. Spomenete nekolku kompanii/firmi koi se primer za dobra korporativna opstestvena odgovornost vo Makedonija?
- _____
12. Spored vaseto misljenje, dali kompanijata Alkaloid AD Skopje e primer za solidno korporativno opsteveno rabotenje?
- da
 mozebi
 nimalku
 Da, vo pogolem del
 ne
 neznam
13. Dali kvalitetot na uslugi na Makedonski Telekomunikacii korespondira so nivnoto promovirano korporativno odnesuvanje?
- da
 mozebi
 nimalki
 da, vo pogolem del
 ne
 neznam
14. Koe e vaseto nivo na doverba vo bankarskiot sistem vo Makedonija? (1- najmalo, 5 najgolemo)
- _____
15. Rangirajte gi slednite banki spored nivniot pozitiven imidzot i profesionalni uslugi za klientite? (1-najmalku; 6 – najmnogu)
- Komercijalna Banka
 Uni Banka
 Procredit banka
 Tutunska Banka
 Stopanska Banka
 Alfa Bank

Vi blagodaram za vaseto ucestvo vo anketata!

A1. 4 Questionnaire on Corporate Social Responsibility in Hungary: for Hungarian Publicly Listed Companies (English Version)

11. Which are the main incentives for your company’s CSR? (several answers possible)

- Reputation
- Profit
- Quality
- Brand Image
- Compliance to EU legislative
- Employee’s benefits
- Customers satisfaction
- Government’s regulation
- Tax deductions
- Attraction of new investors
- Competitiveness
- Other: _____

12. How many people manage the CSR?

- _____

13. Which are the main stakeholders that influence mostly on the company’s need to raise the standard of CSR performance? (Please rank them: 1- lowest; 12-highest)

- Suppliers
- NGOs and Activist groups
- Government
- Customers
- Trade Unions
- Other business partners
- Local Community
- Employees
- Media
- Shareholders
- Competitors
- International organisations

14. Does your company cooperate with other companies to deal with issues connected to CSR?

- yes
- no
- sometimes

15. Does the company give financial or other support to local community activities? If yes, which are the main areas of support?

- Yes: _____
- No

16. Is it of importance for you that your business partners act in accordance with the environmental or social required standards?

- Yes no to a little extend

17. What are the major reasons not to engage more on CSR? (several answers possible)

- Not enough government incentives
 No public policy for CSR
 Stakeholders' disinterest
 Lack of budget
 Controversial to financial objectives
 Not significant to our company
 Other: _____

18. Do you think that it is important to make CSR reporting compulsory in Hungary?

- Yes no maybe

19. How much the public policies have stimulated your company's CSR?

- a lot not at all no
 somewhat to a large extend don't know

20. In your opinion, how can you make CSR part of the managements strategy of your company?

- _____

Thank you for taking part in the survey!

A1.5 Questionnaire on Corporate Social Responsibility in Macedonia: for Macedonian Publicly Listed Companies (English Version)

11. Which are the main incentives for your company’s CSR? (several answers are possible)

- Reputation
- Profit
- Quality
- Brand Image
- Compliance to EU legislative
- Employees’ benefits
- Customers satisfaction
- Government’s regulation
- Tax deductions
- Attraction of new investors
- Competitiveness
- Other: _____

12. How many people manage the CSR?

- _____

13. Which are the main stakeholders that influence mostly on the company’s need to raise the standard of CSR performance? (Please rank them: 1- lowest; 12-highest)

- Suppliers
- NGOs and Activist groups
- Government
- Customers
- Trade Unions
- Other business partners
- Local Community
- Employees
- Media
- Shareholders
- Competitors
- International organisations

14. Does your company cooperate with other companies to deal with issues connected to CSR?

- yes
- no
- sometimes

15. Does the company give financial or other support to local community activities? If yes, which are the main areas of support?

- Yes: _____
- No

16. Is it of importance for you that your business partners act in accordance with the environmental or social required standards?

- Yes no to a little extend

17. What are the major reasons not to engage more on CSR? (several answers possible)

- Not enough government incentives
 No public policy for CSR
 Stakeholders' disinterest
 Lack of budget
 Controversial to financial objectives
 Not significant to our company
 Other: _____

18. Do you think that it is important to make CSR reporting compulsory in Macedonia?

- Yes no maybe

19. How much the public policies have stimulated your company's CSR?

- a lot
 somewhat
 not at all
 to a large extend
 no
 don't know

20. In your opinion, how can you make CSR part of the managements strategy of your company?

- _____

Thank you for taking part in the survey!

A1.6 Questionnaire on Corporate Social Responsibility in Macedonia: for Macedonian Publicly Listed Companies (Macedonian Version)

Prasalnici za Korporativna Opstestvena Odgovornost vo Makedonija: za javni berzanski kompanii

1. Ime na kompanijata

2. Pozicija- Rabotna odgovornost vo kompanijata

3. Broj na vraboteni

4. Dali vasata kompanija ima polisa za Korporativna Opstestvena Odgovornost?
 Da Ne Vo podgotovka
5. Koi se glavni komponenti na vasata polisa za Korporativna Opstevena Odgovornost?
 Transparentnost
 Korporativna Vlada
 Covekovi Prava
 Standardi za zastita na okolinata
 Socijalna polisa
 Zdrastvena i osiguritelna polisa
 Sponzorstvo
 Investicii Povratna dobivka za akcionerite
 Polisi so beneficij za vrabotuvanje
 Drugo: _____
6. Dali vasata kompanija ima Kodeks/pravilnik za Odnosuvanje?
 Da Ne
 Drugo _____
7. Na koi nacini vasata kompanija ja publicira startegijata za Korporativna Opstestvena Odgovornost?

8. Dali vasata kompanija izdava redovni izvestai za Korporativna Opstestvena Odgovornost?

9. Kolku redovno?
 Na seкои 3 meseci pola govina Ednas godisno
10. Na koi jazici se publiciraat izvestaite?
 Makedonski Angliski
 Drugo: _____

- 11. Koi se glavni motivi koi vlijaat na vasata Korporativna Opstevena Polisa? (Vozmozni se poveke odgovori)**
- Rizik od namaluvanje na reputacijata
 - Profit
 - Kvalitet
 - Brand/Imidz
 - Prilagoduvanje so legislativite od EU
 - Privlekuvanje na novi vraboteni lica
 - Zadovoluvanje na potrebite na kupuvacite
 - Regulativi od vladata
 - Namaluvanje na taksi i danoci
 - Privlekuvanje na novi investitori
 - Kompetitivnost
 - Nikoi od pogore spomenatite motivi
- 12. Kolku luge se vraboteni i upravuvaat so Korporativo Opsteveno Odgovorniot Sektor?**
- _____
- 13. Koi se drugi ucesnici koi vlijaatt najmnogu na zgolemivanje na standardite na korporativno odnesuvanje vo vasata kompanija? (Rangirajte gi: 1- najmalku; 6-najmnogu)**
- Dobavuvaci
 - NVO
 - Vlada
 - Kupuvaci
 - Rabotnicki Uniii
 - Ostanati biznis partneri
- 14. Dali vasata kompanija sorabotuva so drugi kompanii vo delot na korporativno opstestveno odgovorni aktivnosti?**
- da ne ponekogas
- 15. Dali vasata kompanija nudi redovna finansiska/ili drug vid poddrska za lokalnite aktivnosti na zaednicata? Koi se glavnite sferi koi vasata kompanija go poddrzuva?**
- Da: _____
- Ne
- 16. Dali ocekuvate vasite biznis partneri da se odnesuvaat srazmerno so ekoloskite i socialni standardi?**
- da ne vo mal procent

TATJANA WARNER

Tatjana Warner is currently working as a Business Planner for Emerging Markets Europe, Middle East and Africa at Hasbro Inc., one of the leading American companies in toys and games industry. Her current occupation allows her to gain more profound insight into the social contribution of the businesses in the emerging societies, therefore providing a solid foundation for expanding her research on CSR into doctoral thesis in near future.



tatjana.warner@gmail.com

PECOB's Papers Series

Forthcoming papers

The European Union and Russia's Integrationist Policies in the Post-Soviet Space

by: *Tomislava Y. Penkova (Research fellow, Institute for International Political Studies (ISPI), Milan, Italy)*

Party System and Social Cleavages: the Case of the Post-Communist Albanian Elections

by: *Endri Xhaferaj (Junior researcher, IECOB - Istituto per l'Europa Centro-Orientale e Balcanica, Faenza, Italy)*

Published papers



February 2011 | #08

Regional Cooperation in Western Balkans in Times of Political and Economical Uncertainty

by: **Simona Mameli** (*Junior researcher, IECOB - Istituto per l'Europa Centro-Orientale e Balcanica, Faenza, Italy*)

The paper focuses on the current impasse of regional cooperation in the Western Balkans, due to political and economical uncertainty. Special attention has been devoted on problems affecting the youngest actor of regional cooperation in South East Europe, the Regional Cooperation Council, the role of the European Union as an “external actor” supporting regional cooperation, and the disputed status of Kosovo with its negative political and economical repercussions.



January 2011 | #07

The European Social Model: Is There a Third Way?

by: **D. Mario Nuti** (*Sapienza University of Rome, Italy*)

The search for a Third Way, intermediate between socialism and capitalism, began even before the birth of the Soviet Union, whose observed drawbacks encouraged a further search. There have been at least three alternative projects within this approach: Market Socialism, combining public ownership, market allocation and socialist values of high employment, growth and equality. This was the target of many failed attempts at reforming the Soviet-type model, in the 1960s to the 1980s. Its best, though partial, embodiment is the Chinese economy circa 1980-2000. The New Labour paradigm of the late 1990s, accepting the dominant role of private ownership and enterprise, the primacy of domestic and global markets and budgetary discipline. [...]



December 2010 | #06 SMEs Development and Competition Policy in Albania

by: **Servete Gruda & Lindita Milo (Lati)** (School of Economics, Tirana University, Albania)

Albania was the last country in South-eastern Europe to start implementing the principles of a free market economy after 1990. As a small country, its market is dominated from small and medium firms. In this respect, the development of Albanian small and medium firms is now an important issue for policy-maker and this process is broadly similar to that found in other transition economies. The aim of this paper is to present the main patterns of the small and medium enterprises and the impact on the level of the competition law and policy enforcement in Albania. In the early transition, competition was an inherent phenomenon of the market, and actions related to it were new to Albanians. [...]



November 2010 | #05 Building-up Knowledge Based Society in the SEE: a Fiction or Window of Opportunity through the EU Accession?

by: **Visnja Samardzija, PhD** (Institute for International Relations, Zagreb, Croatia)

The EU has undertaken strong commitment towards the South-East Europe (SEE) within the overall strategy for the region. Three sets of interlinked issues related to the SEE are on the European agenda: stabilisation, reforms and the EU integration. Renewed consensus over enlargement was achieved (“3Cs”) with commitment to the European perspective of the region, while the ratification of the Lisbon Treaty opened the door for further EU enlargement. Major challenges are ahead, such as better governance, state building issues, efficient judiciary and public administration, fight against crime and corruption...



October 2010 | #04 The Western Balkans in the Turmoil of Global Crisis

by: **Franjo Štiblar** (University of Ljubljana, Slovenia)

The Western Balkan countries are significantly exposed to the effects of global crisis because most of them are highly indebted abroad, possess insufficient hard currency reserves and experience high balance of payments deficits. Although the first wave of financial crisis (a fall in prices of new financial instruments) was not critical for them, the second wave in the form of credit crunch, collapse of exports and disruption of the inflow of remittances has significant impact. As a result, the economic activity is significantly slowing down in the region, regardless of relatively satisfactory tourist season in some of countries in 2009. The negative economic developments will slow down the process of resolving conflicts in the region related to...



September 2010 | #03
Crisi Economica Globale e Stabilità Balcanica. Economia, Politica e Riforme: Quale Impatto sulla Sicurezza Regionale?

by: **Stefano Bianchini (University of Bologna, Forlì campus, Italy)**

The present paper addresses the question whether there is a threat to Balkan security that might be generated by the worsening and the prolongation of the global crisis. Promoted by the *Istituto per l'Europa Centro-Orientale e Balcanica* between 2009 and the beginning of 2010, the report summarizes the results of a research carried out at the request of the Centro Militare di Studi Strategici (Rome, Italy) and benefited from an interdisciplinary workshop held in Faenza (Italy) in February 2010. The outcomes of the workshop have been explicitly incorporated into...



August 2010 | #02
The Church's Renewed Evangelizing Mission

by: **Ines Angeli Murzaku (Seton Hall University, United States)**

Religion is back in Central Eastern Europe after a long experiment in Godlessness. The fall of communism was followed by a radically changed religious situation in the former Central East European block countries. Certainly, the post communist years were perturbed for most of the countries of Eastern Europe, especially for filling the spiritual desert that the fall of communism left behind. For Pope Benedict XVI, the real depredation that the communist regimes left behind was not economic. Instead, it consisted of the destruction of souls, and the eradication of a moral consciousness. The late Patriarch Aleksy II of Moscow and all of Russia complied. What worried the patriarch the most was...



July 2010 | #01
The Social Impact of the Global Economic Crisis in the Western Balkans with a focus on the Republic of Macedonia

by: **Will Bartlett (European Institute, London School of Economics and Political Science, United Kingdom)**

This paper studies the social impact of the global economic crisis on the countries of the Western Balkans, with a focus on the Republic of Macedonia. Although almost all countries of the region have been severely hit by the economic crisis in 2009 some, such as Macedonia, that were less integrated into the global economy were apparently less affected initially. The paper sets out the broad impact of the crisis on the region's economic growth, and identifies the transmission mechanisms of the crisis, through contractions of export demand, falling remittance flows....

PECOB



Portal on Central Eastern and Balkan Europe

University of Bologna - 1, San Giovanni Bosco - Faenza - Italy

PECOB

disseminates up-to-date materials, provides contents of high scientific value and raises the visibility of research works with the aim of facilitating national/international collaboration on the institutional level and promoting scientific research in the disciplinary fields concerning East-Central Europe, the Balkans, and the Post-Soviet space.

PECOB's Scientific Library

collects original scientific contributions selected through peer review process and published online as PECOBS volumes (with an ISBN code) or under the PECOBS papers series (with the ISSN code: 2038-632X).

It provides an opportunity for scholars, researchers and specialists to contribute a comprehensive collection of scientific materials on various topics (politics, economics, history, society, language, literature, culture and the media). Texts can be submitted in English as well as any language of the countries considered on PECOBS.

PECOB's Informative Area

offers continuously updated news regarding academic and cultural events and provides with information about, as well as access to, a large collection of publications and online news resources, academic centres and institutions.

PECOB's Business Guide

is an innovative instrument to monitor the region from an economic perspective, offering a selection of quality information, analyses and reports on business topics related to the region.

Supported by the University of Bologna, the portal is developed by the Institute for East-Central Europe and the Balkans (IECOB) with the collaboration of the Italian Association of Slavists (AIS) and the 'Europe and the Balkans' International Network.



CALL FOR PAPERS!

The Scientific Board of PECOB announces an open call for papers to be published with ISSN 2038-632X

Call for papers!

Interested contributors may deal with any topic focusing on the political, economic, historical, social or cultural aspects of a specific country or region covered by PECOB.

Potential contributors must submit a short abstract (200-300 words) and the full text, which can be in English as well as any language from the countries covered by PECOB.

Upcoming deadlines for submitting proposals are:

June 30th, 2011

November 30th, 2011

January 31st, 2012

All texts must comply with PECOB Submission Guidelines (www.pecob.eu).

All proposals, texts and questions should be submitted to Ms Aurora Domeniconi, PECOB Coordinator, at: aurora.domeniconi@unibo.it

www.pecob.eu