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Editors’ word

In this issue of the Journal of Regional Security, we zoom in on authoritarian and populist tendencies in the Western Balkans and broader Europe. The opening article penned by Tena Prelec studies the nexus between Corrosive Capital, Authoritarian Tendencies and State Capture in the Western Balkans. In the article, Prelec problematizes the term ‘malign influence’ in reference to the influence of non-Western actors in the Western Balkans. As she argues, “by referring only to non-Western actors, those uncritically ascribing malign influence only to certain countries and not others ignore the fact that Western actors participate in the adverse influence too”. Wouter Lammers and Michal Onderco wrote the next article offering a state-of-the-art overview of the literature on populism and foreign policy. They look at the themes, methods, parties and countries in the research focus and provide some ideas on how to move forward. The third piece in this issue comes from Aliaksei Kazharski and Silvia Macalova who investigate the impact of Hungary’s ‘illiberal democracy’ and Russia’s ‘sovereign democracy’ on regional security. They conclude: “in Russia’s case these risks are most plainly manifest as military interventions in neighbouring countries, while in Hungary they take the form of opportunistic self-interest, with a disregard for rule of law and a potential for further subversions of the regional order”. The final article in this issue is written by Neven Anđelić who argues that the hybrid regimes of the Western Balkans are not the result of local or regional but rather global dynamics in which the domination of liberal democracy is challenged by a plurality of other models. This issue ends with a book review of Khalil, Osamah’s 2016 book entitled America’s Dream Palace: Middle East Expertise and the Rise of the National Security State written by Andrej Cvetić. Finally, we would like to end this Editors’ word with a little information about our Journal itself. We welcome onto our Editorial Board Sead Turčalo, Elena B. Stavrevska and Dejan Jović as well as Andrej Cvetić as our new book review editor and Aneta Šamanc as our new editorial assistant. Our Journal has recently obtained its first Cite Score from Scopus (0.5) and has been ranked as 350/529 in the field of Political Science and International Relations (Q3). This makes us the best-ranked security studies journal in the Western Balkans. We plan to continue improving the quality of our submissions and to maintain our Gold Open Access regime which makes us, if not unique then, certainly ahead of the curve in the global trend in this direction.

Filip Ejdus and Nemanja Džuverović
Co-Editors in Chief
The Vicious Circle of Corrosive Capital, Authoritarian Tendencies and State Capture in the Western Balkans

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Abstract: The presence of ‘non-Western actors’ in the Western Balkans has recently attracted the attention of policy-makers and academics alike, with the rise in prominence of non-EU countries coinciding with the weakening power of accession conditionality. While this trend was initially discussed in the context of a ‘new Cold War’ narrative, evidence-based research soon showed that this engagement is underpinned by particularistic interests at the top and ‘corrosive capital.’ The governance dimension is therefore essential in understanding the ties existing between the Balkan countries and the non-Western actors. Making use of primary and secondary data, this article compares the modus operandi of two non-EU actors in the region: Russia and the United Arab Emirates. It is argued that non-transparent business deals can stimulate a normative shift in the Western Balkans’ political leadership away from pursuing the rule of law, and towards an authoritarian turn, while strengthening small circles of self-serving elites, at the expense of the citizenry at large. This is conceptualised as a ‘vicious circle’ of illiberalism and state capture, as viewed through the lens of corrosive capital.

Keywords: foreign investment, illiberalism, non-Western actors, rule of law, Western Balkans

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Introduction

The issue of the influence of non-EU countries in the Western Balkan region, widely discussed in policy-making circles and in the media since the mid-2010s, is still a novel and under-researched academic subject. Analysts and scholars have argued that the European Union’s waning soft power in the region, reflected by the stagnating or falling support for EU accession among the populace of the six countries of the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia), has opened up a space for other, non-Western, actors to operate.1 This is seen in connection with two significant events: the Juncker Commission’s announcement that there would be no EU enlargement during its term (2014–2019), which signalled a distancing of the EU’s policy from the Balkans; and the Ukraine crisis, after which Russia took a more aggressive approach in its foreign policy.2

In the media, Russia’s so-called ‘return’ to the Balkans3 in the context of an alleged ‘new cold war’ is a topic that has attracted many a headline.4 Other countries have initially received less attention, but their influence was later reappraised, with European Union officials openly admitting that they had ‘overestimated Russia and underestimated China’.5 Likewise, though in somewhat lesser measure, the role of Turkey and of the United Arab Emirates (UAE) started to be put under increased scrutiny.6 This article problematizes the use of the term ‘malign influence’ in reference to the activity of non-Western countries in the Western Balkans. As it will be argued, any adverse influence of foreign actors in the Balkans is led by pragmatism more than by an over-arching design; furthermore, by referring only to non-Western actors, those uncritically ascribing malign influence only to certain countries and not others ignore the fact that Western actors participate in the adverse influence too.

The paper proceeds as follows. Following a literature review and a methodological section outlining the main concepts and methods adopted and outlining the conceptualisation of the ‘vicious circle’ of corrosive capital and authoritarianism, an empirical part with two sub-sections – considering Russian engagement in the energy sector and UAE investments in the real estate sector, respectively – will elaborate on the extractive practices at play in each case, substantiating the workings of corrosive capital. The main research question addressed, is, therefore: how does corrosive capital work in practice? By addressing this issue through empirical data and placing it within the vicious circle framework, this paper will suggest, in conclusion, that the practices used in this context may be part

1 Bieber and Tzifakis 2019.
2 Eggert, Petrov, and Prelec 2015.
3 Bechev 2017, 187–204.
4 Erlanger 2018.
5 Hahn in Hopkins 2019.
of the reason why fully-fledged democratisation is so difficult to achieve in the Western Balkans and lay out hypotheses to be tested in further research.

Literature Review: Defining and Problematising ‘Malign Influence’ and ‘Corrosive Capital’ in a Balkan Context

The West’s preoccupation with the rising influence of non-EU actors in the region takes many dimensions, including an ideological / value-based (‘soft power’) one, a security angle, and an economic element. By and large, the ideological and security areas are those that have received most attention in initial media accounts. The value-based dimension has been driven by a renewed narrative of an ideological conflict between ‘Russia and the West’, as Russia’s involvement in Syria and Ukraine has spurred the emergence of a ‘New Cold War’ discourse in the United States and Europe. The security concern was reinforced by the 2016 attempt of a coup in Montenegro that saw the involvement of Russian actors.7 As the historian Robert Service wrote in the Financial Times in 2015, “Since February 2014, when President Vladimir Putin annexed Crimea, we have found ourselves reaching into the past — specifically to the cold war — to make sense of geopolitics.”8

This discourse portrays the West and Russia as engaged in a struggle which returns to the bipolar competition between the West and the Soviet Union of the twentieth century.9 In a narrative that pits the US and the EU in tension with Russia, the latter is usually seen as the antagonist which both interferes with, and does not respect, western institutions and norms of liberal democracy. Meanwhile, states in the Western Balkans and post-Soviet space are portrayed as aligned on a geopolitical spectrum between the West and Russia, almost as if on a scale between right and wrong. This is reflected in the frequent framing of elections in Eastern European countries as the theatre of the struggle between a ‘pro-Western’ and a ‘pro-Russian’ candidate in western media accounts.10 Similarly, in waking up to the considerable economic engagement of China in the Balkans, commentators started referring to it as “the real predator in the Balkans”.11 In this renewed interpretation of the countries of the Western Balkans and of its political actors as either aligning with the West or the East, the influence of the non-Western actors started being seen and explained in policy-making and think tank circles as malign influence.12

But while soft power and security initially dominated the attention of the media space dedicated to the topic of non-Western actors in the Western Balkans, less emphasis was

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8 Service 2015.
9 Nitoiu 2016.
10 Barber 2016; Mefford 2016; Prelec 2016.
11 Mirel 2019.
originally put on the third dimension – the economic one. And yet, scholarly works have increasingly recognised that the engagement of non-Western actors is based more on pragmatism than on ideology.\textsuperscript{13} Furthermore, while these countries’ influence in the Balkans is exerted through an array of methods, and while not all interactions of South Eastern European countries with non-Western actors should be considered negative,\textsuperscript{14} one of the most worrying aspects of these new or reinforced linkages is the one related to its implications for governance.\textsuperscript{15} The economic dimension is therefore an aspect that is worth considering in depth to understand the possible adverse interactions of foreign actors in the Western Balkan region.

A useful case study illustrating this point is that of the United Arab Emirates (UAE), whose geopolitical intentions in the region differ from Russia’s. As explained by Filip Ejdus, “in contrast to Russia, which openly undermined the EU’s influence in the Western Balkans, both Turkey and the Gulf States still treat the region as a bridge to the EU”\textsuperscript{16} While the ideological component of trying to distract the Western Balkans from their EU perspective is not present, the investments coming from Abu Dhabi and Dubai (the two richest and most powerful of the nine Emirates) have nevertheless raised no shortage of controversies. This is best evidenced in the case of Serbia, where the plan to build a luxury development on the banks of the river Sava in the Serbian capital – called ‘Belgrade Waterfront’ – has triggered huge resistance for its non-transparent methods.

As shown by my co-authored empirical and theoretical work on the UAE’s investments in the Balkans,\textsuperscript{17} a top-down approach in the way the state is led and unfettered control over public resources tend to correspond to a distinctly non-inclusive, top-down approach in the way investments abroad are made, and foreign direct investments (FDI) or foreign loans received. Therefore, the more a country’s political and business system allows for a top-down, non-transparent approach in the way its political leadership controls the state finances (recipient countries) and the investments abroad (investor countries), the more scope there is for such investments to be marred by governance pathologies.

Building on the insights presented above, it is argued that a useful epistemological starting point for this inquiry is the concept of ‘corrosive capital’. This notion, popularised by the Center for International Private Enterprise (CIPE), refers to the dynamic by which local actors in positions of power are co-opted, ending up working in the interests of foreign investors and of their own pockets while damaging the state coffers and the wider public.\textsuperscript{18} Specifically, it addresses investments or other business interactions “that appear

\begin{itemize}
\item \textsuperscript{13} Bechev 2017.
\item \textsuperscript{14} Bieber and Tzifakis 2019.
\item \textsuperscript{15} Bieber and Tzifakis 2020.
\item \textsuperscript{16} Ejdus 2017, 54.
\item \textsuperscript{17} Prelec 2019; Bartlett and Prelec 2020; Bartlett et al. 2017.
\item \textsuperscript{18} Vladimirov et al. 2018.
\end{itemize}
to, not only exploit governance gaps in countries with weak or corrupt structures, but also make the gaps wider” entailing that often “huge agreements are not well-documented, and countries have lost ownership of key resources to the donors”.¹⁹ This is, in some respects, similar to narratives about Western investors operating in developing countries,²⁰ which indicates that a study on this topic must shun the trap to normatively ascribe this problem only to non-Western actors. Their *modus operandi* is not necessarily worse: it has, however, its specificities that are worth exploring. As addressed in the previous paragraph and elaborated upon in the following section, these specificities refer to the political styles of the ‘foreign actors’ at play, and of their compatibility with the political leaders of the recipient countries. That the influx of money coming from non-Western countries may indeed present a bigger problem than that originating from Western countries and institutions is indicated by the public debt of the Republic of Serbia. In December 2019, the country’s public debt had increased by 965.2 million euro as compared to the previous year; of this amount, over 460 million euro were loans, the majority of which were received from China, the UAE and Russia.²¹

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**Theoretical and Methodological Approach: Linkages, Extractive Practices, and Corrosive Capital as Part of a Vicious Circle of Illiberal Democracy and Political Capitalism**

*Linkages, Extractive vs Inclusive Practices*

The theoretical underpinnings of this paper build on the work of Bieber and Tzifakis in theorising the linkages among foreign and domestic actors in the region in their *Western Balkans in the World*,²² as well as on the theorisation of extractive vs. inclusive institutions advanced by Acemoglu and Robinson in *Why Nations Fail*.²³ Bieber and Tzifakis identified that linkages between Western Balkan states and non-Western countries (Russia, China, Turkey and the UAE) can serve as both mediums for the transmission of influence and as outright sources of influence. Since the focus of the paper was specifically the governance element of these linkages, it was decided to adapt Acemoglu and Robinson’s definition, distinguishing between *inclusive practices* – which include, and therefore benefit, a wide amount of individuals – and *extractive practices* – whose purpose is to steer the economic rewards toward a relatively small elite. The latter (extractive practices) will be the main focus of this discussion. It is argued that, for the object of analysis at hand,

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¹⁹ Center for International Private Enterprise 2018.
²¹ PBK 2020.
²² Bieber and Tzifakis 2020.
²³ Acemoglu and Robinson 2012.
the more fine-grained *practices* are a better framework of the analysis than *institutions* (the latter being the focus of Acemoglu and Robinson’s work). Adopting Vincent Pouliot’s definition, practices are defined as follows:

> Practices are socially meaningful and organised patterns of activities; in lay parlance, they are ways of doing things. (...) Practices are not only behavioural and meaningful, but also organised and patterned. (...) In a nutshell, anything that people do in a contextually typical and minimally recognisable way counts as practice. (...) Practices are the generative force thanks to which society and politics take shape, they produce very concrete effects in and on the world.24

The advantage with studying practices over institutions, therefore, is that we are able to devote our attention to ‘patterns of activities’ that are not, necessarily, formalised, and that sit at a lower level of conventionalisation. This is relevant, because the extractive practices under examination can take both formal and informal dimensions. As shown by recent research carried out in the frame of the IN/FORM project, the focus on informality in studying corruption and patronage-related matters is crucial in understanding how to ‘close the gap’ between formal and informal institutions in the Balkans.25 These insights build on more established work on informality and corruption in a post-communist transition context by authors such as Alina Mungiu-Pippidi26 and Alena Ledeneva,27 who have shown that corruption in Eastern Europe cannot be treated as an ‘exception to the rule’, but should rather be seen as part and parcel of the wider socio-economic and political system. On the other hand, it is also argued that a lone focus on informality would risk missing a crucial part of the extractive *modus operandi* of the corrosive capital under examination, as several of the extractive practices observed indeed become formalised. This is the case, for example, when tender procedures are set so as to favour a specific bidder; when backdoor agreements take the shape of signed contracts; and when special laws are passed in parliament to favour the investor who enjoys the support of the ruling elite.

The empirical material analysed in this article has been collected over a five-year period from October 2015 to March 2020. Data collection has taken place in three main phases and is indebted to several sources of funding. For the case study of the UAE, initial interviews with experts, activists, businessmen and politicians were collected in the frame of an LSE Middle East project in 2015–2016, later supplemented by further interviews and Freedom of Information (FOI) requests in 2017–2019. For the case study of Russia’s presence in Serbia’s energy sector, the author has drawn on material – documentation and interviews – collected for her own doctoral research (fieldwork: 2017–2019), carried out at the University of Sussex and supported by the Economic and Social Research Council (ESRC). Finally, the analysis has been supplemented by six focus groups with over 50

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26 Mungiu-Pippidi 2006 and 2015.
experts in all six Western Balkan countries, carried out in March 2020 in the frame of a project supported by S’bunker and the National Endowment for Democracy (NED).

*Political Cultures in Sync: Sultanism, (Competitive) Authoritarianism, Illiberal Democracy*

It would be incorrect to state that the extractive practices this paper is concerned with are exclusive to non-Western investor countries. Campaigners holding power to account are equally concerned with the impact on the state coffers, and on wider society, of non-transparent investments coming from non-Western countries such as the UAE, Russia or China, as well as from Western countries (e.g. in the case of the Belgrade airport concession) or even multilateral organisations (e.g. the Vinča incinerator). Activists interviewed for this research claimed that they never paid particular attention to the country of origin of the investment, and that, in their experience, the *modus operandi* of these large, non-transparent deals in Serbia is always the same.

Similarly, the evidence collected through focus groups in March 2020 showed that, time and time again, expert participants identified the *demand side* of corrosive capital as the crucial element in filtering the type of investments that would be accepted. Another layer of complexity is also added by the fact that countries such as the Netherlands, Austria, the UK, and of course Cyprus and Switzerland, are often used as conduits for investor companies to operate with low taxation, while also allowing frequently to conceal the identity of the ultimate beneficial owner.

It follows that the presence of corrosive capital in the Balkans is as much a Western problem as a non-Western problem, as its *facilitators* (if not its actors) most often reside in Western European countries or the United States. Crucially, it underlines that corrosive capital has the possibility to prosper, first and foremost, because the rule of law in the Western Balkan countries is extremely weak. It is precisely because of these reasons that this paper argues that the use of the term *malign influence* as commonly adopted today – that is, in connection to non-Western actors only – is inadequate and misplaced. The role of Western centres as facilitators of non-transparent practices and transactions, including money laundering and reputation laundering, cannot be underestimated. Furthermore, the foreign influence can be *malign* only insofar as the inadequate rule of law provisions of the recipient countries make it so: the empirical discussion that follows will substantiate this latter statement with concrete examples.

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29 Radovanović, Ćurčić, and Vasiljević 2018.

30 As evidenced, for instance, and specifically for the case of Serbia, by the ICTY investigation conducted by Torkildsen 2002.

It is, however, argued that the deals agreed with business and political actors from certain non-Western countries represent a specific problem when compared to those coming from EU member states and the ‘West’ more broadly. The reason for this relates to the fact that, by and large, the big projects that Balkan countries have concluded with countries such as Russia, the Emirates and China over the course of the late 2000s and the 2010s have been carried out in the frame of state-level agreements, signed behind closed doors, and agreed by the very top of political leaderships, in a potentially dangerous ‘meeting of minds’ between investor and recipient country.32

The way these political systems are classified varies. For the United Arab Emirates (UAE), this political culture can be defined as sultanism. The distinctive features of sultanism, which were initially theorised by Max Weber as an extreme form of patrimonialism33 and later developed by Linz,34 are: the personalised, discretionary, unconstrained and unmediated exercise of power, the lack of a clear distinction of the State from the ruler’s household and the official from the private, the subservience of the officials to the ruler, the use of tradition as a major principle of legitimation, and more generally the tendency to regard the state as a form of provisioning of the ruler.35 For Russia – the other case study treated in this article – a more appropriate definition could be that of competitive authoritarianism, i.e. a hybrid regime that corresponds to a “diminished form of authoritarianism”, following Levitsky and Way.36 These differences do not detract from the discussion presented in this article, as the central point of the argument is that the top-down level of decision-making is what makes it easier for the governance pathologies to prosper. This a shared feature between the two investor case studies.

Such top-down culture of business and governance is present in several non-Western investor countries, as it is, mutatis mutandis, applicable to Russia,37 Turkey38 and even China.39 Crucially, this tendency has several points of contact with the increased autocratic tendencies present across the Balkan region.40 At the time of writing (beginning of the 2020s), most of the countries in South Eastern Europe were characterised by democratic backsliding,41 a lapse that has been shown to be correlated with the rise of competitive

32 Prelec 2019.
33 Weber 1978.
34 Linz 2000.
36 Levitsky and Way 2002, 52.
37 Ledeneva 2013.
38 Gürakar 2016.
39 Vangeli 2020.
40 Bartlett and Prelec 2020; Cupać 2020.
41 Kapidžić 2020.
It is thus recognised that the processes of ‘Europeanisation’ and democratisation in the Western Balkans has had, by and large, a superficial character, while exhibiting, in the second half of the 2010s, a reversion to practices of competitive authoritarianism. In this context, leaders of the Western Balkans have been accused of engaging in ‘stabilitocracy’: projecting stability to the outside world, while all but eliminating political competition and consolidating patronage at home – knowing that the preservation of the appearance of stability is what will garner them favours in the West. The risk is therefore that such non-transparent deals may end up providing the means for a stratum of Balkan elite actors to stay in power, while further cutting out of the game civil society actors and the citizenry at large.

Following from the above, this paper theorises that processes of democratic change and Europeanisation in the countries of the Western Balkans are heavily inhibited by an ingrained system of patronage and clientelism, which includes the influx of corrosive capital. It is hypothesised that the workings of this ‘vicious circle’ are as follows: the presence of illiberal democracy in the region facilitates the access to corrosive capital, which in turn solidifies the elites in power and destroys political competition, ossifying state capture and reinforcing the circle. The disillusionment in the possibility of change is therefore further exacerbated, with citizens having very little faith in the democratic process and/or leaving the country – thus hardening even more the dominance of the political and economic elites [Figure 1]. It will be argued that the establishment and continuation of extractive practices in an earlier period has led to their resurgence in later times, while exacerbating the disillusionment towards change. This paper represents a first substantiation of the workings of this ‘vicious circle’, by providing a discussion on the practices by which corrosive capital works.

To delimit the scope of the inquiry, in this paper the empirical sections refer specifically to Russian and Emirati investments in Serbia. The choice of the two investor case studies, while being based upon the availability of data, allows us to test a further question, i.e. whether the investment practices in the Balkans of two formally very dissimilar countries (different geographical locations, different government structures, population, etc), but with the commonality of a top-down investment style, present more similarities or differences. This will be reflected upon in the conclusion. As such, this paper is to be considered as a basis for future works to build on, with further case studies of investor countries (including: China, Turkey, Azerbaijan, and others) in the Balkans.

42 Bieber 2018 and 2020.
43 Cianetti, Dawson, and Hanley 2018.
45 Bieber 2020.
46 Pavlović 2017; BiEPAG 2017.
47 Vračić 2018; Prelec 2018.
1. Illiberal democracy / authoritarianism in the WB

2. Easier access to corrosive capital

3. Solidification of illiberal elites

4. Reinforcement of state capture / 'political capitalism'

5. Possibility of change to liberal democracy diminished

**Figure 1:** The 'vicious circle' of competitive authoritarianism in the Western Balkans, as facilitated by the presence of corrosive capital. Note: For the concepts adopted, see Bieber for authoritarianism in a Western Balkan context, World Bank for state capture and Holcombe for political capitalism. Graph by the author.

**Empirical Application: Extractive Practices as Illustrated on the Cases of Russian and Emirati Investments in Serbia**

**Russia’s Presence in the Serbian Energy Sector**

Russia’s economic clout in the Western Balkans is minimal when compared with the region’s economic exchange with the European Union. This is as true for foreign direct investment (FDI), as it is for trade: the WB6 import twelve times more goods from the EU than from Russia, and export twenty times more goods to the former than to the latter. However, Russia’s presence in the Balkans, and in Serbia especially, is nevertheless significant. This is due to several factors, including the fact that the few investments made (concentrated in the energy sector) carry considerable economic value and political importance. Such is Gazpromneft’s purchase of 56% of the Serbian oil and gas company Naftna Industrija Srbije (NIS) in 2008 for €400 million. Furthermore, as put by Dušan

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48 Bieber 2018 and 2020.
50 Holcombe 2018.
51 Reljić 2017, 46.
Reljić, “Moscow habitually sides with rulers in the region, no matter how authoritarian and corrupt they might be, if they have open issues with the West” As it will be shown, this propensity to be corrupted is indeed the Achilles’ heel through which Russia’s economic and political influence is exercised in the Balkans.

In this section, three sets of extractive practices related to Russia’s energy deals in Serbia will be outlined. The first set deals with the mechanism of companies either controlled or influenced by Russia’s energy colossus Gazprom that are working as gas intermediaries. In Serbia, 80% of natural gas was imported from Russia, according to data from the International Energy Agency, and most (if not all) of this gas came through gas intermediaries with a long history of relationship with Serbia: Progresgas Trading and Yugorosgas. The discussion will address the possibility for dividends to be raised through these intermediaries, by adding a further layer instead of selling gas directly to Serbia’s state-owned company (Srbijagas).

Next to import dependence, another issue of strategic importance is the transit of natural gas. This is indeed a central issue in Russia’s foreign policy towards the Balkan region. Russia’s 2013 foreign policy concept (Russian Federation, 2013) spelled it out as follows:

Russia aims to develop comprehensive pragmatic and equitable cooperation with Southeast European countries. The Balkan region is of great strategic importance to Russia, including its role as a major transportation and infrastructure hub used for supplying gas and oil to European countries.

The centrality of this element is confirmed by the fact that Vladimir Putin himself oversaw the application of the policy during his terms as President as well as during the ‘inter-regnum’ in which Dmitry Medvedev took over the role of President (2008–2012). This sub-section will examine the case of South Stream as it played out in Serbia, reflecting on Russia’s use of pipeline projects as a way to extract concessions from the transit countries.

Furthermore, Russia’s influence plays out through the direct influence on local actors, including politicians and businesspeople. This will be seen in the case of the Socialist Party of Serbia (SPS), whose members enjoy close ties with Russia and have firmly entrenched their clout over Serbia’s energy sector, starting from the 1990s up to the 2010s. Here, a relevant transitional dimension is the failure to privatise and to liberalise the Serbian gas company Srbijagas, as the continued linkages with Russian elites are favoured by the distinct non-transparency and politicisation of the state-owned company.

52 Bechev 2017 and 2020.
53 Reljić 2017, 45.
54 Bechev 2020.
Gas Intermediaries

It is well-documented that Vladimir Putin’s administration has identified the gas business as the most powerful weapon in its foreign policy arsenal, using Gazprom as a foreign policy tool.\textsuperscript{55} The use of local gas intermediaries is an established business model of Gazprom to further its economic interests, as well as having the advantage of being used as such a foreign policy tool when required. This lack of a pure economic logic can be seen in correlation with the fall in value of Gazprom’s from almost $370bn in 2008 to $50bn in 2019.\textsuperscript{56} The report ‘Kremlin’s Playbook’, which takes into consideration five Central-Eastern European Countries (Hungary, Slovakia, Bulgaria, Latvia and Serbia) provides a detailed analysis of this model, elaborating on local gas intermediaries such as Top Energo in Bulgaria, Slovrusgas in Slovakia, and Panrusgas in Hungary.\textsuperscript{57}

An early example of this scheme is offered by the joint Russian and Serbian companies Progresgas Trading and Yugorosgas, established already in the 1990s. Progresgas Trading was set up in 1992 as a Serbian-Russian joint venture by prime ministers Mirko Marjanović of Serbia and Viktor Chernomyrdin of Russia, who were, at the time of the company’s founding, the directors of the Serbian trading firm Progres and of Russia’s Gazprom, respectively. From 1992 until 2000, Progresgas Trading processed 100% of the sales of Russian gas to Serbia. The company used to arrange the supply of gas and in exchange was alleged to receive a handsome cut, with the strong suspicion that those payments were used to fund Milošević’s elite, as well as the Russian elite. The scheme left Serbia with a very significant debt towards Russia at the end of the Milošević era in 2000. This debt ended up having adverse effects for Serbia beyond this period, as it constituted a burden in Serbia’s position during the negotiations leading to the energy agreement signed with Russia in January 2008.

The post-Milošević Serbian government, installed in 2000, initially resolved to crack down on the gas intermediary schemes.\textsuperscript{58} However, they were not successful in the long run: this same model resurfaced as soon as 2007, when the Russian-controlled, Serbian-registered company Yugorosgas started to be used for the same purpose. Instead of importing Russian gas directly, Srbijagas signed contracts with Yugorosgas that foresaw a handsome fee of 4% for the latter’s services. Asked why the Serbian government had ‘given in’ to the Russian position, then Minister of the Economy and Regional Development Mlađan Dinkić stated that ‘it was either Yugorosgas, or no gas’.\textsuperscript{60} The resilience of

\begin{footnotesize}
55 Koranyi 2015; Balmaceda 2013; Damnjanović 2018; Bechev 2017; Grigas 2017; Huotari 2011; Korteweg 2018; Newnham 2011; Smith 2018; Tsafos 2018; Dellecker and Gomart 2011.
56 Wisniewski 2015; Vidov and Prkut 2019.
58 Boarov 2000.
59 Padeski 2011.
60 Grabež 2008. Dinkić alluded to geopolitical considerations which, in this period, started to mix with economic ones.
\end{footnotesize}
the gas supply stalemate is remarkable: Yugorosgas is active to this date, keeping a quasi-monopoly on the energy supply in the South of Serbia, while the rest of the country is serviced by Srbijagas.

These dynamics highlight the failure of the desired effects of the EU-mandated liberalisation of the gas market, which was supposed to guarantee market access on the same conditions for all the key players and stimulate the diversification of sources. What happened in practice was, arguably, the creation of oligopolies,\textsuperscript{61} with Russian gas assuming by far the most dominant role,\textsuperscript{62} supporting constituencies of domestic and external actors at the expense of the state coffers. As such, the case examined above illustrates an early example of corrosive capital in Serbia’s recent history.\textsuperscript{63} Its resilience through a political period that was considered more democratic (after the fall of Slobodan Milošević in 2000), and into one that has been characterised as more authoritarian (Aleksandar Vučić’s rule in the 2010s) indicates that, once set up, extractive practices are difficult to uproot. On the contrary, it is easy for a new political-business elite to ‘pick up’ a scheme whose structure was already in place.

### Pipeline Projects as a Way to Extract Concessions

The South Stream gas transmission project, which was announced in 2007 and discontinued seven years later, was initially planned to carry 63 billion cubic meters of gas to Europe from the Russian Federation through the Black Sea, travelling through Bulgaria, Serbia, Hungary and Slovenia and arriving to Austria and Italy. South Stream was led by Gazprom, with ENI (Italy), EDF (France), Wintershell (Germany), NIS and Srbijagas (Serbia) all official partners on the project. While the venture did not lack critics from its outset, who were dismissing it as a geopolitical ploy by Russia to further its influence over the European continent,\textsuperscript{64} there was also a potential tangible benefit for the European Union in terms of increased energy security, a great concern especially after Russia’s cutoff of gas through Ukraine in 2006 and 2009. Several EU member states were inclined towards South Stream’s realisation and even became partners of the project. However, the Ukraine crisis and Russia’s invasion of Crimea in 2013–2014 reshaped relations between Russia and the West. In the summer of 2014, South Stream was aborted after the EU’s will to resolve a long-standing legal dispute between Gazprom and the European Commission expired.\textsuperscript{65} The pipeline project was then found in non-compliance with the EU’s competition legislation and with the Third Energy Package, which foresees the ‘unbundling’, i.e. the separation of companies’ generation and sale operations from their transmission networks.

\textsuperscript{61} Conley \textit{et al.} 2016; Vidov and Prkut 2019.

\textsuperscript{62} Soldatkin 2019.

\textsuperscript{63} Intended as after the start of the disintegration of Yugoslavia, in 1991.

\textsuperscript{64} Bugajs 2008, 73–191.

\textsuperscript{65} Bechev 2020, 187–204.
In the Balkans, the fallout from South Stream’s cancellation was as ruinous as the hopes it had raised had been high. From Bulgaria to Slovenia, the ‘transit countries’ of South Eastern Europe were lured into signing pipeline construction agreements in which the local governments promised to bear the brunt of the construction costs, with the prospect of receiving a regular stream of generous transit fees once the construction had been completed and the project initialised. However, with no country did Russia drive as hard a bargain as it did with Serbia. During the 1990s, Serbia had accumulated a significant debt towards the Russian Federation, also due to the gas intermediary schemes discussed in the section above, set up by Serbian Prime Minister Marjanović and his Russian counterpart, Chernomyrdin. Disadvantaged from an economic standpoint, the Serbian negotiating team had a further burden of a political nature: convincing Russia to support it in the negotiations over the Kosovo status process, which were ongoing in those years (2007–2008), in parallel with the Serbian-Russian talks regarding the South Stream agreement. The result was that the state-level deal signed between the Russian and the Serbian governments in January 2008, forming part of a wider energy agreement that included the privatisation of Naftna Industrija Srbije (NIS), was detrimental to Serbia. As a result, the price paid by Gazpromneft for the majority share in NIS (€500 million, that later emerged to be a loan to be returned from NIS to Gazpromneft) was distinctly lower than the professional estimates of NIS’ worth had been. With NIS, Serbia had also pledged away the exploitation of all its oil and gas resources. Furthermore, the agreed mining leasing rate, to be paid to the Serbian state, was exceptionally low: only three percent (in 2019, Serbia’s mining leasing rate was seven percent, which is still very low compared to European standards). In spite of South Stream’s cancellation in 2014, the 2008 energy deal was never revisited or re-negotiated. The substantial concessions obtained by the Russian counterpart in 2008 still stand in 2020 and there is no indication that they may be revisited.

Direct Influence Through Local Actors

The third set of extractive practices highlighted here refers to the role of the local actors in allowing for the propagation of purported Russian influence through ‘corrosive capital’. As expressed by Dimitar Bechev:

Russia benefits from propitious local conditions. To conduct business in the Balkans, its companies have cultivated intimate ties with actors in the region where corruption, state capture and the deficient rule of law are a common occurrence. For instance, as long as public energy companies in the Balkans are mismanaged and turned into political fiefdoms, there is always scope for the Russian business actors (acting independently or in coordination with the Kremlin) to insert themselves into local corruption schemes.

67 Insajder 2016
The practice of co-optation of local politicians is manifest and widely recognised in Serbia, where the SPS cultivated a long-standing relationship with Gazprom energy circles and the Russian political elite. The state-owned Serbian gas company Srbijagas, a company that operates with a huge debt, is run by a deeply engrained clientelistic system, whose main players enjoy very close links with Russia’s energy barons and its political elites. Dušan Bajatović, the Director of Srbijagas, is at the same time an active politician, SPS official, a member of the board of directors of the Gazprom subsidiaries Yugorosgaz and Banatski Dvor, and the director of ‘South Stream AG’ – the Swiss-registered company still in existence in spite of the project’s failure. According to Serbia’s anti-corruption agency, in 2018 Bajatović received a cumulative salary of over €20,000 per month for all these functions. By way of comparison, 2019 estimates have put the average Serbian monthly net salary at 53,698 Dinars (€457). Extractive practices can be used to leverage political and economic influence: Bajatović has always been a staunch advocate of Russia’s presence in Serbia’s energy sector and has strenuously defended the realisation of the South Stream project, highlighting its unprecedented weight and advantage for Serbia, until its very cancellation. He later started to actively support the TurkStream project, another Russian-sponsored pipeline venture.

These facts go to show that the connections between Russia and the SPS – formerly Slobodan Milošević’s party and currently junior coalition partner in Serbia – run deep. Several experts who were interviewed for this research claimed that the SPS’ legacy in this sector goes back to the Marjanović-Chernomyrdin accords of the 1990s and that the SPS, having a well-functioning party structure, was able to capitalise on these strong linkages with key Russian players and perhaps even to strengthen them over the two decades to come. Throughout the 2010s, the SPS has further ‘specialised’ in the energy and natural resources sectors within the government structures. As yet (beginning of 2020) it has been impossible for other political parties to take charge of the ministries that relate to this SPS ‘turf’.

A particularly poignant illustration of the dominance of the SPS over the energy sector occurred in 2014. Srbijagas’ most prominent critic belonging to the ranks of the ruling coalition in the 2010s, Zorana Mihajlović (from the Serbian Progressive Party, senior coalition member), was appointed energy minister in 2012 but replaced in early 2014. Zorana Mihajlović’s first and foremost promise to the Serbian citizens had been the restructuring of Srbijagas and the substitution of Dušan Bajatović. She was also a lone voice against the Russia-Serbia energy agreement, stating about the 2008 deal: “Whatever the Russian side wanted, the Russian side got, and whoever dared to criticise the agreement was de-
clared a traitor.” In the months that preceded Mihajlović’s ousting, then Prime Minister Aleksandar Vučić hinted at pressures within his own government coalition. The minister that followed Mihajlović, Aleksandar Antić, is another SPS member. By 2020 (at the time of writing), Mihajlović was arguably the last official who tried to challenge the SPS’ dominance in the energy sector. Srbijagas remained unrestructured, it was still the heaviest loser among Serbia’s state-owned companies, and Dušan Bajatović was still its Director.

Emirati Investments in Real Estate and Airlines

Financial involvement of the UAE in South Eastern Europe is not a new phenomenon, but while previous disbursements to Kosovo and Bosnia and Herzegovina in the 1990s and early 2000s were mainly intended as post-war foreign aid, the interest that has developed over the 2010s was related, by and large, to business investments. This is certainly the case in Serbia, but also in Montenegro (mainly in agriculture and luxury real estate on the coast, such as Porto Montenegro), Bosnia (e.g. the Buroj Ozone luxury tourism resort), Albania (e.g. the Tirana-Elbasan road and Sheik Zayed Airport in Kukes) and even Croatia (with the attempt at the construction of a ‘Zagreb Manhattan’ development similar in scope to Belgrade Waterfront). Next to construction, airlines and agriculture, a prominent business sector of interaction is defence: as explained by Ejdus, “virtually non-existent before 2012, arms exports from the Western Balkans into the Gulf region increased to €561 million by 2016.” The first UAE embassy in the Balkans was opened in 2012 in Montenegro, two years into the construction of the Atlas Capital Centre in Podgorica by the Abu Dhabi Financial Group (ADFG). Underlining the close relation between the business investments and political ties, the diplomatic outpost is located within the luxury shopping mall itself.

Involvement in Serbia came slightly later, but it ended up being even more sizeable. In 2013, Deputy Prime Minister Aleksandar Vučić (later to become Prime Minister and then President) announced several high-profile business deals and a $1bn state loan, which were followed by investments in four main industries: agriculture, construction, air transport, and armaments production. According to data released by the Serbian Chamber of Commerce in February 2019, by the end of the decade Emirati investment in Serbia had reached over €135 million per annum, from less than €500,000 in 2012. The rise in trade relations had been even more conspicuous: from $14.2 million worth of exports in 2013, Serbia exported goods worth $157.1 million to the UAE in 2018.

The overhaul of Serbia-UAE relations has thus been egregious: from vocal critics of Serbia’s actions during the wars of the 1990s, Emirati leaders developed excellent relations

74 Insajder 2016.
76 Ejdus 2017, 54.
77 Chamber of Commerce and Industry of Serbia 2019.
with their Serbian counterparts. A largely ideological, value-based approach has been left behind, making space for more pragmatic relations. UAE officials stress that their interest in investing in the region lies in the fact that they are ‘setting their foot’ via niche industries before the Western Balkan countries join the much larger EU market. The geopolitical implications are not hidden (officials openly concede that it is in their interest to make “friends around the globe”), but what they highlight, most of all, is a specific investment logic: not unlike China, the UAE’s end-game is markedly long-term, preparing the country for a post-oil economy a few decades down the line.78

Emirati investments in Serbia have been at a centre of a series of heated controversies. The two cases discussed in the following section will encompass four sets of problems that fall within the definition of extractive practices. The analysis that follows will address the non-transparency that accompanies the investments, with the lack of an open tendering process in place. It will then examine the issue of the preferential treatment towards the investor, carried out either in the form of state subventions or in the form of legal provisions (either agreed upon through the contract, or via a lex specialis). It will also reflect on the ‘relations at the top’ among politicians in the investor and the recipient country, which are used to agree and implement such business deals. Finally, it will touch upon another way by which the extractive practices are perpetuated: the silencing of critical voices from media and civil society.

Construction Projects: Belgrade Waterfront

Nowhere more than the case of Belgrade Waterfront (in Serbian: Beograd na vodi) have UAE investments in the Balkans created more controversy. The project, a luxury redevelopment along the riverfront of Belgrade, encompassed plans for a 140,000 square metre shopping mall; 5,700 homes to accommodate 14,000 people, eight hotels comprising a total of 2,200 rooms and a 200-metre high tower. There was no public tendering procedure. The contract between the Serbian government and the Emirati company Eagle Hills (which is led by a team of executives from Emaar Properties PJSC, Dubai’s largest real estate firm), was negotiated behind closed doors and signed on 26 April 2015. The redevelopment of the 1.8 million square metres has a maximum timeframe of 30 years from the signing of the contract, with at least half to be completed within 20 years. It was expected to create about 20,000 jobs.79 The height of the controversy was reached in the aftermath of the night between 24 and 25 April 2016, which coincided with the parliamentary elections. That night, a group of still unidentified masked men demolished several buildings in the central area of Savamala, where the Belgrade Waterfront development was supposed to rise – supposedly, to make space for the development and meet a deadline previously agreed with the investors.80

78 Prelec 2019.
79 Bartlett et al. 2017; Ćukić et al. 2015.
80 Ejdus 2017.
Non-transparency – After months of controversies during which the Serbian government kept refusing to release the contract, the document was finally unveiled only nine days before the start of the works, in September 2015. In contrast to the €3.5 billion Serbian authorities initially promised to the public, it emerged that under the terms of the contract the investor would provide only €150 million of cash investment and further €150 million as a shareholder loan. Furthermore, it became clear that Eagle Hills would own as much as 68% of the project, and the Serbian government only the remaining 32%. Eagle Hills was to be granted a 99-year lease on land for the regeneration scheme. The two versions of the contract – the English and the Serbian language – published on the website did not match, as the Serbian language document was considerably longer than the English language one. Furthermore, they were published as non-searchable pdf files, making the document even less reader-friendly.81

In the case of Belgrade Waterfront, as well as for other investments coming from the UAE, no tender was announced. This has impeded a proper consultation with experts, civil society and the citizens at large in deciding how this crucial portion of Belgrade’s city centre would be utilised. Discontent among urbanists and architects was caused by Belgrade Waterfront’s stated character of luxury development, which would likely make it inaccessible to a large part of Belgrade’s citizens. Some scholars lamented the trend of ‘investor urbanism’, where “the interests of the investors become the main criteria in defining urban growth policies, disregarding any consequences this may have for quality of life and for the public interest”.82 The civil society group Ne da(vi)mo Beograd made numerous of Freedom of Information requests, but the responses they received were in most cases heavily incomplete and took a long time to be delivered. Journalists have also experienced great difficulties in getting hold of information related to the Belgrade Waterfront project, and to the investments coming from the UAE more in general. Jelena Veljković, a reporter who won an investigative journalism prize for her story on the matter, described how a restaurant housed in the Belgrade Waterfront development was operating within a doubtful legal framework since the State had granted extraterritoriality to a private investor over that area, and highlighted the reticence of the government officials to clarify the issue and to release any documents at all.83

Preferred treatment of the investor – The contract de facto obliged the Republic of Serbia to implement changes to the legislative framework to ensure the execution of the deal: Art. 9.3.1. sets out that the Republic of Serbia “pledges to carry out all the changes in its laws and regulations... that are necessary or desirable in order to ensure the full legal execution of the stipulations in this contract”. Furthermore, a lex specialis had been approved in April 2015.84 This law declared that, in the case of the Belgrade Waterfront project, the expropriation of real estate and the issuing of construction licences to the foreign investor

81 Ne davimo Beograd 2015.
82 Čukić et al. 2015.
83 Veljković 2016.
84 Vreme 2015.
were in the public interest. The project was also granted the status of ‘special significance’ for the Republic of Serbia and the City of Belgrade. This law was initially supposed to be passed by extraordinary procedure, but due to public pressure it has been discussed at a regular parliament hearing.

**Relations at the top** – Some of the most glaring problems concern the ways in which the contract was brokered and announced. Few doubt that the negotiation of the deals and their successful conclusion rest upon personal connections among top officials. Aleksandar Vučić (Serbian PM since 2014 and elected President of Serbia in April 2017), as well as other high-ranking Serbian officials, are said to entertain personal relations with UAE rulers. The Serbian embassy in the UAE does not even have an ambassador, only a chargé d'affaires.

**Pressure on civil society and on critical voices** – Then-Ombudsman Saša Janković was active in pressing the government regarding a number of unclear issues surrounding the Belgrade Waterfront project, and especially about the demolition of houses in Savamala in April 2016,\(^85\) suspected to have taken place in coordination with the authorities to make space for the development. The media pressure toward the figure of Janković was fierce. Tabloids that are known to have a pro-government orientation – such as Informer and Srpski Telegraf – attacked him over a number of issues, and especially over a long-solved case of suicide that occurred in an apartment owned by Janković over 20 years ago, accusing him of being a murderer.\(^86\)

Civil society rose strongly against these perceived injustices linked to the Belgrade Waterfront investment. The first large demonstration took place on the streets of Belgrade on 29th September 2015, the day of the inauguration of the Belgrade Waterfront construction works. Criticism centred mainly on the urban planning aspect and on the lack of transparency of the procedures: thousands of protesters who hit the streets contested the appropriation of this central part of the capital city for an elite group at the expense of the public coffers and of the wider citizenry. This sparked a series of public protests in Belgrade, gradually growing into a social movement against the Belgrade Waterfront project in its entirety. The activists interviewed for this research have quoted a series of ways through which pressure was applied to silence their voices. These include the aforementioned difficulty of obtaining information, alongside with the blanket rejection of most complaints; smear campaigns through government-controlled media, in which critics of these projects are characterised as ‘foreign actors’ (or Sorosoids, US agents, UK agents, etc). Some have witnessed even scarier tactics, finding themselves followed by ‘unofficial police’.

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85 Janković resigned from his post in March 2017 to run as an independent candidate in the 2 April 2017 Serbian Presidential elections.

86 IN4S 2017.
Air Serbia

Several of the extractive practices identified above for Belgrade Waterfront have also been encountered in the case of Air Serbia. In 2013, the Abu Dhabi-based national carrier Etihad purchased 49% of the Serbian national carrier, in a deal that involved the privatisation and restructuring of the old Yugoslav airline JAT. The modernisation of the airline and an initial increase in passengers pointed at an – at least partial – good accomplishment of the operation; a ‘success’ that is strongly affirmed by the executives involved in this venture.\(^87\) However, problems kept surfacing.

In his book *Money-Wasting Machine* (Serbian: *Mašina za rasipanje para*), academic and former member of the Serbian parliament Dušan Pavlović gives a first-hand account of the genesis of the Air Serbia deal, which was finalised during his time as a special advisor to the Ministry of the Economy, in 2013-4.\(^88\) In contrast to initial optimistic accounts of this transaction, he writes that the Air Serbia agreement might in fact “be the best example of how something can look very attractive from the outside, but be the exact opposite from the inside”,\(^89\) defining it as the “trademark”\(^90\) of what he refers to as the *money-wasting machine*, i.e. the extractive *modus operandi* of the Serbian institutions that is described in his book.

What occurred, in fact, was that Etihad gave only an initial loan of €40 million – that, as such, had to be repaid – while *de facto* becoming the owner of the company. It received benefits equivalent to an equity investor getting hold of 49% of the shares, while also immediately assuming a decision-making role, as if it was the majority shareholder. In practice, the Serbian government footed much of the bill, by taking upon itself the burden of subsidising the company. A series of further issues accompanied the deal, such as the unnecessary inclusion of a healthy company worth €6 million, JAT Catering, in the agreement. Another damaging contract – defined as such even by the then Director of Air Serbia himself, Dane Kondić – was the decision to leased an old Etihad Airbus aircraft, which cost Air Serbia €10.4 million for the first eight months.\(^91\) In substance, in the Etihad-Air Serbia saga, money was extracted from Air Serbia through overblown prices and ‘transfer costs’ – a practice referred to as *tunnelling*.\(^92\)

What is particularly troubling is that the contract was prepared in advance of the then Minister of the Economy taking office,\(^93\) by the cabinet of the then Vice-Premier, Alek-

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87 Bartlett *et al.* 2017.
88 Pavlović 2016.
92 Mitra and Selowsky 2002.
93 Saša Radulović (under whom Dušan Pavlović served as advisor) took office as Minister of the Economy in September 2013, resigning in January 2014.
sandar Vučić. This was not an isolated case, but was observed to have occurred for a long series of other contracts, with other investors, at that time. Pavlović writes that: “all these deals [...] look the same: the agreement of sale is composed in the cabinet of the first Vice-Premier (or, on occasion, in the cabinet of another minister or of the President of the Republic), and is then put forward to ministers who are supposed to sign it.”

Similarly to the cases analysed in the previous sections, the lack of transparency was a distinct problem: the Air Serbia contract was initially hidden from public scrutiny, up until a journalistic inquiry managed to unearth it. The media outlet that published it, the Balkans Investigative Reporting Network (BIRN), was subject to attacks from pro-government tabloids after exposing the loss for the Serbian state that such contract entailed.

In the first three years of Air Serbia’s existence (2014–2017), the Serbian State paid €88 million more in subsidies than per the contractual arrangements (€160 million in total). Without this support from the state, the company would have been operating at a huge loss. The state subventions continued in 2018, in spite of an outright commitment that they would stop.

Once again, the ‘meeting of minds’ at the top of the countries’ leaderships seems to have been crucial in ensuring the realisation of the investment in the first place, as well as in spearheading less than transparent business methods. Of the actors involved in the Belgrade Waterfront from the Serbian side, there is at least one who is prominently involved in Air Serbia, too. Siniša Mali, the 2014–2018 mayor of Belgrade (and later the Serbian Minister of Finance) who stood accused by his wife of having organised the illegal demolitions in Savamala, had previously been appointed to the post of Chairman of the Supervisory Board of the Serbian-Emirati airline venture when it was set up in 2013.

Confronted with this picture, civil society actors are not optimistic. In commenting on the lack of transparency, they highlight that the message sent by authorities, by withholding this information, is that of a ‘private state’. The overall sentiment is therefore one of exclusion, in which investments are arranged by and for the immediate benefit of a small group of elite actors, expressed by an interviewee as follows: “I find the term ‘investments’

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94 Pavlović 2016, 43.
95 This is evidenced by the steep deterioration of Serbia’s democracy, as found by Freedom House, which classified Serbia as a ‘hybrid regime’ in spring 2020. See: Damnjanović 2020.
97 Georgiev 2014; BIRN 2020; Čečen 2015.
98 Insajder 2019a.
99 Insajder 2019b.
100 Pećo 2017.
insulting because it sounds like something that is supposed to benefit the whole public and the whole country, while that clearly is not the case.”

Conclusions

This paper has offered a conceptualisation of the ‘vicious circle’ of corrosive capital and authoritarianism, by theorising that processes of democratic change and Europeanisation in the countries of the Western Balkans are heavily inhibited by an ingrained system of patronage and clientelism, which includes the influx of corrosive capital i.e. the influx of money from abroad – be it in form of equity or loans – that exploits, and exacerbates, the rule of law weaknesses that are present in the recipient countries. The case studies examined above have demonstrated that some of the extractive practices present in the 2010s started before this decade, as shown by the cases of the Serbia-Russian gas intermediaries that were established in the 1990s, and by the ‘secret’ energy agreement of 2008. It was also shown that their resilience is strong, in spite of efforts to uproot them in the early 2000s: once set up, it is more difficult to eradicate such practices in favour of a transparent and compliant process, than to keep making use of them. For politicians and decision-makers, the cost-benefit analysis is therefore heavily skewed towards continuing to engage in a rent-seeking behaviour.

It has been argued that the return to authoritarian tendencies in the region, especially marked in the 2010s, made a bad situation worse. The strong top-down character of the Serbian leadership has progressively eased the access to corrosive capital and, while exploiting and fine-tuning the pre-existing extractive practices, it has kept adding new ones. These dynamics, in turn, have the potential of solidifying the elites in power and of heavily undermining political competition. As a consequence, the conditions for the establishment of true electoral competition and of a healthy free market, both based on a level playing field among competing actors, are absent: the system is therefore captured in varying forms of political capitalism / state capture. It follows that citizens’ belief in the possibility of democratisation is further undermined, which is reflected in the increasing numbers of individuals leaving the countries of the Western Balkans. These events, in turn, reinforce the dominance of the political and economic elites in power. Importantly, the lack of a clear European perspective adds to the disillusionment and helps, unwittingly, to reinforce this circle.

This has been illustrated by the example of Russian and Emirati investments in Serbia, which have offered an example of how corrosive capital works in practice, by examining the main extractive practices at play in each case. Some of the problematic practices identified, which are transversal to both case studies, are as follows: the political linkages at the top used to bypass democratic procedures; the legislative changes made to favour the investor; generous subventions to the investor, leaving the state coffers at the losing end;  

the systematic countering of criticism through the non-availability of information (walling off the public) and outright smear attacks through government-controlled media; and the creation of interest groups that support the continuation and growth of such deals.

The practices used in this context, it is suggested, are part of the reason why fully-fledged democratisation is so difficult to achieve in the Western Balkans. The discussion highlights that it is not enough to attract any ‘foreign investments’ to stimulate economic growth that will benefit the whole population; it is essential to guarantee the right environment for them to create real value. As it was shown, even in the case of two formally very different investor countries (Russia and the UAE), the extractive practices that can be observed in the recipient country (Serbia) present close similarities. In other words: it is the situation on the ground, not the origin of the ‘foreign actor’, that really counts in guaranteeing the transparency and the wider public benefit of foreign investments. That is why not even Western investments can be wholly exempted from the characterisation of corrosive capital, and is also the reason why, as this paper has argued, the use of the phrase malign influence to address only non-Western actors in the Balkans is misguided.

While a complete testing of the vicious circle remains outside of the scope of the paper, the analysis here presented lays out a number of hypotheses to be tested in further research. A clear avenue for future works is the further evidencing of the way by which the influx of corrosive capital works in practice. Another, more complex, question that arises is how the vicious circle may be broken, and potentially turned into a virtuous one. The paper has furthermore argued that the political cultures of the investor states are significant in determining the level of non-transparency of the business deals concluded in the Balkans: therefore, while investors from Western countries might not be exempt from extractive practices, it is nevertheless put forward that the investments carried out behind closed doors by investors operating within a political culture of ‘sultanism’ or ‘competitive authoritarianism’ (that is, one in which public and private resources are heavily blurred) heighten the possibility of corrosive capital, as this political culture ‘chimes’ with the top-down political-economic style present in several countries of the Western Balkans, many of which have experienced a retreat towards authoritarianism. Given that non-Western investor countries do not represent a uniform group in terms of their Western Balkan ‘agendas’, a follow-up project should identify the similarities and the differences of the modus operandi of countries such as China, Turkey, Russia and the UAE, considering their political systems and their investing (or loan-granting) styles. Again, and while not forgetting that not all of their influence in the Western Balkan states should be considered negative, the question that should be asked is: what are the weak links in the workings of corrosive capital that could be broken in order to convert the vicious circle into a virtuous circle?

Finally, the case studies examined here point to the importance of analysing geopolitics and governance in conjunction. As it was shown, geopolitics can be a screen for interests of various kinds, including economic ones. While the influence of corrosive capital is a

102 See also: Prelec 2020.
useful prism to look at this relationship, any geopolitical interaction is a two-way street: we must not forget the willingness of the local actors to take part in this game. The relevant scholarly disciplines, namely International Relations and Political Science, should be more receptive of the need to look at the interaction of these two fields, avoiding a black box approach in which inter-state considerations do not meet with institutional impact on the ground.
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Prelec: The Vicious Circle of Corrosive Capital, Authoritarian Tendencies and State Capture in the Western Balkans


Populism and Foreign Policy: An Assessment and a Research Agenda

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Abstract: Populist parties are often seen as a threat to liberal democracy domestically, and in the international arena, they are often accused of unwillingness to support a liberal international order. We study how what we know about foreign policy preferences of populist parties is driven by how we study the phenomenon; and how we can fix the shortcomings which exist in the literature. To sketch a future research agenda, we first conduct a systematic review of the literature on the foreign policy views of populist parties in Europe and investigate how what we know is driven by how we know it. We look at the themes of foreign policy, research methods, as well as the parties and countries in researchers' focus. Our findings indicate that skewed focus on particular countries and parties combined with a uniform use of methods contributes to a lack of detailed understanding of populist views on foreign policies. We propose future avenues of research into the foreign policy views of populist parties, including a diversification of methods and more in-depth empirical and cross-national studies on specific themes.

Keywords: populism; foreign policy, literature review, Europe, political parties

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Introduction

Populism has increasingly gained momentum in Europe since the end of the Cold War in 1989\(^1\) and populist parties have firmly established an electorate in various countries. Populist views have shifted from the margin to the mainstream in Europe since the early 1990s.\(^2\) Populist parties have succeeded in becoming coalition partners in Italy,\(^3\) the Netherlands\(^4\) and Austria\(^5\) as well as the ruling parties in Hungary\(^6\) and Greece. Their electorate consists mainly of protest voters opposed to the supposed “corrupt elite”\(^7\). Commentators consider populism to pose a threat to liberal democracy in Europe.\(^8\) Populists are also seen as those who are unwilling to support the liberal international order, and focus on narrowly defined national self-interest.

Among scholars, the study of populism and foreign policy combines two appealing aspects. On the one hand, it is the inherent attraction stemming from the interest in the study of populists as a subject of much scholarly and popular attention. At the same time, the scholarly study of political parties and foreign policy has experienced a sharp increase in attention.\(^9\) Accepting that parties matter for states’ foreign policy, and given the relevance of populist parties in contemporary politics, the study of populist parties’ foreign policy preferences is both essential and popular.

In this paper, we contribute to the research on foreign policies in light of the populist zeitgeist,\(^10\) by reviewing existing research, and sketching a future research agenda. In particular, we aim at answering three questions: how do we know what we know about the foreign policy of populist parties in Europe; how have these “ways of knowing” contributed to “what we know” about it; and how can future research address the existing shortcomings. We base our findings on a comprehensive overview of the foreign policy views of populist parties, in line with the PRISMA principles of systematic reviewing.\(^11\) It is important to note up front that our paper is interested in the study of foreign policy and populism in Europe. While there is a long and distinguished tradition of studying

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\(^1\) Betz 1994; Rooduijn 2014.
\(^2\) Betz, 1994.
\(^3\) Albertazzi and McDonnell 2005; Horowitz 2018.
\(^4\) Van Kessel 2011.
\(^5\) Heinisch 2003; Slawson 2017.
\(^6\) Enyedi 2016.
\(^7\) Schumacher and Rooduijn 2013.
\(^8\) Hirsch Ballin 2011; Jenne and Mudde 2012; Szirtes 2018; Taguieff 1995.
\(^9\) Joly and Dandoy; 2016; Mello 2014; Raunio and Wagner 2017; Wagner, Herranz-Surralles, Kaarlo, and Ostermann 2017.
\(^10\) Mudde 2004.
\(^11\) Liberati et al. 2009.
populism and foreign policy outside Europe,\textsuperscript{12} we do not include it here, because of space constraints.

The remainder of the paper continues as follows: in the second section, we briefly outline why paying attention to populist parties makes sense and what do we understand by populism. The third section will outline the methodology of the study. The fourth and fifth sections present the results of the study, looking at both methodology of the existing studies, and the consequences thereof. In the concluding section, we summarize the findings and sketch possible future avenues of research.

\textbf{Theoretical Background}

\textit{Why Looking at Parties and their Foreign Policy}

The study of parties in foreign policy falls within the \textit{innenpolitik} stream of foreign policy analysis.\textsuperscript{13} As argued by Moravcsik,\textsuperscript{14} interests and ideology of groups in society, and the way coalitions are built between these groups in order to achieve their goals for foreign policies, shape the foreign policy of a state. This approach recognizes that countries are not internally unified about foreign policies and that the domestic political debate does influence the actual foreign policy of a country.

\textit{Political parties are especially important in this aspect.} They emerged as a result of social conflict\textsuperscript{15} and represent their electorate in the parliament and continuously seek ways to “secure access to the tools of policy making.”\textsuperscript{16} Political parties abide by two goals: controlling seats in the legislature and wielding power in the ruling coalition or cabinet.\textsuperscript{17} They often succeed in their mission of influencing their nation's foreign policy.\textsuperscript{18}

According to the dominant cleavage theory, parties form preferences based upon their long-standing ideological agendas that reflect existing divisions in society.\textsuperscript{19} Party ideology forms their \textit{weltanschauung} or the prism through which they look at policy debates. When conflict arises over new issues, it will be perceived from the perspective of the

\textsuperscript{12} For some fine examples, see Dodson and Dorraj 2008; Halliday 2016; Plageman and Destradi 2019; Sagarzazu and Thies 2019.
\textsuperscript{13} Fearon 1998; Hudson 2005.
\textsuperscript{14} Moravcsik 1997.
\textsuperscript{15} Lipset and Rokkan 1967.
\textsuperscript{16} Koch 2009, 801.
\textsuperscript{17} Browne and Franklin 1973; Lupia and Strom 1995.
\textsuperscript{18} Palmer \textit{et al.} 2004; Schuster and Maier 2006.
\textsuperscript{19} Lipset and Rokkan 1967; Zuckerman 1982.
party’s ideology and embedded in their agenda.\textsuperscript{20} Thus, existing cleavages remain long-standing because they accommodate new conflicts.\textsuperscript{21} Existing research has focused on the left/right axis of conflict, which animated much of the scholarship in other areas of public policy and political science.\textsuperscript{22}

Left-wing political parties, in contrast to right-winged ones, strive for an egalitarian society and sympathize with a strong role of the state in the economy.\textsuperscript{23} When it comes to international conflict, right-wing parties have been found to resemble hawks, in contrast to the left-wing doves.\textsuperscript{24} However, the recent work of Wagner \textit{et al} \textsuperscript{25} suggests that the relationship between support for military missions is curvilinear: radical left and right parties are less supportive than center-right and center-left ones. Left-wing parties favor spending on the welfare state over military expenses.\textsuperscript{26} The left-right division also reflects differences concerning international economic policies, such as international aid\textsuperscript{27} and trade.\textsuperscript{28}

\textbf{What is Populism?}

Common use of the word populism refers to a fierce style of communication and simplistic policy proposals based on gut-feeling and extreme opinions, often on the right wing of the political spectrum. Although populist politicians have often been reported to adopt a more “rough” style of communication, populism is more than just a style.\textsuperscript{29}

As Rovira Kaltwasser \textit{et al}.\textsuperscript{30} argue, scholars have adopted four basic definitions of populism: ideational, socioeconomic, strategic, and stylistic. According to Aslanidis\textsuperscript{31}, the most widespread definition in academia of populism is the “ideational” definition by Cas Mudde. This definition goes beyond populism as mere demagogy or lack of realism, and instead focuses on the basic underlying characteristics of populist ideology: the battle between the pure people versus the corrupt elite. Mudde\textsuperscript{32} defines populism as “an ideology that considers society to be ultimately separated into two homogeneous and antagonistic

\textsuperscript{20} Marks, Wilson, and Ray 2002.
\textsuperscript{21} Kriesi \textit{et al}. 2006; Wagner \textit{et al}. 2017.
\textsuperscript{22} Wagner \textit{et al}. 2018.
\textsuperscript{23} Wagner \textit{et al}. 2017.
\textsuperscript{25} Wagner \textit{et al}. 2017.
\textsuperscript{26} Van der Brug 2001; Koch and Sullivan 2010.
\textsuperscript{27} Jerneck \textit{et al}. 1988; Hiscox 2002; Milner and Tingley 2015; Thérien and Noel 2000.
\textsuperscript{28} Milner and Judkins 2004.
\textsuperscript{29} Mudde 2004.
\textsuperscript{30} Rovira Kaltwasser \textit{et al}. 2017.
\textsuperscript{31} Aslanidis 2016.
\textsuperscript{32} Mudde 2004.
groups, ‘the pure people’ versus ‘the corrupt elite’, and which argues that politics should be an expression of the volonté générale (general will) of the people.” The Rousseauian concept of the volonté générale lies at the core of this conceptualization: we, the people, form a unity with one real opinion, often named common sense. Anyone standing between the pure people and the fulfillment of their wishes must be moved aside for violating the sovereignty of the people. Because the elite has become corrupt, too weak or deaf to the wishes of the people, they are no longer fit to rule the country. Instead, the populist politician moves himself forward as the legitimate one to rule.

The concept of “the pure people” is often kept ambiguous, even by populist politicians themselves, but based on their discourse some notions of the concept have been distilled. "The pure people", in the discourse of populist leaders, often do not include the complete population of a country, but instead an example of what the people ‘really are’, in short “virtuous and unified". “The pure people” have not been infected by any nonsensical political views, but must watch their country sliding back for centuries because the corrupt elite does not listen to them anymore. Examples of the labels used to depict the pure people would be Middle England, Joe the Plumber in the US, or Henk and Ingrid in the Netherlands.

The political view of anti-elitism and people-centrism forms a so-called “thin ideology.” This means that it does not consist of an in-depth ideology, but rather a “restricted core, attached to a narrower range of political concepts”, one that can be attached to any political scheme. Thus, populism has known bedfellows on all sides of the political spectrum, such as nationalist, socialist and regionalist. This central characteristic of populism makes it especially hard, and at the same time relevant, to predict a populist party’s foreign policy view.

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33 Mudde 2014, 543.
34 Greven 2016.
35 Mudde and Rovira Kaltwasser 2013.
36 Taggart 2000.
38 Stanley 2008.
39 Freeden 1998, 750.
40 Stanley 2008; Verbeek and Zaslove 2015.
Methods

We start by conducting a literature review to identify all relevant scientific studies published since 1989 on the topic of populism and foreign policy. Given that the study of populism originated in Europe, and given that the majority of studies focus on Europe, we also decided to focus on Europe in this paper. This does not mean that scholarship focusing on cases outside Europe is less sophisticated or developed – indeed, the study of both Western\textsuperscript{41} and non-Western countries\textsuperscript{42} outside Europe yielded important insights. Our decision is mainly pragmatic, driven by restrictions on the length of this paper.

Literature Search

To start off, we compiled a list of search terms in English, French, and German.\textsuperscript{43} These can be found in Table 1. A shortlist of search terms was designed, consisting of four terms on populism which were based on the literature on populism and two terms that were derived from the field of international relations. Every search was conducted using a combination of the terms from both of the fields, leading to $4 \times 2 = 8$ search term combinations. In order to exclude studies on populism and foreign policy in other continents, the term “Europe” was added for every search. For an overview of search terms, see Table 1.

<table>
<thead>
<tr>
<th>English</th>
<th>French</th>
<th>German</th>
</tr>
</thead>
<tbody>
<tr>
<td>populis(t/m)</td>
<td>populis(te/me)</td>
<td>populis(t/mus)</td>
</tr>
<tr>
<td>far-right</td>
<td>extrême droite</td>
<td>ganz rechts</td>
</tr>
<tr>
<td>far-left</td>
<td>extrême gauche</td>
<td>ganz links</td>
</tr>
<tr>
<td>political part(y/ies)</td>
<td>parti(s) politique(s)</td>
<td>politische partiei(en)</td>
</tr>
<tr>
<td>in combination with:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>foreign polic(y/ies)</td>
<td>politique extérieure</td>
<td>Außenpolitik</td>
</tr>
<tr>
<td>europ(e/ean)</td>
<td>europ(e/eén)</td>
<td>europ(a/äisch)</td>
</tr>
</tbody>
</table>

Table 1: Search Terms

\textsuperscript{41} Boucher and Thies 2019; Friedrichs 2019.
\textsuperscript{42} Dodson and Dorraj 2008; Halliday 2016; Plageman and Destradi 2019.
\textsuperscript{43} We selected these languages pragmatically – based on the skills of the authors, but also because they represent the dominant languages for academic publishing in Europe.
Once this list was completed, we performed a systematic search for articles via three search databases: *Web of Science*, *CEEOL* and *CAIRN.info*. We selected these databases because they represented major sources for academic writings in English, French, and those coming from Eastern Europe. In the latter region, the study of populism has been ongoing for some time, but often without communication with scholarship elsewhere, making inclusion into this analysis especially relevant.44 While we did not search for studies in Central and Eastern European languages, we managed to include a number of studies by scholars from this region. Given that there is no comparable database for German-speaking journals, we also searched the tables of contents of *IP Internationale Politik; Zeitschrift für Vergleichende Politikwissenschaft; Zeitschrift für Aussen- und Sicherheitspolitik; Politische Vierteljahrschrift*.

Then, we used snowballing, to identify papers which we missed earlier. Articles that were cited by relevant studies were checked for eligibility and included in the selection if they met the selection criteria. At this stage, we also found, and decided to include studies in Dutch (another language the authors speak).

All in all, we identified a total of 6659 articles. We then examined their abstracts and titles. Some papers were excluded immediately, because they did not actually deal with populism and/or foreign policy. Figure 1 depicts the process of arriving at an evaluated selection of articles in line with the PRISMA flowchart.45 The PRISMA principles intend to stimulate transparency and completeness of reporting on systematic reviews with a 27-item checklist. Examples of these items are explicit reporting on the rationale, objectives, eligibility criteria and search strategy. We do not fully comply with all the steps as specified by the original PRISMA flowchart: for example, the number of overlapping studies in the longlists acquired with the first search could not be established. However, we do adhere to the basic PRISMA principles of reporting on systematic reviews. The full list of included articles can be found in Appendix 1.

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44 On the relationship between Central European IR and the rest of the discipline, see the forum in *Journal of International Relations and Development*, edited by Drulák 2009.

45 Liberati *et al.* 2009.
The vast majority of studies identified through snowballing was related to Euroscepticism, a finding expectable given the increasingly receiving scholarly attention given to it.\footnote{Pirro and Taggart 2018.} We focused, however, on finding articles on all themes of foreign policy. To keep an article in the selection, we followed four simple rules. Firstly, the article must discuss the foreign policy preferences held by a political party that it considers as populist or representing populism. Articles on parties with a reference to “radical” or “extreme” in the title or abstract were evaluated, but if the political party in the article was not considered populist by the article’s author, the study was excluded.\footnote{This is also why we excluded studies that investigated solely the extreme right, e.g. those masterfully reviewed by Umland 2017.} Secondly, the article should be published in the period from 1989 up to and including 2017 and discuss foreign policy preferences in this period of time. Thirdly, to be included, a study had to consider political parties that operate at a national or EU level. Regionalist parties, such as Lega Nord or Vlaams Blok do fit this selection criterion because they represent their electorate in the national parliament. Fourthly, studies were included if published in English, French, German or Dutch.

**Review Method and Coding**

The final selection of articles was read and analyzed using a coding scheme specifically designed for this study. Coding categories were included on the characteristics of the
article and of the party, or parties, studied. The following categories were included in the coding scheme: research method, research scope, political party characteristics and theme. The full coding scheme including definitions can be found in Appendix 2. No coding categories are mutually exclusive. When it comes to the methods of the study, two sections are especially relevant. Ideally, studies empirically substantiate their claims on (1) why a certain political party should be labeled as populist, and (2) what foreign policy preferences this populist party holds.

The coding of the ‘theme’ is based on the codebook of the Comparative Manifesto Project.48 To these categories, “migration” was added, as this has often been argued to be a matter of international negotiations.49 Migration involves, by definition, the crossing of borders and thus touches directly upon the relations between these countries.

Coding categories were assigned to a publication only in the cases of explicit reference to this category. For example, in case of the category “research method”, if it was not clear what the sources were for arguments about preferences of a populist party on a certain subject of international relations, this was coded as no method. We did not discriminate between quantitative and qualitative designs. For example, a social media analysis could be carried out in a quantitative or a qualitative manner, and in both cases be coded as “social media analysis”.

In total, we ended up with 62 studies. More than one third of these was published in 2015 and 2016 (11 in 2015 and 13 in 2016). Surprisingly, we found no study meeting our criteria that was published between 1989 and 1998. Although it is widely agreed upon that populism existed before 1998, it might be that prior to 1998 scholars would not focus on populists’ foreign policy views as only one of them – Lega Nord – was in power at that time. From the selected studies, 52 studies were in English, 7 studies in German, 2 studies in French and 1 in Dutch.

How Do We Know What We Know About Populist Foreign Policy?

Let us start by looking at how we know what we know about research on populist parties.

Research Methods

We coded the use of methods for all studies. Figure 4 displays the distribution of reported methods among the studies. We should reiterate that methods were not coded mutually exclusive: in fact, a substantial number of studies report the use of more than one method. On the other hand, nine papers did not state any method of analysis (and no systematic method could be ascertained from reading the papers). In addition, six papers were purely

48 Werner et al. 2015.
49 Lavenex 2006; Mitchell 1989.
theoretical. Among these was an exceptionally influential publication by Taggart,\textsuperscript{50} which was, at the time of writing this, cited more than 340 times on Web of Science. This study serves as one of the cornerstones of the theoretical framework on populism in the current body of literature.

The vast majority of the studies based their findings on manifesto analysis (48) or traditional media analysis (36). A lesser number of studies focused on the analysis of parliamentary behavior (14) or literature review (5). Despite being common among International Relations scholars, very few studies used interviews of political actors (3). Only one study investigated political statements on social media.\textsuperscript{51} Although some studies\textsuperscript{52} made use of expert survey data gathered by the Chapel Hill Expert Survey research project,\textsuperscript{53} none of the studies included their own expert survey.\textsuperscript{54} Six studies could be identified best as theoretical or conceptual papers with explorative theorizing.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{methods.png}
\caption{Which methods are used?}
\end{figure}

It is no surprise that manifesto analysis was the most popular method. We defined manifesto analysis relatively broadly, by incorporating all texts written by the political party or its leadership. This would include online publications and even books, too. Although the largest share of party texts were official election manifests, these other types were frequently analyzed as well. For example, the study by Chryssogelos combines online party

\textsuperscript{50} Taggart 1998.
\textsuperscript{51} Cincu 2017.
\textsuperscript{52} Jungar and Jupskås 2014; Van Spanje and Van der Brug 2007.
\textsuperscript{53} Bakker \textit{et al.} 2010; Marks \textit{et al.} 2017.
\textsuperscript{54} Because it was not published in an academic journal, we did not include the study of Gressel 2017a, although that one would be an expert survey.
publications with official electoral manifestos, and the study by Mudde made use of the number of books that the leader of a given populist party had written. Not surprisingly, the study of actual electoral manifestos has often not been conducted in a systematic way, but rather focused on cherry-picking certain segments. Two studies made use of the Parliamentary Manifesto Database. The same applies to traditional media analysis: it is used frequently, but without a broader systematic basis. As an illustration, Hartleb cites a handful of party expressions in the media, but does not develop a broader empirical support.

Studies that investigate parliamentary behavior generally do so in a qualitative manner. For example, Novaković looked at the coalition between a center-right and extreme-right political party, and the study by Petsinis draws upon a discourse analysis on Greek-Russian relations and national populism that includes parliamentary speeches. However, by and large, such studies has been devoid of systematic quantitative study.

Research using interviews used a small number of interviewees, as is usual in the research tradition relying on elite interviewing. Even by these standards, however, existing scholarship on populism and foreign policy has been relying on very small numbers of cases. While the study by Fitzgibbon & Guerra reports one interview and Albertazzi & McDonnell held three interviews, the study by Jungar & Jupskås held probably five interviews (the exact number was not reported).

Only one study in our sample conducted social media analysis, which was also triangulated by extensive use of other empirical observations, including multiple media expressions, speeches, and various other party texts.

55 Chryssogelos 2010.
56 Mudde 2016.
57 Dobos and Gyulai 2015 and Jungar and Jupskås 2014; for Parliamentary Manifesto Database, see Budge et al. 2006; Klingemann et al. 2010.
58 Hartleb 2007.
59 Novaković 2010.
60 Petsinis 2016.
61 It must be however also added that in general, parliamentary behavior of parties in questions of foreign policy is a recent object of study. See Parliamentary Deployment Votes Database for an example of a recent initiative: http://deploymentvotewatch.eu/.
62 Goldstein 2002.
63 Fitzgibbon and Guerra 2010.
64 Albertazzi and McDonnell 2005.
65 Jungar and Jupskås 2014.
66 Cincu 2017.
Countries, Topics and Parties Covered

The majority of studies on populism and foreign policy focused on a specific country (45), and almost half focused on a specific party (31). Of the studies that focused on one country, the largest share was devoted to Italy (9), Germany (8) and France (6). When comparative studies are taken into account, Italy becomes the country discussed the most (20 studies), followed by France and Germany (15), Austria (13) and the Netherlands (12). Figure 2 below displays the full distribution of the countries that were studied is displayed below. A total of 54 studies discussed at least one political party in the opposition, and 36 did this for a coalition party. The parties that were discussed most were the Lega Nord (17), Front National and FPÖ (13), Danske Folkeparti (10), the Dutch LPF (8) and PVV (6) and the AFD (6). The Flemish Vlaams Blok and its successor Vlaams Belang combined were studied in 11 publications. Note that all of these parties can be classified as right-wing populist parties. Figure 3 displays the full distribution of discussed parties in the selection.

![Figure 3: Which parties are covered?](image_url)

When it comes to the themes, a vast majority of the studies discussed immigration politics (54) and EU politics (58). Significantly less attention was given to internationalism (globalization; 28 studies), mostly referred to as globalization. While most studies only touched upon the theme without any deeper analysis, the study by Woods is notable in focusing almost completely on the anti-globalization discourse of the Lega Nord. Foreign special relationships were discussed in 25 papers. The military was discussed in 20 papers, of which the study by Virchow is especially interesting: it provides an interesting and nuanced view on the FPÖ’s discourse on the Austrian neutrality and military future. Twelve papers focused on state-centered anti-imperialism, most of the time this would be anti-Americanism. Thirteen papers looked at foreign financial influence, of which majority was dedicated to the international financial institutions. An example of this is the mistrust of the Hungarian MIÉP directed at the World Bank. In contrast, banks or other private financial companies would hardly be mentioned. Six papers looked at the theme of peace among the populist parties.

**Figure 4: Which themes are covered?**

Last but not least, we should note a significant conceptual confusion in the existing scholarship. The concepts of populism, extremism, and radicalism are very often mixed up. Often, these concepts are used interchangeably, without proper arguments on why a specific label can be applied to a political party. Scholars’ choices for particular labels remain poorly argued, or under-substantiated. This could possibly hamper research advancing the scholarly expertise on certain political parties, for it is possible that some publications

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68 Woods 2009.
69 Virchow 2016.
70 For an example, see Ghodsee 2008.
71 Weaver 2016.
72 For example, see Novaković 2010 or Cincu 2017.
on populist parties were not found in our search based on definition differences. We did, however, treat the definition of populism lightly: only a brief mention of the populist character of a party would suffice to be included.

Preferences of Populist Parties

Beyond the definitional questions (of who populists are and what explains their success, two themes outside of the scope of our paper), there are two broad categories of research questions that guided the vast majority of the included publications. Firstly, what are the foreign policy preferences of populist parties, and how similar are these to those of other populist parties; and secondly, what happens when populist parties manage to occupy the seat of a coalition or governing party: do their preferences change, and how much influence do they have?

The answer to the first question, about the foreign policy preferences of populist parties, and how similar these are to those of other populist parties, is “it depends”. Contributions in the volume edited by Christina Schori-Liang,73 found three major preferences: populist radical right parties are (1) against immigration, especially of Muslims (2) against globalization, often related to anti-Americanism, and (3) against the European Union. The comparative study by Chryssogelos indicates that these preferences are not necessarily held by left-wing populists.74 He concludes that while all populists seem to share the anti-globalist discourse and often share the dislike for the EU, the left-leaning populist parties tend to reject the EU, not in itself but because of its current, ‘neoliberal’, form. Examples of this are Syriza and Podemos, who identify as Eurosceptic mainly because they oppose its austerity politics.75 Populist preferences concerning other policy fields, such as the military, tend to be less clear and more diffuse. For example, Ataka, SRP (Self-Defence), SP and the Lega Nord want to leave NATO,76 but AN, FPÖ, Vlaams Blok and PiS are pro-NATO.77

The second type of questions looked at what happens when populist parties manage to occupy the seat of a coalition or governing party, whether their preferences change, and how much influence they have. As theorized previously, political parties generally have two goals: gaining seats in the legislature and influencing the policies of their country. What becomes clear from our analysis, is that most primary sources that are used in the current body of literature indicate parties’ preferences as they are communicated to the electorate and the larger public. In that sense, the publications often follow the parties’

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74 Chryssogelos 2010.
75 Stavrakis 2014; Rodríguez-Teruel et al. 2016.
76 Fitzgibbon and Guerra 2010; Novakovic 2010; Lucardie and Voerman 2012.
77 Kopecký and Mudde 2002; Albertazzi and McDonnell 2005; Swyngedouw et al. 2007; Virchow 2007. It should be noted that such scholarship often provides a ‘snapshot in time’ view, and therefore it is possible that preferences of parties change over time. See, for example, Gustav Gressel 2017’s comparison between FPÖ in 2000 and 2017.
statements as they are intended to sway the electorate in their favor, and thus serve the first goal of the parties.

Recently, the research into what happens to the populist parties’ foreign policy when they come into power gained more momentum. For example, in Verbeek & Zaslove and Dobos & Gyulai, the authors aim at reconstructing the influence that the selected populist party has on actual policy outcomes, and how they correspond to the intentions of the populist parties.78

The few examples including parliamentary behavior sometimes noticed that there is a significant gap between discourse and practice. For example, the notable study by Cento Bull makes clear that while Lega Nord rhetoric on immigration did make its way in Italian legislation, the actual effects were limited due to other actors and the economic interests of its electorate.79 A similar study by Franzosi et al. noticed that the Five Star Movement is strategically Eurosceptic, but ideologically not, and thus differs significantly from other populist parties such as UKIP.80 This is a trend throughout the literature: Euroscepticism seems to be less extreme in practice, compared to populist rhetoric.81 As there is increasingly more data available on parliamentary behavior of parties in general, researchers should be encouraged to use this data also for the analysis of populist parties.

In contrast, the majority of publications lean heavily or fully on rhetoric analysis in media and manifestos and tend to treat populist parties as rather similar. Because of this, the variety of foreign policy ideologies and practices of populist parties tends to be overlooked in the literature. Based on what is known as of now, we would expect that more detailed studies of populist parliamentary behavior concerning foreign policy would indicate that these parties often share as much differences as similarities. However, at the moment we know very little about what laws and amendments populist parties propose, and how they behave in parliamentary committees.

**An Agenda for the Future**

Our study concluded that there is no such thing as a “populist foreign policy”, and that we not only cannot conclude that populists are a threat to liberal international order, but also that we generally do not know much systematically about foreign policy preferences of populist parties. This is due to the four main shortcomings of the existing literature on foreign policy of populist parties which we identified. While we formulated our findings on the basis of the literature published up to the end of 2017, these shortcomings still

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78 Verbeek and Zaslove 2015 and Dobos and Gyulai 2015.
79 Cento Bull 2010.
80 Franzosi et al. 2015.
81 For a more in-depth discussion of the strategy vs. ideology debate when it comes to EU-attitudes, see Kopecký and Mudde 2002.
persist in the literature to a large degree today. We must note, however, that our findings do not stretch beyond the journals published in languages that we included in this review.

First, only a limited selection of methods is used by the scholars of populism and foreign policy. The vast majority of the studies used analysis of traditional media statements (36) and manifestos (48) to arrive at conclusions on the foreign policy preferences of populist parties. Given that the connection between social media and populism has been recently especially highlighted,82 it is rather surprising that there have been few studies thus far of the social media activities of populist parties. In light of the wide array of methods that are in use in political science to determine the ideology of political parties,83 the little variety in research methods concerning populism and foreign policy is striking. As tapping from more diverse sources of information could provide exciting, new insights on the foreign policy of populist parties, we invite scholars to apply innovative and triangulated methods.

Secondly, scholars should embrace a more systematic study of source documents. While some of the studies, such as Van Spanje & Van der Brug84 and Reungoat85 systematically studied source documents, in the majority of studies scholars cite one or very few sweeping statements on one or two salient subjects. Triangulation has generally played a little role in the literature: many studies based their conclusions on use of limited number of sources. There are, however, positive examples: the study by Jungar & Jupskås86 shows how the use of various methods can offer valuable insights; recent work by Özdamar & Ceydilek87 demonstrates another example of systematic work using operational code analysis and the expert survey dataset gathered by Meijers & Zaslove88 on the level of populism and basic foreign policy preferences of political parties in Europe is a promising example of systematic research. Still, the fact that few studies made use of systematic, in-depth empirical investigation continues to pose a significant threat to our ability to study populist foreign policy.

Third, it becomes clear that the spotlight of academics studying populist parties focuses more heavily on some countries than others. Italy, with the Lega Nord, France, with the Front National, and Austria, with the FPÖ, are discussed by a high number of studies. This can partly be explained by the fact that these parties exist for a relatively long period, and partly because they have operated in the government as well as opposition ranks in their country. In that sense, it is interesting that, despite having operated on a national level for

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83 Bakker et al. 2015; Laver and Garry 2000; Pennings et al. 2006.
84 Van Spanje and Van der Brug 2007.
85 Reungoat 2010.
86 Jungar and Jupskås 2014.
87 Özdamar and Ceydilek forthcoming.
88 Meijers and Zaslove forthcoming.
only 4 years, the Dutch Pim Fortuyn List was a subject of 6 studies discussing the party, more than the Dutch PVV up to now.

Parties that have been studied have almost exclusively been defined as fully populist, whereas it has been argued that populism is a continuum that can be apparent in all parties to some extent. As a result, only the foreign policy of “hard populist” parties has been studied, ignoring potential relationships between foreign policy and moderate levels of populism.

The unequal division of attention among countries and parties becomes even more salient when considering how few studies exist on populist foreign policy preferences in Spain and Greece (at least in journals published in English, French, German or Dutch), where left-wing populism is prevalent. These European countries have seen parties that are often considered populist, such as Podemos and Syriza but have been severely understudied in the literature. Other “white spots on the European map” include Ireland, Portugal, Czech Republic, the Baltic States, and Romania. All of these countries share multi-party, democratic systems that by many definitions could have known some sort of populist parties since 1989, yet have been mostly neglected by researchers. While such countries have been covered in more recent studies of broader phenomena such as partisanship and foreign policy, there has been little scholarship that compared the conceptual study of populism with its empirical demonstration in Eastern Europe. Part of the reason for this oversight might have its roots in the inability of many scholars to read languages of Eastern European countries.

_Fourth_, and related, we observe a rather strange obsession with right-wing populist parties, and ignorance of left-wing populist parties. This might be related to the focus on countries where right-wing populist parties are prevalent and on topics that fit a right-wing populist discourse. Studies looking at Syriza, Podemos, Direction (Smer-SD), the Socialist Party in the Netherlands, or Estonian Center Party are almost completely missing (these parties were selected from the list provided in Table 1 of Santana and Rama). This means that much of what we know about the populist foreign policy preferences are right-wing populist preferences. As there are significant differences between left-, right-wing and center parties in other areas of public policy, there is no reason to assume that this will not apply elsewhere (or we have no way of knowing before studying such phenomenon). There are indications that left-wing populist parties – such as Direction (SMER-SD) – behave differently compared to the right-wing populist parties when it comes to the parliamentary approval of missions abroad. Overlooking left-wing

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89 Rooduijn and Pauwels 2011.
90 Although there is a growing number of studies on Syriza, see Kioupkiolis 2016; Mudde 2016; Chryssogelos 2019.
91 Gressel 2017a; Wagner _et al._ 2018.
92 Santana and Rama 2018.
93 see Wagner _et al._ 2018.
populism continues to be a significant problem for scholarship on populism and foreign policy. For example, a recent rather thorough operational code analysis of the foreign policy preferences of populist parties focused exclusively on the radical right.\footnote{Özdamar and Ceydilek forthcoming.} While we did not investigate the origins of this oversight, we suspect it might be related to the fact that right-wing populists have been in power in Western European countries which enjoy more spotlight in foreign policy literature anyway. A similar proposal, related to a more comparative study of populism, was issued by Mudde & Rovira Kaltwasser.\footnote{Mudde and Rovira Kaltwasser 2018.} Taken together, these shortcomings create an opening for making the study of populism and foreign policy better and enrich the already flourishing research field.

Overall, there are good reasons to look at the link between populism and foreign policy. Studying populist foreign policy preferences helps to better understand populist parties. Foreign policy is often pictured as a matter of far-away places, in closed rooms, by educated and socialized elites. This appeals to the definitional opposition of populist parties towards corrupt elites. Combined with the apparent saliency to these parties of typical foreign policy themes such as migration and Euroscepticism, this exemplifies the tension between election rhetoric and actual policy making when entering a coalition. Moreover, as outlined previously in this paper, foreign policies cannot be understood without taking into account populist foreign policy preferences. The dynamics between political parties greatly shape foreign policy making of states, and many populist have at times played a dominant role in these dynamics.

Our research shows that the ways of studying and discussing populist foreign policy preferences influences what we know about them. The little variety in methods, for example, seems to relate to an overly homogeneous view of populist foreign policy preferences. The stereotypical populist party is right-wing, always against the European Union and migration and, when entering a coalition, adopts policies that are consistent with its electoral discourse. Reality is much more complex and nuanced than this.

Future research needs to expand the study of the links between populism and foreign policy to new methods and cases, in a more systematic fashion. Only then, we will be able to get more thorough understanding into how the populist zeitgeist is reflected in foreign policy in Europe.
References


Appendix 1: List of Articles Coded


## Appendix 2: Coding Scheme

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research method</strong></td>
<td></td>
</tr>
<tr>
<td>Theoretical analysis</td>
<td>The study devotes a significant portion of text to analyzing existing theories on populism and foreign policy and/or proposes a new theoretical framework.</td>
</tr>
<tr>
<td>Literature review</td>
<td>A review of the literature on this party served as a source for the article.</td>
</tr>
<tr>
<td>Interviews</td>
<td>Interviews with (leading) members of the populist party served as a source for the article. These interviews are to be held by the author personally, otherwise it is categorized as &quot;traditional media analysis&quot;.</td>
</tr>
<tr>
<td>Traditional media analysis</td>
<td>Any statement by the party, primarily published via traditional media, served as a source for the article.</td>
</tr>
<tr>
<td>Social media analysis</td>
<td>Any statement by the party, primarily published on a social medium, served as a source for the article.</td>
</tr>
<tr>
<td>Expert survey</td>
<td>The opinion of experts served as a source for the article.</td>
</tr>
<tr>
<td>parliamentary behavior analysis</td>
<td>An analysis of voting behavior in parliament served as a source for the article. This also included speeches or statements in parliament law texts.</td>
</tr>
<tr>
<td>Manifesto analysis</td>
<td>The party manifesto served as a source for the article. Online publications were included in this category as well, if it was not primarily published using a newspaper’s website or social medium. Books written by a representative of the political party were included in this category too.</td>
</tr>
<tr>
<td><strong>Research scope</strong></td>
<td></td>
</tr>
<tr>
<td>Party-specific</td>
<td>The article focuses on a specific party.</td>
</tr>
<tr>
<td>Country-specific</td>
<td>The article focuses on a specific country.</td>
</tr>
<tr>
<td><strong>Party characteristics</strong></td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>This indicates the country in which one or more of the populist parties that are discussed in the article operates. All democratic countries on the European continent are included.</td>
</tr>
<tr>
<td>coalition party</td>
<td>One or more populist party as discussed in the article has been a coalition party within the timeframe that the article discusses its ideology</td>
</tr>
<tr>
<td>opposition party</td>
<td>One or more populist party as discussed in the article has been an opposition party within the timeframe that the article discusses its ideology</td>
</tr>
<tr>
<td><strong>International relations subjects</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign special relationships</td>
<td>Mentions of particular countries with which the manifesto country has a special relationship; the need for co-operation with and/or aid to such countries.</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
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<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| State-centered anti-imperialism  | Negative references to imperial behavior and/or negative references to one state exerting strong influence (political, military or commercial) over other states. May also include:  
  - Negative references to controlling other countries as if they were part of an empire;  
  - Favorable references to greater self-government and independence for colonies;  
  - Favorable mentions of de-colonization. |
| Foreign financial influence      | References and statements on international financial organizations or states using monetary means and their influence over the country. May include:  
  - Statements on the World Bank, IMF etc.;  
  - Statements about foreign debt circumscribing state actions. |
| Military                         | References to the military or use of military power to solve conflicts, including:  
  - Military expenditure;  
  - Manpower in the military;  
  - Modernization of the armed forces and improvement of the military strength;  
  - Rearmament and self-defense;  
  - Military treaty obligations. |
| Peace                            | Any reference to peace                                                                                                                                 |
| Internationalism                 | International cooperation, including cooperation with specific countries other than those coded in “foreign special relationships”. May also include references to:  
  - Aid to developing countries;  
  - World planning of resources;  
  - Global governance;  
  - International courts;  
  - The UN or other international organizations;  
  - National independence and sovereignty with regard to the manifesto country’s foreign policy |
| European Union                   | Mentions of European Community/Union in general. May include:  
  - Desirability of the manifesto country joining (or remaining a member);  
  - Desirability of expanding the European Community/Union;  
  - Desirability of increasing the ECs/EU’s competences;  
  - Desirability of expanding the competences of the European Parliament. |
| Migration                        | References to migration, including:  
  - The number of migrants the country should accept;  
  - How the country should handle migrants;  
  - References to international agreements on migration policies. |
Abstract: The aim of this study is to explore the Hungarian discourse of “illiberal democracy” alongside the older Russian doctrine of “sovereign democracy”, to see their possible implications for regional security and examine broader cultural and political backgrounds of these doctrines. The paper argues that the tension between notions of past historical greatness and the currently diminished power status results in the othering of the liberal order, which is seen as responsible for this degradation. The ideological subversions of the concept of democratic governance serve the purpose of self-legitimation, but also operate as ideological justifications for policies meant to revert the current status and thus carry significant security risks for regional stability. In Russia’s case, these risks are most plainly manifest as military interventions in neighbouring countries. While in Hungary they take the form of opportunistic self-interest, with a disregard for the rule of law and potential for further subversions of regional order.

Keywords: Hungary, Russia, illiberal democracy, sovereign democracy, security
Introduction

This paper addresses similarities between the doctrines of sovereign and illiberal democracy in Russia and Hungary respectively. We take a comparative perspective, arguing that, while there are certainly important differences in both context and content, the two doctrines resemble each other to a significant extent and their ideological affinity cannot be denied. We situate our analysis in a broader cultural and historical understanding of the two cases, which outlines similarities in their historical trajectories and ways in which historical events have been (re)interpreted by collective memories and identitarian narratives. We also discuss the implications that our findings may bear for regional security.

The literature on democratic backsliding in Central and Eastern Europe (CEE) has been growing in recent years, and as of the time of writing, there already seems to be a rather differentiated debate on its causes, implications and the choice of approaches to studying it. The scholarship on Hungarian domestic and foreign policy, in particular, is no exception here. One way in which Viktor Orbán scandalized the European public was by expressing his admiration for Vladimir Putin’s Russia as a model of a successful “illiberal state”, as well as pursuing closer cooperation with the Kremlin, even after the Ukraine crisis of 2014. In light of that, one of the questions that has naturally been addressed in the literature was the nature of this new link between Budapest and Moscow, and whether, the latter, in fact, served as an actual political model for the former. Buzogány’s 2017 analysis presents a balanced view, according to which there is no evidence of an ideological “copy-paste” from Russia. Furthermore, the growth of cooperation was not driven by ideology but by interest. On the other hand, however, “there is certainly an overlap both in what Linz has termed ‘mentalities’ and in the way self-serving elites in both countries use ideational aspects to veil their interests.”

While we do not mean to challenge this argument directly, we would, nevertheless, like to draw closer attention to the parallels demonstrated by the ideological underpinning of both regimes, and document and discuss them, perhaps, in somewhat greater detail than has been done in the literature so far. We understand those parallels, above all, as similarities in the discursive strategies of normative distancing from the West, without altogether breaking with one of the overarching Western political concepts (democracy). It is thus a normative distancing that takes the form of subversion and relativization rather than outright rejection and open rebellion. Furthermore, it is rooted in discourses of sovereignty and national identity that also demonstrate notable similarities in how they are constructed. These sovereignist discourses, in turn, often refer us to collective memories, which also allow one to trace broader cultural and historical parallels between the two countries.

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1 See: Cianetti, Dawson, and Hanley 2018.
3 Buzogány 2017, 8.
The article is structured as follows. First, we briefly outline the theoretical foundations of our study. Then, we provide as brief a discussion as possible of the cultural background of the doctrines of sovereign and illiberal democracies. In the third section, we analyse the doctrines themselves. Finally, we take the broader perspective on the regional retreat of liberalism and reflect on the implications for regional security borne by the doctrines and the regimes that used them for self-legitimation.

A Note on Theory, Method, and Structure

Before we launch our analysis, a brief note on our theoretical foundations is required. Our study draws on the tradition of social constructivist thought in political science and IR. Methodologically speaking, it focuses on the analysis of discourses which are our primary source of data, although we also rely on empirical examinations published by other scholars of Hungary and Russia. We follow in the wake of those students of discourse who emphasize its performative and processual nature, assuming that it is never discovered as a stable system of concepts but rather as a site of constant “linguistic action” as Wodak would put it.

Furthermore, discourse is not seen as merely processual but also as inherently political and oftentimes conflictual. From this perspective, it is a venue of non-ceasing struggles over the definition of key concepts. That understanding was pioneered by Antonio Gramsci with his ideas of “wars of position”, cultural hegemony, and “organic intellectuals” set to the task of articulating it. Post-Gramscian political thought further developed these ideas into a critical theory of discourse which examines how central concepts or “empty/floating signifiers” are contested by various political discourses aspiring to construct a hegemony.

We draw our inspiration from these general theoretical ideas as well as from more specific examinations of discourses on democracy that can be found in the existing literature. Thus, the 2013 volume edited by Viatcheslav Morozov demonstrates in full empirical detail how “democracy” has become a globally contested signifier, as counter-hegemonic and relativizing discourses have been attempting to challenge established definitions of “democracy” and redefine it to suit their own political purpose.

In line with that, we treat discourses of “sovereign” and “illiberal democracy” as exercises in redefining or resignifying this key political term. We believe this theoretical approach to be a particularly promising one in light of the political strategies that the ruling elites in both Moscow and Budapest have pursued. Russia has been long known for its attempts...

4 Wodak 2008.
5 Gramsci 1971.
6 Laclau and Mouffe 2001.
7 Morozov 2013, ed.
to offer alternative interpretations to Western concepts importing and then re-exporting them and sometimes, as Huntington shrewdly observed, challenging the West in the name of its own ideologies.\(^8\)

Hungary’s international career as “another” or “true Europe”\(^9\) has been more modest, but Orbán’s often-quoted promise to bring a cultural counter-revolution to Europeans indicates, as well as a systematic analysis of his political discourse, an ambition to challenge what he sees as a hegemony of liberalism in the West. By a curious coincidence, the Hungarian prime minister is said to be very well acquainted with Gramsci’s ideas,\(^10\) which is probably yet another reason to pay closer attention to his discursive strategies. However, there is a more solid argument in favor of carefully examining the cultural and intellectual component. As recent research argues, its role in the “rightward swing of the pendulum in Hungarian politics” may have been somewhat underestimated.\(^11\)

With all this in mind, we turn to examining the similarities between the Russian/Hungarian ideologies of sovereign/illiberal democracies, their cultural and historical roots, and their (geo)political implications. We start by providing the reader with a very brief, bird’s eye overview of historical similarities between the two countries. Taking these into account it may be easier to understand how similar sovereignist discourses on democracy refer – whether explicitly or implicitly – to paralleling historical experiences and patterns of national identity formation. We then build our analysis around consecutive and interrelated points of comparison. First, we address the issue of othering the recent past (the transition period) in Russian and Hungarian discourses. Then, we compare the narratives of a lost or compromised sovereignty that hinge on the othering of Western and/or liberal-globalist forces that the two discourses are blaming for this loss. We then analyze the Russian and Hungarian discursive strategy of partially distancing from Western political standards through a decentering or diluting of the notion of democracy, without openly challenging its central role. This puts the two regimes in a similarly ambiguous, hybrid or liminal position \textit{vis-à-vis} Western norms. Following that, we examine the cultural argument as an instrument of relativizing democracy in Russian and Hungarian discourses and point out the fact that in both cases a Huntingtonian \textit{civilizationist} ideology plays a similar role. Our concluding step is a reflection on the security implications, which is more policy-oriented than the previous sections. Without making any specific prognosis, we discuss the possible ramifications of the “adjective discourse” creeping from the post-Soviet area into the European Union and NATO.

\(^8\) Huntington 1993, 43.
\(^10\) Greskovits 2020, 5.
\(^11\) \textit{Ibid.}, 4–7, 16.
History and Memory in Hungary and Russia: A Brief Note on Similarities

Understanding the broader cultural and historical context is generally important. But even more so when analysing ideological systems that often refer back to collective memories and are, to a significant extent, rooted in earlier traumas which they, in turn, continue to reproduce and reinforce. In this section, we briefly introduce the reader to historical parallels and cultural similarities between Russia and Hungary, which, we believe, are essential for grasping the sovereign/illiberal democracy ideologies, and their similarities in full scope.

Historically, the two countries share a number of notable parallels which can explain why the regime-boosting exceptionalist and self-victimizing narratives on national identity also run in parallel. Among the most obvious similarities, is the territorial trauma and its significance for the constitution of national identity.

The 1920 Trianon treaty stripped Hungary of more than two-thirds of its population and territory, with significant chunks being transferred to neighbouring states. This event was also a transition from the Kingdom of Hungary that had been poly-ethnic since medieval times to a mono-ethnic Hungary. The Trianon trauma can then perhaps be even called a birth-trauma of the modern Hungarian state. The Russians saw a collapse of their poly-ethnic empire twice in the 20th century, in 1917 and in 1991. Russian Bolshevism managed to restore the Russian empire in part and under a different ideological guise, although significant chunks of the territory were still lost to the newly independent CEE states. Interestingly, Hungary went through a similar experience, as the short-lived Hungarian Soviet Republic (1919) tried (but failed) to reassemble the Kingdom of Hungary under the banner of internationalism. To this day, the Treaty is seen and represented in Hungary as an act of humiliation and excessive punishment, a cause of territorial trauma, fuelling revisionist sentiments and resentment towards those, who are seen as responsible.12 The significance of the Russian territorial trauma for its present-day politics hardly needs to be discussed post 2014.13

Territorial trauma is hardly the only trait both countries share, as post-Communist transitioning was also a source of traumatic experience. In Hungary, this allowed Viktor Orbán to effectively construct a narrative that linked his “liberal” enemies to the years of hardship Hungarians had to go through after 1989, discursively fusing economic neoliberalism and political liberalism.14 In Russia, for the population en masse, transition meant deprivation, unemployment, a pronounced fall in life expectancy and a feeling of general chaos and uncertainty. In contrast to the promised land, as sketched out in the reform programs such as the “500 days”15 the contraction of the country’s economy was, as Putin argued,

12 Akçali and Korkut 2015.
13 See: Kazharski 2019a.
14 Magyar 2016.
15 Blaney and Gfoeller 1993.
one of the largest ever experienced in peacetime.\textsuperscript{16} The association of the Western advisors and their young liberal Russian counterparts with the transition did much to fuel the support for the later anti-Western, anti-liberal turn. Putin expressed this in 2017 by saying that the biggest mistake of Russia was to trust the West.\textsuperscript{17}

In this respect, another instructive parallel is the historically ambiguous stance \textit{vis-à-vis} the West. For centuries, Russia’s stance shifted between imitating and catching up with the West and rejecting and/or challenging it, but its integral position \textit{vis-à-vis} (Western) Europe has been that of liminality.\textsuperscript{18} Similarly, Hungarians have perceived themselves as members of the European community by virtue of belonging to the Western branch of Christianity since Medieval times. But being situated on the Eastern European periphery, they faced similar “catch up” dilemmas. Furthermore, the dramatic 19\textsuperscript{th} century history, when the growing Hungarian nationalism clashed with the authoritarianism of the Habsburg dynasty in Vienna, had its very tragic moments when the Hungarian “freedom fight” was crushed by the Habsburgs. And in the 20\textsuperscript{th} century, Western great powers who had won the First World War, were, in many Hungarians’ eyes, responsible for the Trianon “dismembering” of Hungary. Similar to the Russian case, thus, the position of liminality here implied both being drawn to the West and suffering from it – a collective memory that tends to foster an instinct of suspicion.

But if, generally speaking, national suffering comes in no short supply in CEE, there is also a similarity in which the trope of exceptionalism tends to shape Russian and Hungarian national identity. Exceptionalism here is not merely a different name for particularism or nationalism, although it is an interacting feature of both of these phenomena. Nor is it simply a kind of pride, a justified relishing in the wealth of cultural inheritance, intellectual tradition or a sense of achievement. Exceptionalism is the way in which the discourse about the past is used to create the idea of uniqueness, of holding a special place or having special traits and attributes as a nation or a country. However, in both Russia and Hungary the notions of being special countries with a great past only force the realization that there is a discrepancy between their self-perception and their current place in the international order. Both countries seem to be at the same time adhering to narratives of victimization. The resulting tension between perceptions of past greatness and the currently diminished status leads to attempts to restore lost power or importance. This could also be called messianic exceptionalism as there is a pronounced concern with the potential for actions to challenge the \textit{status quo}, in both Hungary and Russia’s cases.

In the case of Russia, this exceptionalism is purposefully built on the shifting historical realities and reinvented time and time again with new events being integrated, re-purposed and used to reinforce it. One continuous theme of Russian exceptionalism is the religious notion of Holy Russia (“Svyataya Rus”), dating back to the 14th century, which designates

\begin{footnotesize}
\begin{enumerate}
\item Putin 2005.
\item O’Connor 2017.
\item Neumann 1999.
\end{enumerate}
\end{footnotesize}
Russia as the inheritor of the legacy of the Byzantine Empire, as the only Orthodox Christian country in the world and therefore a special country, with a special purpose, having “a unique and exalted role in the economy of salvation”. This messianic purpose reappears later, projected on to different actors over the course of the past five centuries, sometimes even unlikely ones like the leader of the Bolshevik revolution of 1917, Vladimir Lenin, or the proletariat itself. The Great Patriotic War, where the Soviet Union saw itself as having played the main role in defeating Nazism, was another factor in this self-perception. The most recent manifestation of this messianism can be discerned in the exaltations of president Vladimir Putin by the far-right ideologue Aleksandr Dugin as the “katechon”, promised to “prevent the arrival of the Antichrist.”

It is interesting to note here, that both Russia and Hungary each lay claims to being the so-called bulwark of Christianity, the *antemurale Christianitatis*. Vladimir Putin has made several speeches where he alluded to Europe being decadent, especially with regard to liberalism and laws intended to promote marriage equality and on the other hand emphasized Russia as being true to conservative Christian values. In Hungary, Viktor Orbán also made use of the same trope of the bulwark of Christianity positioning Hungary as the last bastion of true Christian and European values, whereas according to him the rest of Europe embraced immigration of Muslims, thus diluting and threatening the Christian cultural foundations that Europe was built on.

In the Hungarian case, there is an interesting clash in terms of how exceptionalism makes references and makes use of both the tribal pre-Christian past in a sympathetic nod to Turanism, while also emphasizing the thousand-year long existence of the historical Hungarian kingdom as a specifically Christian state and as an undisputed part of a Christian Europe. Turanism is an ideology dating back to the 1920s and it proposes a kinship of Central Asian nomads: Huns, Magyars, Turks, – and others – in the genetic sense, but also as having common interests. When Viktor Orbán attended the 6th annual Cooperation Council of Turkic-speaking States in 2018, he spoke about the unique experience of being “both a member of the European Union and an Eastern nation”. While this might seem like nothing but a curious expression of Hungarian particularism, it finds more expression in Orbán’s foreign policies directed at this particular geographic region. In terms of more recent history, the Hungarian exceptionalism harks back to the revolution of 1848, when the nation saw itself as being among the most progressive in Europe, as well as the anti-Soviet revolution of 1956, and the fall of Communism in 1989.

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19 Cherniavsky 1958.
20 Engström 2014.
21 Russia’s own version of *antemurale* exceptionalism manifests itself in the idea that its historical mission in Medieval Times was to shield Europe from the Mongol invasion by enduring the three centuries of the “Tartar yoke”. This narrative of “bleeding for Europe” is echoed by the claim to the USSR’s leading role during World War II, when, as it is argued, Russia once again made tremendous sacrifices in order to deliver Europe and the world from Nazism.
22 Orbán 2018.
In short, there are a number of parallels in the historical experience of the two states and, thus, unsurprisingly, also parallels in collective memories and identitary narratives. On top of that, both countries had very limited opportunities to come to terms with their difficult past through comprehensive public discussion and open democratic debate. Following World War I, the short-lived liberal democratic republics in Russia and Hungary were replaced with authoritarian or totalitarian regimes, which certainly makes it easier for contemporary political leaders to exploit the unresolved dilemmas of national identity. And these cultural backgrounds make it easier to understand the similarities in the doctrines of sovereign and illiberal democracies which we unpack in the next section.

A Game of Adjectives?

Among the many points of convergence between Hungarian and Russian discourses on democracy, sovereignty seems to be the conceptual hub. In both cases, the term is attached to a narrative which could be classified as populist. The narrative speaks of sovereignty lost and regained under the new government – which, at last, makes the nation’s democracy a genuine one.

The doctrine of “sovereign democracy” was introduced in Russia in 2006 by Vladislav Surkov, the president’s aide, considered by many to be the ideological “grey eminence” who engineered Putin’s political system.23 In his policy articles Surkov defined “sovereign democracy” as “a way of political life in a society in which the authorities, their bodies and their actions are chosen, formed and directed exclusively by the Russian nation, in all its diversity and integrity for the sake of achieving material well-being, freedom and justice by all citizens, social groups and peoples that form this nation.”24

The emphasis “on exclusively by the Russian nation” is notable here. Its silent implication is that Russia’s previous attempts at democracy were not controlled by the Russian but somehow fell under foreign control. This implication is directly linked to the popular narrative of the “roaring 90’s” (“likhie devianostye”)25 when post-Communist Russia was weak and chaotic under the “alcoholic president” (Boris Yeltsin). And though formally sovereign, the narrative claims, it was, in fact, “conquered” or “occupied” by the West through its agents (the Russian liberals, “reformists”, “Westernizers” and their foreign consultants). In March 2014, as the Russian public was at the peak of its elation over the “return” of Crimea, Ulyana Skoybeda, a journalist well known for her nationalism, published an article in Komsomolskaya Pravda, Russia’s major tabloid, typically sympathetic

23 Pomerantsev 2011.
24 Surkov 2006.
25 The adjective “likhie”, which accumulates more than one important cultural reference, could be translated as “roaring”, “wild” or even “gangster” nineties. Etymologically it is related to both “likhie ludi” and “likholetie”. Likhie ludi is an old-fashioned expression for bandits which invokes the image of the 90’s as a criminal decade. “Likholetie”, on the other hand, refers to the Time of Troubles, a pivotal Russian archetype (see below).
with the Kremlin. The article, entitled “I no longer live in a conquered country”, equated the 90's to being occupied by the West, a time when Russia's budget had to be approved by the IMF, factories and industrial production were destroyed, culture became degenerate and Americanized, and the country was ridden with poverty and wars.

Skoybeda's emotional article was published at the climax of what many in Russia saw as a restoration of sovereignty, which made up at least partially for the “greatest geopolitical catastrophe of the 20th century” — as Putin famously referred to the USSR's collapse. But, in essence, it merely summed up a narrative that had been reproduced countless times in the previous years, repeatedly juxtaposing the days of Putin to the days of Yeltsin. Under Putin, Russia ended its Time of Troubles (literally – a period of political instability and foreign interventions), and as someone would eventually put, began rising from its knees.

Russia's discussions on sovereignty were always closely linked to concerns about unipolarity and Western hegemony, and the much sought-after “democratization” of the international order understood as a shift to great power multipolarity. Thus, Putin's seminal 2007 Munich speech lambasted “the world of one master, one sovereign.” In his ideological conceptualizations, Surkov also called for “a community of sovereign democracies” against “any global dictatorships and monopolies”, and for a “democratization of international relations”. Surkov's and Skoybeda's writing are separated by a span of eight years. In 2006, the Russo-Georgian war was yet to happen, and few would have imagined the annexation of Crimea. Chronologically, the sovereign democracy doctrine also preceded Russia's so-called “conservative turn” to “traditional values” which the 2014 Ukraine crisis would catalyse into an aggressive anti-Western and anti-liberal ethnonationalism of the “Russian spring”. Yet, seen in the retrospective, Surkov's conceptual exercises were the first steps in the normative distancing from the West. By the end of his second presidential term (2008) Putin, had built up a hybrid regime, a system of “partial adaptation” as scholars then dubbed it, which only selectively conformed to Western standards. At the same time, the technology of “managed democracy” emasculated political competition, eliminating democracy's crucial element, the uncertainty of election results. The qualifier of “sovereign”, semantically anchored in the broader narrative on sovereignty, could be strategically used as a normative back-door — justifying the discrepancies between the Western standards and the Russian model, which had been coming under increasing criticism.

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26 Skoybeda 2014.
27 On the political significance of the “Time of Troubles” as a Russian metahistorical archetype, whose origins go back to the 17th century, see: Kazharski 2019b, 87–92.
28 See: Makarychev 2013.
30 Surkov 2006.
31 See: Gaufman 2017.
32 Sakwa 2010.
If we turn to the Hungarian case now, there are notable similarities to be discovered. Much like his Russian counterparts, Viktor Orbán worked systematically on linking the public perception of liberal democracy to the “two troubled decades” of post-Communist transition (a parallel to Russia’s “wild nineties”), which were filled with corruption and poverty, as well as Hungarian people’s dependence on multinational corporations and other alien forces that could be associated with the collective West. At times, the prime minister openly accused his political predecessors, the Hungarian Socialist Party, of “selling Hungary’s hard-won sovereignty for a pittance.” The Left became one of Orbán’s favorite targets, and among other things, he incessantly accused it of being in a conspiracy with Eurofederalists, NGOs, George Soros and other vaguely defined forces of globalization. The conspiracy to destroy sovereign nation states was to be carried out through promoting multiculturalism and mass migration, but also through unrestricted flows of financial capital and through building “a European superstate.”

Consequently, it was argued that the only way to resist was to re-sovereignize Hungary. Absent that, Hungary would only have “constitutional” (i.e. formal) but not “true” sovereignty. In his speeches, Orbán outlined several spheres of public life, the resources required for sovereignty, as he put it, that had to be brought under “strong”, even if not “exclusive”; influence of the state. Among them were the banking sector, and the media. As regards the media, Orbán declared openly that “a country in which the majority of these instruments for influencing public opinion are possessed by foreigners is not a sovereign country.” Eventually, Hungary’s media landscape was fundamentally reshaped as, Fidesz gradually built its own “media empire”, which included major commercial in addition to state-controlled public media. Influential oppositional media outlets – such as the Népszabadság daily – could be purchased and closed without formally violating the freedom of speech standards.

Clear parallels to Russia can be drawn not only in terms of the conceptual juxtaposition of formal and “true” sovereignty but also in terms of practices implied by the sovereign democracy doctrine. Consolidation of the media landscape in Russia was an important element in Putin’s “management” of democracy, as major oppositional channels such as NTV were brought under government control during Putin’s first term in office. Russian oligarchs, who under Yeltsin exercised significant political influence through their ownership of media holdings and other strategic assets, were “reigned in” (some were exiled,

33 Magyar 2016.
34 Hungarian Government 2015a.
35 Hungarian Government 2015b.
36 Krasner’s (1999) classical discussion of the four aspects of sovereignty may be of help here. Thus, if we were to translate Orbán’s claims into his terminology, Hungary possessed international legal sovereignty but was severely short on interdependence sovereignty and, to a significant extent, on Westphalian sovereignty.
37 Hungarian Government 2015c.
38 Krekó and Enyedi 2018.
others jailed) and the Kremlin recaptured the “commanding heights” of the economy. For Putin, control over major media was instrumental in tilting the political playing field and “domesticating” part of the opposition, while excluding those “radicals” that refused to be co-opted and would not accept the new unspoken rules of the game, so as to create a new, hybrid system where political pluralism was, to some extent, preserved but the uncertainty of elections was, in principle, eliminated.

In Hungary, the media seem to have also been instrumental in consolidating power, as prominent international critics observed. Thus, for example, the OSCE/ODIHR final report on the 2018 parliamentary elections documented media freedom issues and polarized and biased covering of political campaigning. The report noted “a growing concentration of media ownership in the hands of party-affiliated entrepreneurs at the national and regional levels.” Similar to Russia, the reshaping of the media landscape was thus embedded in the broader structure of the country’s political economy. In Putin’s Russia, the oligarchy of the ’90s that could afford to manipulate a weakened state was replaced with a politically centralized “neo-patrimonial” or “neo-feudal” system where power and property came to be fused, and economic wealth on a large scale became a function of political loyalty to the ruling clique. Hungary, the experts have argued, eventually arrived at its own form of neo-feudalism. In Bálint Magyar’s words, after its landslide victory in 2010, Fidesz “established a new system that can be related not to one of those found in the past, but in the post-communist present of the former Soviet republics (Russia under Putin, Azerbaijan under Aliyev, and some Central Asian republics).” From the political economic point of view Hungary’s “post-Communist mafia state” with its ruling “Polipburo”, as Magyar dubbed the Fidesz-built informal network of politicians and oligarchs, increasingly resembled Putin’s Russia.

The two cases, thus, exhibit notable similarities when it comes to the techniques of tilting the political playing field and the ideological underpinnings of those subversive practices. The rhetoric on “genuine” sovereignty should, most likely, be classified as an element of populist strategies, as should probably be the narrative on the “Time of Troubles” from which Hungary and Russia emerged thanks to the new leadership. Furthermore, the qualifiers of democracy (whether “sovereign” or “illiberal”) are instrumental in political propaganda, as they allow to subvert the notion without directly challenging it. Adhering to democratic standards is crucial in terms of belonging to the Western club. Hungary remains locked into the Western institutional order through the EU and NATO. Russia was

39 Rutland 2010, 162.
40 On the technologies of subverting and imitating the democratic political process in Russia and other post-Soviet countries see Andrew Wilson’s (2005) classic study.
42 Derluguian 2011.
43 Inozemtsev 2011.
44 Jarábik 2017.
45 Magyar 2016, 62.
never a member but in 2006, when Surkov started spinning his doctrine, it was difficult for most to imagine the chasm of 2014. Regarding the issue of belonging to Europe, the Kremlin had always been deeply ambiguous, confirming Iver Neumann’s classical thesis of Russia’s liminality. Through clever discursive manipulations, it chose “to be simultaneously with, within and against the West”, demonstrating “a fluidity and changeability of speaking positions.”

The political and identitary costs of openly breaking away with Western normative standards were thus simply too high (and for Orbán even more so, as, unlike Putin, he was subject to direct EU scrutiny). Therefore, the notion of democracy had to be subverted and diluted. In his seminal 2014 Tusnádfürdő speech, which attracted significant international attention, the Hungarian prime minister announced illiberal democracy as an alternative to the liberal democratic model that established itself in the West. In his new political philosophy, liberalism and democracy were not identical. On the contrary, liberalism had been suffocating democracy in the West, yielding what Orbán would, on another occasion, dub a “liberal non-democracy”, a political system that stamped out genuine political pluralism. In an interview to a Russian daily Orbán explained:

“A situation has emerged in Europe in the past twenty years in which one of the three main intellectual tendencies – Christian democracy, social democracy and liberal democracy – has gained overwhelming dominance, and the followers of this tendency have monopolized democracy for themselves. This is why in Europe people are now allowed to say that democracy can only be liberal, but you are not allowed say that democracy can only be Christian democratic or that democracy can only be social democratic. I take the view that if any one of these competing ideas monopolizes democracy, it simply stifles intellectual debate.”

The role of the qualifier here (“illiberal”) is more than justifying democratic backsliding with an argument to national or regional particularity. It is also clearly an attempt to wrestle the definition of democracy from Western Europe that has hitherto played the role of a model that post-Communist countries had to unconditionally imitate. If in Russia “sovereign democracy” chronologically preceded its return as a “conservative great power” claiming to guard “Europe’s true Christian heritage”, the doctrine of illiberal democracy – as something that supposedly provides genuine pluralism – was introduced in Hungary via the conservative-liberal (or globalist-nationalist) divide which of late has increasingly polarized politics globally. However, the overall discursive strategy of contesting the notion of democracy is certainly working according to the same logic by not rejecting but

46 Makarychev 2013.
47 Hungarian Government 2014.
48 Buzogány 2017.
49 Hungarian Government 2018.
50 Hungarian Government 2015d.
51 Neumann 2017, 78.
subverting and/or redefining it via what can be called a *relativist discourse* challenging one of the pivotal political concepts of Western modernity. As Viatcheslav Morozov put it in his introduction to the 2013 landmark volume analysing global democracy debates, “the precarious position of the concept of democracy in the current global discourse is very well captured by the post-structuralist notion of the empty signifier.” Consequently, democracy has come to refer “to the totality of humanity as a whole, and thus indirectly to human nature. Being non-democratic in contemporary political discourse comes very close to being non-human. However, exactly because of its privileged position, democracy is used and abused by all kinds of political forces trying to fill it with their particular historical content.”

This struggle for discursive hegemony naturally comes hand in hand with resentment towards Western democracy promotion and the idea that the West is entitled to lecture the Rest on political standards. Moscow was growing increasingly *maidanophobic* from the times the post-Soviet space started experiencing colour revolutions, which the Kremlin believed were part of a Western conspiracy. Orbán followed in the Russian wake. Not only did he accuse civil society of being part of a Soros–funded conspiracy and not only did he praise authoritarian leaders for their economic success, he openly rejected the idea of a universal standard. “I challenge the assertion”, he argued in an interview to the Russian *Kommersant*, that there is anyone in the world who can determine the only true description of democracy. (…) Why should the Russians build a political system like ours? Russian culture is different, it has its specificities. The Russians themselves will decide what they want – we cannot act like masters. Who authorised us to act like masters?”

The argument to *culture* brings us to our last point in outlining the similarities between the two cases. In Russia, culture or *civilization* has traditionally been used as a counter-argument to Enlightenment universalism since the days of the Slavophiles, who claimed Russia was a civilization or a *cultural-historical type* distinct from the West and therefore also not subject to its political standards. The return of the so-called *civilizational approach* in post-Soviet Russia was predictably linked to the rejection of the Westernizer paradigm, according to which the natural course of events was for Russians to imitate and try to catch up with the West as its “pupil”. Furthermore, it produced a kind of “civilizational nationalism”, which “notwithstanding the uncertainty of very concept of civilization” typically used in Russian politics with the same purposes that usually belong to ethnic nationalism.

Orbán’s use of the concept of multiple civilizations was stimulated by his international migration agenda, as he repeatedly argued that cohabitation of people from different civilizations (i.e. Western Christian and Islamic) within one political system is undesirable.

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52 Morozov 2013, 5–6.

53 Hungarian Government 2015d. Orbán also used similar arguments with regard to other non-democratic countries.

54 Verkhovsky and Pain 2010, 172.
and practically unsustainable. Additionally, the ethno-nationalist component was also naturally stimulated by his increased attention to the issue of ethnic Hungarians abroad. But as regards democracy the civilizational argument has been used to underpin a doctrine of global cultural relativism. As the Hungarian prime minister put it during a 2015 conference with Egypt’s Abdel Fattah el-Sisi:

“We take the view that the methods by which we successfully organize our societies in the western world do not necessarily work well for civilizations in other parts of the world. It is not for us to decide on these matters; we are not schoolmasters for democracy.”

In this context, it is also worth noting that, apart from the implied cultural relativism, the civilizationist doctrine allows the Hungarian Prime Minister to be conveniently flexible on the topic of other religions. Depending on the context of his speech, he can either warn about the threat of a Muslim invasion or praise the wisdom of great Islamic culture, in particular, when meeting official representatives of Muslim countries. Thus, when speaking in Cairo, he even claimed that he believed not in a clash of civilizations, but in “human dignity “and Christian-Muslim co-existence and cooperation.”

This “flexibility” also rhymes very well with Orbán’s increased interest in what he dubbed the “Eastern opening”, i.e. the foreign policy doctrine of expanding ties with the non-Western (Eur)Asian powers – many of whom, like Turkey, are also predominantly Muslim countries. And, as Péter Balogh pointed out, ideologically, these foreign policy efforts “are also supported by new-old metanarratives such as neo-Turanism and other forms of ‘Eurasianisms.”

Curiously, Russia’s present multicultural state, which includes Muslim enclaves such as Chechnya as well as other ethnically non-Russian peoples has also stimulated adopting the concept of a (Russian or “Eurasian”) civilization to reconciling ethnic Russians with their cultural Others. Thus, the use of civilizationism to combine the official emphasis on traditional (Christian) values with non-European or non-Christian heritages is another interesting point of comparison between Russia and Hungary, but elaborating on it would lead us too far away from our analysis of the “adjective game” and would most likely require a separate study.

55 Hungarian Government 2015e.
56 Balogh 2017, 193.
57 Balogh 2015, 201.
Regional Security Implications: The Regionalization of a “Mafia State”?

“His politics is pregnant with war. He will need to proceed from propaganda to real enemies, just as he came up with a magical story about the migrant threat, which secured his xenophobic majority. If he had an opportunity for military conflict, he would not hesitate.”

The words belong Miklós Haraszti, who spoke about his former friend and political ally Viktor Orbán in a 2017 interview to a Slovak daily. Whether such admonitions should not be taken cum grano salis is probably up to debate. It is true, however, that the Central and Eastern Europe’s potential for conflict has far from disappeared, even if the region has been (partially) absorbed and stabilized by Western institutions. Hungary, in particular, has had sensible minority-related tensions with Romania, Slovakia and Ukraine. The 2010 law on citizenship allowed ethnic Hungarians of the Carpathian basin to claim citizenship without permanent residence in Hungary, which provoked Slovakia to ban dual citizenship. Differences in context notwithstanding, Orbán’s policy of handing out passports around his country’s perimeter can be reminiscent of the earlier Russian approach. In the 2008 war with Georgia, the Kremlin justified its actions with a responsibility to protect its citizens in the breakaway republics – to whom it had previously issued passports. (In 2019 passportization of the Ukrainian breakaway province was also announced).

As of the time of writing, most would probably agree that an irredentist war between Hungary and, for instance, Romania or Slovakia is inconceivable, owing in no small part to their membership in the EU and NATO. Orbán’s public speeches, though they can make references to the Trianon trauma, steer clear of advocating territorial revisionism (though we may know less about what happens at Fidesz party meetings, behind closed doors). The prime minister regularly emphasized a spirit of cooperation between the nations of Central Europe, a region which he juxtaposed to the West. A new kind of Central European solidarity emerged, in particular after 2015, when the Visegrád Four made their joint démarche against the migration quota system. An alternative geopolitical imaginary that surfaces in the discourse is the Carpathian basin. It is an old geopolitical construct, understood as “the historical territory of Saint Stephen’s Kingdom, traditionally dominated culturally and politically by Hungarian political elites.” The term allows to refer to territories populated by ethnic Hungarians without open revisionism – such as when Orbán talks of rebuilding regional infrastructure or extending social policies to the entire Hungarian community in the Carpathian Basin.

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59 Havran 2017.
60 See: Kazharski 2020.
61 Papp 2017, 18.
62 Delcour and Wolczuk 2015, 10.
63 Iordachi 2012, 49.
64 Hungarian Government 2017.
Logically, European integration also had a positive impact on the Hungarian minorities’ status, owing in particular to the EU’s minority protection standards and the Schengen Agreement which facilitates cross-border ties with ethnic kin abroad. The EU has therefore served as part of the answer to the Hungarian question. Yet, as scholars have observed, the minority issue has been instrumental to Fidesz as a “symbolic resource” in strengthening its nationalist image. This fuelled “spiral of tensions” between Hungary and its neighbors, bringing to life politicized historical narratives of the troubled past.

Orbán’s ethnonationalism can be situated in the broader ideological frame of departing from liberalism and replacing it, in the words of his seminal 2014 speech, with “a different, special national approach”. So far, that approach has been a tactic of maneuvering between the exploitation of the minority agenda and the necessity to abstain from open irredentism. Looking back to the Russian case, the experience of the 2008 and, in particular, of the Ukraine crisis in 2014, one cannot safely assume that this ethnonationalism could not become a regional time-bomb – in particular if the capacity of NATO and the EU to reign it in should somehow decrease in the future.

A different type of regional security risks stems not from ethnic minority issues but from democratic backsliding and the formation of a nepotist regime inside the EU. As Bálint Magyar puts it, “Orbán’s system approaches the Putin model of the mafia state by a detour, through the West, and establishes itself as a Trojan horse of the post-communist mafia states within the ramparts of the European Union.” This has several important implications. First, it means Budapest can back its clientelist allies in other countries and find various ways to provide support for their private interests and political agendas. Thus, in 2019 Macedonia’s former prime minister Gruevski found asylum in Hungary after being sentenced to a prison term on corruption-related charges in his own country. Notably, Gruevski shared important elements of Orbán’s political ideology such as antisorosism. In the previous year, it was reported that oligarchic capital linked to the Hungarian government had moved into Macedonian and Slovenian markets, purchasing local media assets. By coincidence, 2018 was also the year when Slovenia experienced the rise of political forces openly backed by Orbán.

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65 Pogonyi 2015, 73.
66 Pytlas 2013.
67 Hungarian Government 2014.
68 Magyar 2016, 62.
69 Reuters 2019.
70 Zalan 2018.
71 Zgaga 2018; Jovanovska, Bodoky, and Belford 2018.
72 Hopkins 2018.
In sum, the nepotist “mafia state” can be seen not only as an instrument of private enrichment and domestic regime survival but also as an international political instrument, which can be used to construct *regional* networks of nepotism and export a state model whose political economy is made up of oligarchic clientelism and whose political ideology is right-wing “Orbánism”. It makes Orbán “a model politician of the broader region” who is creating “a sphere of influence’ among nearby countries, both those that already belong to the EU and some that aspire to join”. Inside the EU, Orbán was successful in consolidating the Visegrád Four around his anti-migration platform and served as an inspiration to Polish conservatives who famously aspired for “a Budapest in Warsaw”. There are also significant ideological overlaps between the discourses of Hungarian and Polish leaders, who often rely on similar ideological tropes, such as the declared need to protect national sovereignty from the “imperialist” EU. Despite notable differences between the Hungarian and the Polish case, there can be no doubt about the existence of ideological sympathies which, naturally open up the possibility of mutual inspiration and/or diffusion.

It is true, on the one hand, that authoritarian diffusion has its limits. Voices have been raised against viewing the whole region “through the prism of the Hungarian and Polish experience,” and scholars have argued, for instance, the Czech political system looks robust enough to preclude the possibility of *a Budapest in Prague*. Yet, the growth of regional “mafia state” networks presents clear security risks. The EU is an entity which is both built on the rule of law and builds its security strategy on liberal democratic prosperity of the countries that it either welcomes as members or tries to draw into its orbit. Thus, on the EU’s outer rim, its philosophy of stabilization through association and the project of building of a security community through external governance can be seriously undermined by a *regionalization of the “mafia state”*. Meanwhile, inside the EU, Orbán’s “externally constrained hybrid regime” serves not only as an ideological inspiration but as a test case for other CEE politicians – to see just how much they can get away with without being sanctioned by the West. Orbán himself tested those limits through his so-called *pávatánc* or “peacock dance” – the strategy of what one may call two steps forward, one step back, selectively complying with EU demands while continuing to entrench his regime. At this point, it is clear that Brussels’ leverage *vis-a-vis* CEE members states is limited and cannot be compared to the strength of its pre-accession conditionality. This

73 Krekó and Enyedi 2018, 49.
74 Huszka 2017, 594.
75 TVN24 2011.
76 Csehi and Zgut 2020.
77 Cianetti, Dawson, and Hanley 2018, 245.
78 Pehe 2018.
79 Rieker 2016, ed.
80 Bozóki and Hegedűs 2018, 1.
81 Zgut and Csehi 2019.
is even more so when the problem gains a regional dimension, bringing to life opposition blocks of mutually supportive governments who vow to block each other’s sanctioning in the European Council (e.g. Hungary and Poland). Here, the EU’s institutional design was clearly not thought through to anticipate such situations. What’s more, “hybrid regimes” may be more difficult to reign in as they act in a way “procedurally consistent with the letter of the constitution,”82 while undermining democracy with informal methods, which do not give legal grounds for an EU intervention on behalf of the rule of law. One could, perhaps, argue that democracy in CEE depends not only on the EU’s explicit power of sanctioning, but on the inertia of compliance with Western political standards. For CEE states unconditional compliance was a precondition of accession, but the sight of a hybrid regime successfully breaching it may well be putting an end to that inertia.

Finally, another set of security risks is associated with extra-regional actors and the opportunities that the game of adjectives can open to them. Hungary made it more than once to the list of countries that have been labelled “Trojan horses” inside the EU.83 However, assessments have varied somewhat to the extent to which the building of illiberal democracy has made it an agent of external geopolitical players. Some analysts have dubbed Hungary “a state captured by Russia”, with Orbán becoming a “tool” of the Kremlin.84 Other studies seem to suggest a more ambiguous assessment, arguing that Orbán’s increased Kremlinophilia is, in fact, interest-driven and does not involve a wholesale copy-pasting of the Russian authoritarian model.85 From this perspective, Budapest can probably be seen as opportunistic rather than strongly committed to serving as Russia’s “tool” in all instances. In any case, the “mafia state”, publicly legitimized by the ideology of sovereignist illiberalism, certainly harbours security risks also in this particular respect. Russia aside, the Chinese – Hungarian connection has also been on the analysts’ agenda. Thus, Chinese investments into Hungarian rail-road infrastructures lacked proper transparency and aroused suspicions that members of Hungary’s ruling establishment benefited from a corrupt deal, that had left the nation severely indebted to China, but with very dubious benefits for the Hungarian economy.86 “Mafia states” thus open additional opportunities to external actors, insofar as its networks can also stretch far beyond the territory of the EU or Central and Eastern Europe. Corruption can then be converted into a political instrument, used to supplement ideological influence and deepen existing regional divides. This is the nature of the “managed chaos” strategy that Russia, in particular, has been pursuing, as it worked to weaken the West through sharpening its existing political antagonisms.

82 Bozóki and Hegedűs 2018, 5.
84 Krekó and Győri 2017.
85 Buzogány 2017.
86 Keller-Alánt 2019.
In Lieu of Conclusion

We have exposed the similarities between the political doctrines of sovereign and illiberal democracy, as well as the broader cultural contexts in which they resonate, and the historical roots of populist, sovereignist discourses which reproduce these doctrines in their respective countries. We give an overview of our findings in Table 1.

It may be true, in the end, as many would argue, that hybrid regimes in Hungary and Russia are ultimately opportunistic and cynical when it comes to ideology. They share certain “distinctive mentalities”, part of which can be anti-liberalism, conspiracy-mindedness and xenophobia, but they are ultimately driven by their interests, i.e. the private interest of self-enrichment via the “mafia state”, or even the national interest, but as they themselves choose to define it. Ideological similarities then become something which was somewhat superficial, and perhaps not worth examining in greater detail.

However, from the social constructivist point of view, political discourse matters regardless of whether actors occupying individual speaking positions are actually sincere in what they are saying (which may also change, as there, in the end, seems to be the effect of a propagandist eventually believing his own propaganda). In this sense, doctrines like that present a particular type of challenge to the established order, as seen in the broader context of the retreat of liberalism from CEE. They operate in subversive ways, introducing their own “mutation” into the DNA of liberal democratic institutions, not unlike a virus that infects a cell, weakening it and thereby exposing it to more serious threats. The fact that Russia travelled from “sovereign democracy” to Crimea in less than ten years is, probably, insufficient to make prognoses on future relations between EU member states located in CEE, but the similarities in relativist discourses on democracy are certainly worth examining in more detail.

87 Silitski 2009, 42–43.
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| **Historical legacies and geopolitical imaginaries** | - Exceptionalism: Holy Rus', *antemurale Christianitatis* (Europe's shield from the Tartar Yoke).  
- Messianism, imperialism  
- Peripherality/liminality (Eurasianism) | - Exceptionalism: *antemurale Christianitatis* (the Medieval shield of Europe).  
- Messianism (civilizing the Carpathian basin)  
- Peripherality/liminality (Turanianism/ Eurasianism) |
| **Territorial traumas** | - 1917 collapse of the Romanov Empire  
- 1991 collapse of the USSR | - 1920 Treaty of Trianon |
| **Transition traumas** | - "Gangster 90's"                                                            | - Years of hardship                                                        |
| **Others threatening sovereignty** | - West  
- Liberals  
- Civil society, "Orangists" (Maidan revolutionaries)  
- Social liberals (LGBT) | - Liberals  
- "The Left", social liberals  
- Globalists, "Euro-federalists"  
- Civil society, Soros |
| **Normative agenda** | - Sovereignty  
- Traditional/family values, social conservatism  
- Economic nationalism | - Sovereignty  
- Traditional/family values, social conservatism  
- Economic nationalism |
| **Culturalist arguments** | - Russia as a separate "civilization-state"  
- Civilizationist relativism | - "The clash of civilizations"  
- Civilizationist relativism |

*Table 1: Comparing Russia and Hungary: An Overview*
References


Hybrid Regimes of the Western Balkans: Reflection of a Global Geopolitical Struggle

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Abstract: The new global order has yet to be fully established. The process reflects not only a geopolitical struggle but also a set of competitive political models. While it is possible to determine more than two dominant models, it is a contest between the two forms of democracy – liberal and illiberal. A one-party state, or a Chinese model, is an economic model used for geopolitical purposes while Muslim political model, strongly contested within the Muslim world, is restricted to areas dominated by the population of this faith. Some of its forms are reflected in the form of authoritarianism as developed in Turkey. The faith, therefore, is of lesser significance. The regimes in the Western Balkans have been developed and are based on two models of democracy. The resulting hybrid regimes are analysed in the global context of the power-struggle and ideological contest. The question is whether the hybrid regimes of the Western Balkans are the result of dysfunctional local democracy or whether the search for global stability is resulting in a model of competitive authoritarianism which provides for global security but also supports the regime’s desire to remain unchanged in perpetuity? This development might be supportive of international security but is an utterly destabilising factor for societies in the Western Balkans and a substantial obstacle to the development of liberal democracy.

Keywords: liberal democracy, illiberal democracy, authoritarianism, populism, Western Balkans

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“US Secretary of State Mike Pompeo warned against the ‘malign’ influence of Russian trolls and Chinese investment during a brief tour through the Western Balkans.”¹ The western concern over such influences shows this area is a microcosm of a global contest between the leading powers. This aim of this paper is to offer a comparative analysis of two types of democracy – liberal and illiberal, insight into populist methods of politics and to identify the major global powers that represent different political models. Spread of these models in the Western Balkans will provide elements for the conclusion of the paper. It will investigate the presence of global actors in the Western Balkans, explain their methods and struggle for dominance while providing a look at the local power structures and offer a comparative analysis of their political models.

The argument is that western domination and consequently the domination of liberal democracy is challenged by the plurality of other models. This is reflected in the geopolitics of dominant powers who support the development of similar regimes in micro-regions contested by the global actors. The regimes in the Western Balkans are shaped and influenced by external actors. The paper focusses on post-Yugoslav states that remain outside of the European Union. The common term for them in diplomatic and academic circles is “Western Balkans” or “WB6”, as Albania is considered a part of the group together with North Macedonia, Montenegro, Bosnia-Herzegovina, Serbia and Kosovo. Therefore, the term Western Balkans will be dominantly used. The increasingly authoritarian rulers in several states reflect the rise of illiberal regimes globally and shed some lights on a crisis of liberal democracy. This study is based on research trips to all the countries of the region. The research consisted of interviews with government officials, activists, experts and international observers. Diverse theoretical debate on populist political models and empirical findings on regimes in the region, referenced in the paper, will support the overall argument that the political model resulting from multi-polar influences in post-Yugoslav space is a hybrid regime.

The theoretical analysis consisted of reviewing available literature. Participant observation occurred as part of my research trip to the region. This provides for the assessment and comparative analysis of specific states and efforts to develop a particular form of the regime. Reports by international organisations and think-tanks on the states in the region have been reviewed and provide parts of the basis for comparative analysis of the countries in the region. The dominantly qualitative methods are based upon examination of international relations that will contextualise the development of particular forms of governance in the Western Balkans.

The current global international system brings into contention several political models and powers. A comparative analysis of the particular types of political models will lead to the concluding elements of the paper that will focus on post-Yugoslav countries, aspects

¹ Euractiv 2019.
of their policies and leadership. The findings will lead to a conclusion suggesting global instability is reflected in the Western Balkans by providing an opportunity for the rise of authoritarian politics. The process often results in the form of a hybrid regime. The research question is whether these regimes are the result of the increased instability between the poles of the international system or are a step in developing a stable multi-polar system?

The West and Malign Influences

Several think tanks and American politicians have expressed their concerns about Russian presence and influence in the region. The Centre for Strategic and International Studies published the brief “Russian Malign Influence in the Western Balkans.” The Atlantic Council, meanwhile, asked: “How to push back against Kremlin’s malign influence.” The US House Foreign Affairs Committee heard “how far-right and other destabilizing actors are using support from Moscow to advance their agendas.” The hearing was titled “Undermining Democracy: Kremlin Tools of Malign Political Influence.” Alina Polyakova’s testimony was described as the “US efforts to counter Russian disinformation and malign influence.”

The Organized Crime and Corruption Reporting Project stated the “US Warns Balkans of Chinese Encroachment.” The Prague Security Studies Institute published the study “Western Balkans at the Crossroads: Assessing Influences of Non-Western External Actors.” The study covers “engagement of all major non-Western actors actively present in the region – Russia, Turkey, China, the Gulf States and Iran – in Serbia, Bosnia and Herzegovina (BiH), North Macedonia, Montenegro and Kosovo.” The International Republican Institute offers report “by experts from 12 vulnerable democracies,” titled “Chinese Malign Influence and the Corrosion of Democracy.” The only two European countries studied in the report were Serbia and Hungary.

One analysis concludes: “The US National Defense Strategy articulates today’s era of great power competition clearly. That competition is playing out in the Western Balkans. In response, the United States should extend our alliances and attract new partners in this region.” This is in contrast to the European Union leaders’ statement from 2003: “The

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2 Conley 2019.
3 Wemer 2019.
5 Polyakova 2019.
6 Seter 2019.
7 Chrzová, Grabovac, Hála, and Lalić 2019, ed.
8 Shullman 2019, eds.
EU reiterates its unequivocal support to the European perspective of the Western Balkan countries. The future of the Balkans is within the European Union.\textsuperscript{10}

Western influences dominate the region. The regimes, however, in the Western Balkans are not liberal and therefore do not reflect the western political model. Following the initial institution building in largely post-conflict societies, the refocusing of the West to other regions has provided space for other global powers to influence the region. The process has resulted in the development of democratically legitimised regimes with increasingly authoritarian leaders and their policies. The issue is whether these regimes are a result of a destabilising international order or are they a sign of the establishment of a multi-polar world.

The interactions and contest between the main actors in the international system has the potential to destabilise local regimes. However, it is possible to see the regimes as the result of a global contest being played out at the local level. The lack of a violent conflict over the last two decades might support the argument that hybrid post-Yugoslav regimes are the result of developing a stable multi-polar international system. Local regimes, instead of positioning themselves firmly as a client state of one of the dominant powers, have been developed in a way to reflect symbiosis of dominant political models. While it is possible to identify elements of western liberal democracy at work in post-Yugoslav states, it is clear that authoritarian tendencies can also be seen in those same states. Chinese state capitalism, while not being a political model, offers an economic model to rely on in the Western Balkans. Influences from various Muslim countries, primarily Turkey, are present but reliance on religious alliances restrict them to dominantly Muslim states, and even there it is its authoritarian character that is being modelled upon. Therefore, the focus in the region should be on the two political models – liberal and illiberal forms of democracy.

With the hindsight of a quarter of a century, it has become clear that Fukuyama’s “The End of History”\textsuperscript{11} in its normative sense does not work as it did not work initially in its empirical understanding. The “Clash of Civilizations” by Huntington\textsuperscript{12} might have some supporters, but this paper argues that the clashes in the world are less reliant on a diversity of civilizations and more on the differentiation of political models. Viktor Orbán described the current situation as “the great global race that is underway to create the most competitive state.”\textsuperscript{13} While the contest for supremacy includes economic competition, all the models are based on profit-making economies. If economic models are, in its core, similar, it is left to judge the strength of a particular power precisely on the specific model of political governance.

\textsuperscript{10} European Commission 2003.
\textsuperscript{11} Fukuyama 1989, 3–18.
\textsuperscript{12} Huntington 1993, 22–49.
\textsuperscript{13} Orbán 2014.
“The End of History”\textsuperscript{14} theory has offered a view of the future World dominated by liberal democratic societies. Throughout the 1990s, it might have seemed that continuing expansion of this political model was reconfirming Fukuyama’s idea. The West has increasingly used interventionist policies reflected in a series of interventions throughout the 1990s. Conflict resolution has become understood as intervention advocated on humanitarian grounds and led by the U.S. The interventions in the Western Balkans have offered a case for advocating neoliberal theories of International Relations. During the 2000s the failure to establish functioning and peaceful democracies following open or covert interventions by western countries in many states of Africa, the Middle East and Asia have moved a possible focus of theoretical debate from “The End of History” towards the “Clash of Civilizations.”

Several empirical global developments have prevented “the end of history” in its normative way. Francis Fukuyama, probably rightly, complained of a misunderstanding of his theory.\textsuperscript{15} Critics have been dismissing his normative conclusion by stating empirical arguments.\textsuperscript{16} Thus, they were developing a normative conclusion based on empirical evidence but with little normative understanding. Fred Halliday observed that “Fukuyama himself appears puzzled by the reception of his theses.”\textsuperscript{17} Somewhat frustrated Francis Fukuyama described that “virtually every week I read a story in the papers that contains some variant on the words, “As we can see, history has not ended but is only now beginning (...) This phrase has now been used by Margaret Thatcher, Mikhail Gorbachev, George Bush, Hosni Mubarak, Anthony Lake, and a host of lesser lights.”\textsuperscript{18}

However, thirty years after the theory was developed, it is clear that the end of history did not happen even in its normative sense. While the optimistic view was based on the implosion of one of the two dominant models and expansion of the other, there was an omission of alternatives that might have been weak in the 1990s but were increasingly showing signs of ambition to become one of the poles of the international system in future. Thus, the 1990s have not been a shift from the bipolar to a unipolar world but a developing phase of the future multipolar international system.

The 9/11 attacks reflected a challenge to the western political model from other cultures. Muslim culture, many Muslims and Westerners understood, was clashing with and challenging the Western civilization that had been dominant for around five centuries.\textsuperscript{19} The initial American-led western response of interventionism has resulted often in a power-vacuum, unstable states and increased insecurity. Post-interventionist Iraq and Libya have become dictator-free countries, but they are also territories of several regimes filling

\textsuperscript{14} Fukuyama 1989, 3–18.
\textsuperscript{15} Fukuyama 1995, 27–43.
\textsuperscript{16} \textit{Ibid.}, 28.
\textsuperscript{17} Halliday 1992.
\textsuperscript{18} Fukuyama 1995, 28.
\textsuperscript{19} Ferguson 2011.
in the space of the weak central regime. Killing rates during Saddam Hussein’s regime in Iraq have been lower than after his removal.

“As many as 654,965 more Iraqis may have died since hostilities began in Iraq in March 2003 than would have been expected under pre-war conditions,” a study found. It provided several vital facts that undermine the whole concept of increasing security by deposing dictators. “Of these deaths,” the researchers estimate that 601,027 (426,369 – 793,663) were due to violence.” “The overall rate of mortality in Iraq since March 2003 is 13.3 deaths per 1,000 persons per year compared to 5.5 deaths per 1,000 persons per year prior to March 2003.” The study has covered the period “between March 18, 2003, and June, 2006.” The study and insights into western interventionism provide serious doubts into intentions, capacity and the will of western powers to carry out successful regime change, decrease violence and provide for stabilisation of post-dictatorial regimes.

All American drone attacks resulting in deaths took place in Muslim countries. Some “21 million Afghan, Iraqi, Pakistani, and Syrian people are living as war refugees and internally displaced persons, in grossly inadequate conditions,” the same research claims. This encourages understanding within Muslim societies that the actual conflict is between societies based on Muslim values and the neo-colonial Western world. The same research states that “several US laws and policies, including the Patriot Act, have contributed to racial profiling targeting people of Arab and South Asian descent.” Iranian media was quick to quote the “Cost of War Project’s” report and state that “America’s so-called war on terrorism has killed up to 507,000 people in Iraq, Afghanistan and Pakistan.” The report was widely reported including the leading western political magazines.

Challenges to the Western Model

Despite some interpretations of Donald Trump’s policies, the U.S. remains a liberal democracy and is the only one of the top five countries, according to their military expenditure, that can be described as a political model with fully functioning democratic institutions. The U.S. tops the list followed by a single-party state China, despotic Saudi Arabia, the illiberal democracy of Russia and a populist led India. While Russia and India

20 Johns Hopkins Bloomberg School of Public Health 2006.
21 Burnham, Lafta, Doocy, and Roberts 2006, 1426.
22 Johns Hopkins Bloomberg School of Public Health 2006.
23 Burnham, Lafta, Doocy, and Roberts 2006, 1426.
25 Ibid.
26 Press TV 2018.
27 O’Connor 2018.
28 Newsweek, 2018; Brown 2018. Another source places the UK just above India with slightly higher spending estimate and introduces Japan just above France and Italy (Armed Forces n.d).
regularly exercise some democratic forms, such as elections, their leaders and policies undermine other democratic institutions and therefore do not really fit into the model of liberal democracy.

Political and economic ambitions, often backed by military spending, reflect the challenge to a once-dominant Western world. The challenge is even stronger during a period when the leading western power is in an isolationist mode and while its leader’s policies are often described as populist. Furthermore, populist and illiberal political forces in other leading liberal democracies such as those placed sixth to ninth on military expenditure list, France, the United Kingdom, Italy and Germany, are also on the rise. The challenge to liberal democracy is, therefore, both external and internal. Viktor Orbán clearly stated “that a democracy does not necessarily have to be liberal. Just because a state is not liberal, it can still be a democracy.” 29 Political scientists, however, disagree. “Real democracy,” according to William Hay, “means liberal representative government under law, sustained by a political culture that accepts open disagreement and demands accountability.” 30 Therefore it is important to acknowledge, as Damir Kapidžić defines, that “illiberal politics are sets of policies that extend an electoral advantage for governing parties with the aim to remain in power indefinitely.” 31

The periodical exercise in the voting right of citizens has now been accepted in states with different political models. What distinguishes Russia and Germany is not the right to vote but the issue of free and fair elections – liberal and illiberal values. Following Orbán’s assumptions, the issue is not democracy, but the liberal values provided and secured in democracies. Thus, autarchic rule, nationalist dominance, protectionism, clientelism, spheres of influence, control of media, suppression of civil society, exist in societies that are still democracies but are not liberal. The politics is marked with the “abuse of power with regard to elections, media, rule of law and public finances.” 32

The shock of 9/11 effectively announced the rise of the challenges and struggle for the international system. It coincided with several phenomena. There had been a recent change at the head of the Russian state. Several speeches by Chinese leaders during the early 2000s marked the process of changes in China which they described as “the rise of China” or “peaceful rise of China.” 33 Suppression of democratic tendencies and demands for democratisation have given way to a rise of the capitalist economy and put the national economy at the forefront of Chinese foreign policies. While preserving socially conservative ideologies dominated by religious dogma and customs and supported by increasing oil revenues, several Muslim countries ambitiously positioned themselves for a place in the developing new international system.

29  Orbán 2014.
30  Hay 2006, 135.
31  Kapidžić 2020, 2.
32  Ibid.
33  Pan 2009, 129; Sujian 2006.
Turkey’s economy, albeit not a major oil exporter, performed well in the immediate aftermath of the global financial crisis and provided its leader with the tools to transform the country from a liberal democracy, with some ineffective features, to an authoritarian type of governance that attempts to position itself as a leading force in the Muslim world. Viktor Orbán praised Turkey and Russia for economic successes during this period but also for its model of “illiberal democracy.”

Authors offered their views on the performance of the Turkish economy under titles such as “Resilience of Turkish Economy,” “Turkish Exceptionalism,” “The Triumph of Conservative Globalism,” “Rising Powers in a Changing Global Order,” or “Rising Competitive Authoritarianism in Turkey.” These titles reflect a specific era during which Turkish foreign policy underlined its “Neo-Ottoman” character. The then Prime Minister Recep Erdoğan was the first foreign statesman to visit post-revolutionary Egypt in 2011, whose leaders were described as “aspiring Islamist politicians [who] often try to sell themselves as ‘the Egyptian Erdogan.’”

Russia managed its economy through the recession years somewhat better than liberal democratic states. Its economy was described in 2014 as shrinking “for the first time in five years.” The Economist’s description of the situation asked: “what’s gone wrong with Russia’s economy.” The country, however, was affected more by falling prices of oil and the crisis in Ukraine. With the experience of the previous Russian economic crisis of 1998, the government was “better able to manage future currency crises while simultaneously maintaining and deepening the state’s underlying structural vulnerabilities as well as its patronage-based political-economic system.”

International sanctions as a consequence of the Russian role in the Ukrainian crisis caused a considerable devaluation of Russian currency and difficulties for its economy. It is worth noting the sanctions have been the liberal democratic club’s tool against a prominent illiberal regime. The contest is between the two concepts of democracy, liberal and illiberal and is presented in the form of the geopolitical struggle.

Viktor Orbán called himself a “regime changer” in 2014 and described a specific view of the World as “a pre-2008, let’s call it a liberal world view” that he contrasted with a model of a state that Hungary has been developing under his rule. “There is a race,” Orbán said, “going on to develop a state that is capable of making a nation successful.” He praised Singa-

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34 Orbán 2014.
37 Öniş 2012, 135–152.
38 Öniş and Kutlay 2013, 1409–1426.
40 Kirkpatrick 2011.
41 Treanor 2014.
42 The Economist 2014.
43 Johnson and Woodruff 2017, 612–634.
pore, China, India, Russia and Turkey that offered a model Hungary should develop. “While breaking with the dogmas and ideologies that have been adopted by the West … we are trying to find … the new Hungarian state, which is capable of making our community competitive in the great global race for decades to come.”

His speech clearly shows a contest for a model that would dominate the world in a yet to be established international system.

Serbian President, Aleksandar Vučić, while not openly arguing for the illiberal model like Orbán, has developed an authoritarian regime that controls democratic institutions and faces little challenges from a fragmented opposition. In Montenegro, the regime led by Milo Đukanović faces challenges from the opposition, but the challengers are not liberals. Most influential opposition groups are looking for a patron in Russia while the ruling party has found one in Brussels. It does not mean Đukanović’s regime is liberal as a system of cronyism and control over institutions has been in place for decades. The consociational model in Bosnia-Herzegovina has not produced liberal democracy but the rule of three autarchic leaders over the three communities making up the state. Another consociational model in North Macedonia has provided security. However, some leading liberals in the EU, like Emmanuel Macron, did not see it as a full transition to liberal democracy. Kosovo has experienced the most robust western intervention in nation-building and state-building, but these efforts have not resulted in a liberal democracy.

Crisis of the West

The 2008 global financial crisis came about because the U.S. “had built an intricate financial house of cards.” It was banks that were pulling down the whole economy as Blinder describes “the failures and near failures of such venerable firms as Bear Sterns, Lehman Brothers, Merrill Lynch, Wachovia, Citigroup, Bank of America and others.”

Policies of deregulation that western governments adopted since the 1980s, have set up markets with a position to gradually move out of control. The rise of a neoliberal form of capitalism has been instrumental in bringing down planned economies of the Soviet model. In the process, however, the markets increasingly dominate political decisions and there is little control over the powers that are benefiting the most in deregulated economies.

The U.S. Treasury bailed out banks by investing “$200 billion in hundreds of banks through its Capital Purchase Program in an effort to prop up capital and support new lending.” European response was described in an investigative report by Reuters naming over 30 banks across Europe that have been bailed out between 2007 and 2009.

Ideological differences between centre-left government, like in the United Kingdom, and centre-

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44  Orbán 2014.
45  Blinder 2013, 87.
46  Ibid., 89.
47  CNN Money n.d.
48  Reuters 2019.
right government, like in Germany, have been of very little if any importance. Thus, the beneficiaries of governments’ policies in a time of crisis have been banks. Taxpayers, while suffering hardship, have provided funds for the bailouts. The taxpayers’ dissatisfaction with the policies was reflected in electoral results following the crisis. A study\textsuperscript{49} on voters’ reactions following financial crises, that covers 20 leading western societies over a century, found the usual pattern of a change of government.

Angela Merkel’s government in Germany offers an exception to a general tendency of a government change found in this study. The research found additional political shift further towards the right end of the political spectrum. “Politics,” the study says, “takes a hard-right turn following financial crises. On average, far-right votes increase by about a third in the five years following systemic banking distress.”\textsuperscript{50} The rise of “far-right parties [who] are the biggest beneficiaries of financial crises” should partly be understood in this context. “The fractionalisation of parliaments complicates post-crisis governance,”\textsuperscript{51} especially in democracies that are not based on a bi-partisan political competition.

The crisis of the Euro that followed the 2008 global financial crisis was caused by prior irresponsible fiscal behaviour by some of the EU member states. Greece faced bankruptcy in 2010. Greek Prime Minister “Papandreou was basically announcing the end of the world,”\textsuperscript{52} said his finance minister George Papaconstantinou. As a member of the EU and the Euro-zone, sharing a currency at the time with 15 other European states, was no more a national problem but a pan-European issue that has affected the global economy. Portugal and Ireland shared the problems of the Greek economy. Banks and smaller states were bailed out, but ordinary people were not.

The much larger Spanish and Italian economies were in a not hugely different situation. The post-WWII order with liberal elites in power has increasingly been challenged by the voters’ will or by mass-demonstrations. One should note that except for Ireland, all affected countries have been from southern Europe. Portugal, Spain and Greece came out of dictatorships in the 1970s. Italian society can still offer plenty of signs of the fascist era, including the often-visited mausoleum to fascist dictator Benito Mussolini in Predapio’s graveyard.

Due to restrictions of space, this paper is unable to develop further the argument, but it is clear that the countries of southern Europe have a different historical experience, a shorter period of established liberal democracy and, importantly, are the first port of call for refugees. Their governments in the recent past have behaved irresponsibly creating huge national debts to keep the governing elites in power. Once the source of borrowing became restricted, such as during the global financial crisis, national economies and the

\textsuperscript{49} Funke, Schularick, and Trebesch 2016.
\textsuperscript{50} Funke, Schularick, and Trebesch 2015.
\textsuperscript{51} Ibid.
\textsuperscript{52} BBC 2019.
governments were seriously challenged. Dependence on the global economy could not be avoided and challenged, but policies towards refugees became a crucial point of debate.

“It would be wrong,” argues Jan Zielonka, “to assume that anti-migrant sentiments are all about xenophobia and racism. They are in part, if not chiefly, evoked by the dysfunctional system of handling immigration.”\(^\text{53}\) It is at this point of reaction to immigration that the European Union has failed to provide a satisfactory action for citizens. Southern Europeans felt especially affected. Sheer numbers of migrants, more than a million during the 2015 crisis, their culture and religion, many were Muslims, and racial appearance have created conditions during the economic difficulties for the rise of illiberal alternative movements in liberal democracies. This attitude directly undermined the fundamental European values based on the protection of human rights.

Media and political elites increasingly used the term migrants instead of refugees, thus creating a misleading perception in the public mind. International legislation based on an outdated Refugee Convention of 1951 and Dublin Regulations of the 1990s contributed to chaotic reactions and a lack of European collective agreement. This has initiated individual actions by illiberal national leaders in Central Europe in particular. These countries have a concise history of functioning democracy. Therefore, liberal values are often the weakest in these societies.

With the exception of some successor states to Yugoslavia and the Soviet Union, where nativist dogma replaced communist ideas, the changes during the 1990s have generally been in the direction of liberal democracy. However, it went almost unnoticed that it was a nationalist form of populism that brought down previous communist regimes in many countries and transformed them into increasingly liberal democratic regimes.

“In its original form,” Cas Mudde says, “populism is an ideology that considers society to be ultimately separated into two homogenous and antagonistic groups: ‘the pure people’ and ‘the corrupt elite’”\(^\text{54}\) Democratic principles bring into power those who attract the majority of the votes, thus making populism undoubtedly one of the democratic forms. It is based on an expression of, what Mudde describes, “the volonté générale (general will) of the people.”\(^\text{55}\) Yascha Mounk states ‘democracies can be illiberal’ before proceeding to acknowledge that “liberal regimes can be undemocratic.”\(^\text{56}\) The rise of populist politics and consequently of illiberal democracies and their leaders is understood better when Mounk’s idea is supplemented by Mudde’s statement that “populism is an illiberal democratic response to undemocratic liberalism.”\(^\text{57}\)

\(^{53}\) Zielonka 2018, 86.
\(^{54}\) Mudde 2015.
\(^{55}\) Ibid.
\(^{56}\) Mounk 2018, 27.
\(^{57}\) Mudde 2015.
Liberal democracies are challenged from within by democratic means, but they also face a violent form of the challenge that can be both external and internal. In the aftermath of the 9/11 attacks, Fareed Zakaria drew attention to “a not-so-hidden admiration for bin Laden” in the Arab Press before noting in the “Pakistani newspaper The Nation: ‘September 11 was not mindless terrorism for terrorism’s sake. It was reaction and revenge, even retribution.’”

A series of western initiated regime-changes in the Muslim world have not resulted in orderly democracy but in power-vacuums and violent conflict. The resulting insecurity might be explained by a clash of societal values between the western and Muslim world, supporting further the argument of a necessity for the development of a different political model in the Muslim world. The major problem, however, is competitive interpretations of Islamic dogma and practical application of Muslim values in state models. Saudi Arabia, Iran and Turkey are showing the highest ambition in spreading their own model to other countries. There have been at least two proxy wars involving Muslim powers resulting in the destruction of Syria and Yemen.

The Illiberal Challenge

The restructuring of the Russian state under Vladimir Putin has offered a new model of an all-powerful state under the leadership of an even more powerful individual. Putin is described as “the only world leader Trump admires.”

Like in liberal democracies, “most Russians have access to most global news sources.” However, the attraction of reality-shows and entertainment television has prevailed over the critical assessment of the news and their own lives. Peter Pomerantsev offered “diagnoses of the political and social psychology of Putin’s Russia,” by describing it as the land where “nothing is true and everything is possible.”

Putin’s model not only challenges the West externally, but the challenge to a liberal form of democracy has become internalized through the words and actions of national leaders such as Donald Trump, Viktor Orbán, Jaroslaw Kaczyński, Matteo Salvini and many other aspiring populists in opposition in western democracies. The shift away from democratic reforms in Turkey towards a clearly authoritarian regime is aided by an ambitious foreign policy. It seeks to influence and contest democratic principles in countries with a significant Muslim population. Bakir Izetbegović, the member of the Bosnian state Presidency, even claimed that his late father and a former leader, Alija “left it to Turkish President Recep Tajjip Erdogan to ‘safeguard’ Bosnia-Herzegovina.”

A report on Erdogan’s visit to Sarajevo stated that “Bosniak leaders are eager to welcome the strongman, who portrays

59 Luce 2018, 129.
60 Ibid., 129–130.
61 Pomerantsev 2017, ix.
62 B92 2017.
himself as the protector of Balkan Muslims.”

The appeal of Erdogan’s Turkey, however, is thus restricted to regions with Muslim population because of its significant reliance on Islamic values. The rise of China and the methods of its engagement in foreign policy is different and will be addressed later.

The global financial crisis and a separate Euro-crisis exposed the wrongdoings of “corrupt elites.” The refugee crisis of 2015 further exposed the incompetence of those same elites. Some countries reversed their policies and sought a solution in populist policies. Pankaj Mishra described the contemporary U.S. and some other nations where he saw “the same tendency of the disappointed to revolt, and the confused to seek refuge in collective identity and fantasies of a new community.”

Masses are turning to messianic political leaders after being disappointed by alienated elites. The new leaders present themselves as one of them regardless of the facts. Due to globalization and the mass movement of people, labour market competition has never been stronger in the West thus producing a fear of others. The result is popular support for political forces that restrict this competition, discourage immigration and stop undermining the position of ordinary people.

Another critical factor is a belief in one all-powerful leader but one who is not perceived as a dictator because of regular electoral appearances and yet one who takes control of the democratic institutions and secures his prolonged power. Due to the weakness of institutions in this type of democracy and a lack of checks and balances, a powerholder offers decisiveness that, under the circumstances when people feel fear and disappointment, shows leadership and a renaissance of national myths. Nationalism has already been re-introduced in policies, and the autarchic form of governance makes the whole ideology stronger and the leader even more powerful.

This paper is concerned with populist manifestations in democracies of Europe. Leading authorities in the study of populism argue that “theoretically, populism is most fundamentally juxtaposed to liberal democracy rather than democracy per se,” and “argue that politics should be an expression of the volonté générale (general will) of the people.”

During a time of crisis, “the pure people” have felt themselves being unfairly affected while “the corrupt elite” have got away with the situation that they have created. The liberal democratic model thus deals with the crisis in a way that the masses consider unjust. A radical solution to the crisis is thus sought by the disenchanted masses that have been mobilised by populist politicians who promise something that the elites are not prepared

63  Deutsche Welle 2018.
64  N1 2018.
65  Mishra 2018, 338.
67  Ibid., 6.
to offer. The position of the traditional elites, liberal values and the very concept of liberal democracy are being challenged. The leaders in Bosnia-Herzegovina, Montenegro, Serbia and Kosovo have positioned themselves as representatives and leaders of the masses in a struggle against the former elites or groups that are being delegitimised as not “pure” or sufficiently nationalist. The name change of North Macedonia has been challenged by forces supportive of the former authoritarian leader on these grounds.

It is likely that some of those disillusioned with the concept of liberal democracy are mistaking populism for direct democracy. Protests against the perceived corruption of liberal democracy flirted in the past with the concept of direct democracy as a means to prevent intermediaries between “good people” and just and fair policies. The intermediaries are perceived as an elite that dilutes the policies that would benefit the masses. The intermediary class is made up of political representatives that are legitimate and elected but have disappointed voters with their inability to improve the lives of ordinary people. It is irrelevant whether the intermediary class is real or imaginary because it is the perception, justified or not but widespread and present in the masses, that leads good people to switch allegiances.

The rest of this intermediary class is made of civil servants, journalists in the news media, bankers, business leaders, heads of cultural institutions and members of the judiciary whose legitimacy as the unelected class is being questioned by the “good people”. Skilful, cunning and unscrupulous politicians offer themselves as leaders of the “revolution,” provide a direct link between the people and policies and expose the intermediary class as illegitimate, corrupt and incompetent. Hence the contempt for the established media, judicial and legislative institutions promoted by Donald Trump.

Leaders such as Viktor Orbán set on personnel changes at Constitutional Court, changes to the constitution and changes of laws including electoral law. Gerrymandering is one phase of the process in calling for new elections in an attempt to bring about a bigger majority to the leader. Media is gradually brought under control while the media that resists regime’s control is under permanent investigation by the authorities and faces draconian penalties for any irregularities. The leader’s followers are appointed to head cultural institutions. They still have to win elections but, under the changed circumstances, it is an increasingly likely outcome of the process. The result is often a renewed mandate with an increased majority. Positions are earned not on merit but depend on access to the leader. The shift has been made from liberal to illiberal democracy. This hypothetical example is actually based on the Hungarian model that is often the focus of academic attention.68

Populism is also on the rise in societies of the Western Balkans that are not liberal democracies but do have a plurality of political groups and ideologies, periodical elections and the sort of democratic institutions whose role has been gradually diminished by authoritarian rule on the verge of tyranny. It is officially legitimised by periodic elections

68 Krekó and Zsolt 2018, 39–51.
and is likely to be popular among the masses in times of crisis when radical ideologies and concepts often succeed. Timothy Snyder observed that “both fascism and communism were responses to globalization: to the real and perceived inequalities it created, and the apparent helplessness of the democracies in addressing them.”

Authoritarian rule might be more effective than liberal democracy. The Russian Parliament thus unanimously voted to approve President Putin’s proposed intervention in Syria in September 2015. The autocratic decision has been masked by democratic procedure as it was delivered via the unanimity of the parliament’s vote. The UK government’s proposal of intervening in Syria against Bashir al-Assad, however, was defeated in British Parliament in 2013 by 285 to 272 votes. Two days later, on August 31, President Barack Obama announced the US would not attack Assad’s regime and that he would seek authorisation from Congress. Domestic politics and concerns with majorities in parliaments lead decision-making processes in liberal democracies and could be perceived as less effective. Russian open intervention has saved the regime in Syria and changed the situation in the country.

The illiberal democracy might be lacking features of free expression and free will but is pragmatic and delivers fast on the same policies that liberal forms of democracy are often entangled in parliamentary procedure, going through checks and balances before being able to launch decisive action. The result in Syria is that the regime that committed documented crimes against humanity and, despite its criminal character, has remained in power, even becoming a factor that the West has to rely upon.

The solution to problems can be more straightforward in an illiberal political model than in liberal democracies. It is worth considering that the ten most populous countries in the world, according to a population list by the United Nations, are not ruled by liberal democratic forces or individuals. Authoritarian President Xi Jinping leads China’s one-party system. Populist leaders head large nations like Narendra Modi in India, Imran Khan in Pakistan and Joko Widodo in Indonesia.

Donald Trump’s administration in the U.S. and the presidencies of Jair Bolsonaro in Brazil and Andrés Manuel López Obrador in Mexico are established in countries that have developed democratic institutions in the past, but the current leaders are challenging these institutions and rules. Increasing confrontations of these presidents with news media, attempts to breach constitutional division of powers and impose their will over the rest of society are firmly putting these three countries with their current leaders into the group of nations governed by non-liberal populists, or illiberal democrats. Violence and vote-buying characterise elections in Nigeria while Putin’s Russia is a de facto autocracy.

Japan in the 11th and Germany in 16th place are the only developed and stable liberal democracies among the next ten most populous countries. Ethiopia, Philippines, Egypt,
Vietnam, Democratic Republic of Congo, Iran, Turkey and Thailand might have had democratic episodes in their histories, but they could certainly not be put into the same category as liberal democracies today. The population size might partly contribute to the rise of illiberal regimes.

Out of over 5.3 billion people living in the 20 most populous countries, it is just 210 million that are ruled by liberal democratic regimes. One might argue the U.S. should be added to the list of stable liberal democracies as it has developed democratic institutions which are keeping in check populist attempts by the Trump administration. Even then, with the additional 325 million people, liberal democracies would amount for only 535 million people living in the twenty most populous countries, which is just about ten per cent. It is safe to conclude that illiberal form of democracy is reality for the majority of the global population.

Important liberal democratic institutions such as the freedom of media, the rule of law and human rights have been eroded by a rising new political model of governance. Populist leaders are using forms of democracies to secure different content – an authoritarian form of rule. The changes taking place are not revolutionary and sudden but are initially gradual and subtle until the leaders are secure enough in their rule. Only then they challenge the pre-existing norms and rules and the shift from liberal to illiberal form of democracy takes place.

**Chinese Influence**

Even in systems that do not offer meaningful political competition such as China, the elites still rely on public support of the regime’s policies. Such a system without democratic instruments is of lesser or no appeal to the leaders and citizens of countries that have previous experience of mass democracy. While the political system and the culture, including the political one, are remote to post-communist societies of Europe, the economic strength and rise of China are appealing to leaderships of those countries. A “one-party system” is not an applicable model for countries that have succeeded in developing multi-party systems even where one party now dominates politics for prolonged periods. However, the Chinese economic model is seen by leaders in the Western Balkans as a potential source of investment and their preservation of political power.

The West has successfully developed policies of conditionality towards countries in transition in Central and Eastern Europe (CEE). Popular expectations, however, have not been fulfilled and this has helped develop a sense of disappointment. The expected economic improvements did not follow the political and systemic reforms. The result was political disappointment in the western model and a rise of political apathy. Alternative models of democracy have gained support, and authoritarian leaders have emerged. “The 2008 financial crisis instilled a sense among Serbian leadership that the West is vulnerable and
that China is rising." As this argument is applicable throughout the Western Balkans, Serbian President Aleksandar Vučić underlined this view stating that “thirty years ago you had one, absolutely dominant military, political, and economic power,” while the rise of China is changing everything.

The 16+1 form of cooperation between China and sixteen, later seventeen, countries of CEE presents a possible alternative to conditioned western investment. “Since 2012, the 16+1 format has provided China with growing political influence in Central Europe,” the argument states, “exacerbating tendencies toward greater fragmentation in Europe.” For many, “it is clear that the ‘Chinese way,’ which has been in full swing in Africa or South Asia, for example, is more suitable to less regulated, pluralistic countries.”

Western Balkans, therefore, is a perfect theatre for the “Chinese Way,” that “frequently beat[s] the often fragile financing from Russia (...) or from the European Bank for Reconstruction and Development (EBRD) and the World Bank, (...) as well as the limited pre-accession funds from the EU.” The Chinese funding “has been used to launch more than a dozen projects, worth a total of about €6 billion” in Western Balkans and “links loans to the appointment of the contractor (without an open tender), and also assumes that the local government will guarantee the projects (state aid).” The EU financing conditions internal political and economic reforms and financial discipline that would ultimately undermine the position of the authoritarian rule.

Examples of significant projects developed through Chinese involvement are motorways, railways, bridges, steelworks, thermoelectrical plants, copper mining and smelting complex. Key infrastructural projects have been won by Chinese companies throughout the Western Balkans, while Chinese financial institutions often provide loans for such projects thus creating a cycle of money from China to China via the Western Balkans. “The EU’s structural funds in the form of grants are larger and cheaper than Chinese loans,” but it is the conditionality of the attached EU policies and politics in the Balkans such as the “poor governance on the part of some local politicians” that shift these countries towards deals with China.

When Chinese companies are contracted on to a large infrastructural project, often without tender, it opens a way for local powerholders to get involved through their cronies and ultimately enrich their political parties or, more likely, their own companies and personal

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71 Le Corre and Vuksanovic 2019.
72 Ibid.
73 Weidenfeld 2018.
74 Le Corre and Vuksanovic 2019.
75 Kaczmarski and Jakóbovski 2017.
76 Ibid.
77 Le Corre and Vuksanovic 2019.
wealth. The exact proofs are almost impossible to be presented as long as the same structures have a firm hold of power.

The authoritarian single-party state is not a political model that attracts CEE countries. Economic power is the attraction. However, some experts remain concerned and have warned that the “loans made by Beijing to CEE countries” might “create potential for financial instability.”78 Experts have warned of a “(different kind of) strings attached” to these loans that should not be underestimated.79 The situations created by strings attached have led the Western Balkans becoming “a top priority of China's Belt and Road Initiative, on which 16+1 meetings now centre.”80 The EU has acknowledged the contest between the two poles of the developing international system by describing China as “an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance.”81 However, although it is hard to see any country of the Western Balkans adopting Chinese political model, some elements of the concentrated power, media control and ideological control of the institutions, while paying lip-service to democratic rules, do concern the EU.

The Bar to Boljare highway in Montenegro is likely to increase the national debt to a level of unsustainability. In Bosnia-Herzegovina, the Banja Luka to Mlinište highway is also associated with the 16+1 initiative. A Chinese consortium has signed the contract for upgrading the Budapest to Belgrade railway link. A Chinese bank has provided the loan for at least one section of the line in Serbia. North Macedonia was offered a loan to help build its highway. Croatia, while receiving EU funds, has awarded a Chinese company with the project to build Pelješac bridge.

The relations are complex because “interlocutors can perform multiple and contradictory roles all at the same time,” as “the evolution of China-CEE cooperation indicates.”82 The EU and China are contesting each other’s actions in the Western Balkans. Local countries attempt to play the external actors against each other to their own advantage. The challenge from China is geopolitical and is based on increasing economic influence that would make the CEE space more dependent on China but, unlike the illiberal model, there is no ambition of exporting their political model, but rather corrupting democratic processes in the client countries.

Weak institutions in the Western Balkans and ambition for authoritarian rule by political leaders might be compared to the Chinese “ideological tradition of Mass Line that directly connects the state with the public, often bypassing administrative regulations and

78 Eder and Mardell 2018.
79 Ibid.
80 Le Corre and Vuksanovic 2019.
81 High Representative of the Union for Foreign Affairs and Security Policy 2019.
82 Kavalski 2019.
the legal procedure, resulting in weak institutions and civic organisations.”83 There is no evidence of Chinese encouragement or promotion of their model in the Western Balkans. However, there are some striking similarities in the way how some leaders in the Western Balkans operate. This quasi-democratic decision-making process creates the impression of a participatory society and might seem similar to a mass society. It organises the relationship between elites and masses, as Mao Zedong said in 1967, communicates ideas “from the masses, to the masses.”84

This kind of relationship makes elites accessible to the masses who commit themselves to the regime who, in turn, might create the impression or ability to “correct unpopular policies and purge incompetent officials.”85 Nevertheless “the Party leadership is central in Mao’s conception of the mass line.”86 This form of “political socialisation in this populist authoritarian political tradition”87 creates support for national government and dissatisfaction with lower-level leaderships what sets conditions for the creation of popular authoritarian leadership at the national level. A cult of personality is the extreme version of this kind of regime.

Conclusion in the Western Balkans

Public dissatisfaction, political apathy, corrupt officials, cronyism, widespread clientelism and impoverishment create a potential crisis of the regime in many countries. The Western Balkans is a good example of this. This is also an opportunity for a charismatic leader to create changes in society and the system of governance. Elements of the masses are bought off by regular pensions, improved public services and some monumental projects. Authoritarian leaders avoid the transfer of power to institutions despite public anger and demand for change. Instead, they offer the impression of communication between the masses and the regime, not unlike the Chinese model of the mass line. The result is public anger directed at the lower levels of authority and mass support for the leading figure repeatedly re-elected. Unlike a one-party state, some post-communist regimes often use techniques and practices of illiberal democracies, thus allowing for political competition but keeping it firmly under control. The result is always likely to be authoritarian by using some of the single-party society’s methods.

Observers have noted that the EU has “lost its will and capacity for completing enlargement in the Western Balkans,”88 leading to a shift from a transition towards a liberal form of democracy to an illiberal version. The largest of post-Yugoslav societies has seen “the

83 Tang 2016, 1.
84 Ibid., 6.
85 Tang 2016, 1.
86 Young 1980, 225.
87 Tang 2016, 11–12.
emergence of authoritarianism with the rise to power of Aleksandar Vučić and the Serbian Progressive Party. Tito’s policies of Yugoslav non-alignment resonate in some elements of Vučić’s foreign policy. Public appearances of a close political relationship with Russia, firm commitment to developing an ever-closer economic relationship with China and the perpetual struggle to be accepted into the western liberal family might feed into the regime’s rhetoric of development, independence and self-sustainability. However, the hardly existent independent media, weak opposition, brain-drain, party’s control over the public sector, position the regime firmly on the other side of the liberal-illiberal divide.

North Macedonia (until recently Macedonia) under the regime of Nikola Gruevski showed all the same characteristics as the regime in Serbia until Macedonians, supported by the West, forced change. The speed in which the country was adopted into the NATO structure shows that the West has acknowledged competing interests in the Western Balkans and decided to act decisively, at least in the field of security if not in the European integration process itself.

Montenegro’s NATO membership marked the process of the securitisation. The regime, however, shows the persistence of political control and economic policies that are not compatible with the ideals of Europeanization. Although Đukanović has not allied himself and his country with Putin’s Russia, it is the same model of governance in place. It has kept him effectively in power ever since 1989, either as president, prime minister or a party leader. Power is profoundly personalised and enshrined in Milo Đukanović regardless of the post he holds.

Kosovo society and politics have been transformed by the international, i.e., western presence. Nevertheless, it cannot be seen as a liberal democracy despite the strong presence of the West and its supervised sovereignty. The West has secured the territory but have yet to transform the political and economic system accordingly.

Populist mobilisation in Bosnia-Herzegovina has led to a communitarian model of democracy. The enemy of the nationalist application of the communitarian model is a multi-ethnic society. Therefore, processes have led to the establishment of three parallel societies in one state. Each of the societies has developed and affirmed a communitarian model of democracy. With the “enemies” in the immediate neighbourhood, a firm and charismatic leader is sought and repeatedly re-elected to preserve the community based on shared ethnic and religious belonging. Kapidžić observes a process of “autocratization [that] is contained within subnational arenas by dominant parties representing a single ethnic group and constrained by multi-level and cross-ethnic checks and balances.” Such circumstances inevitably led to the development of illiberal forms of democracy. Its consociational structure undermines the state itself. The three parallel societies where the informal form of rule is prevalent, institutions are weak, while theocratic influences have

89 Bieber 2020, 32.
90 Kapidžić 2020, 13.
been used by autocratic leaders to restrict the opposition’s potential have undermined the state even more. However, the consociational arrangement prevents, at the same time, development of the autarchy at the state level and preserves many of its democratic features.

Bosnia-Herzegovina perfectly reflects the general contest, struggle and result of the influences by leading actors. The leader of the Bosniak ethnic group organised a large meeting in Sarajevo for the Turkish President Erdoğan during the latter’s electoral campaign. The Bosnian Serbs leader is a frequent visitor to Russia and President Putin. Several members of the nationalist leadership of Bosnian Croats rotate their positions between Bosnian and Croatian political institutions. The Bosnian Croat leader himself is present at all major political events staged by Croatian leadership in Zagreb. All three communities meanwhile rely on an increasing Chinese presence in the economic sphere. Thus, the major global contest is clearly reflected in Bosnia-Herzegovina, the stability and security of which also reflects global insecurity and instability. It is, as Kapidžić explains, “subnational politics and deep-rooted power structures that blend executive dominance with economic power and informal party networks.”

The Western Balkans states have developed forms of governance that are either authoritarian or are lacking elements of liberal application of democracy. The region has been described in the past within security circles as a doughnut. Countries surrounding the Western Balkans were in NATO and the Western Balkans were creating the hole within. A doughnut is no less tasty with a hole. However, everything changed with external powers “malign influences” filling the hole. The new international system has yet to be finalised, but the two, or even three, potential poles of a multipolar world have developed different forms of political governance that have been partially applied in the countries of the Western Balkans. Despite seeking patronage in one of the global poles of the international system, these countries have not developed a single particular model of democracy. The resulting regimes reflect both liberal and illiberal forms of democracy and even elements of the Chinese “mass-line” model can be detected in them. A hybrid regime of the two models of democracy is prevalent in the Western Balkans. It could be described as a dysfunctional democracy or competitive authoritarianism. The regime reflects a mixture of both authoritarian and liberal values. It is not positioned on either side of the democratic divide. When all the dominant powers have accepted the global system, the conditions will be created for the hybrid regimes to exist almost in perpetuity. Meanwhile, however, they are increasingly destabilised because of the global struggle for the new world order.

91 Ibid., 17.
References


Khalil, Osamah F. 2016. America’s Dream Palace: Middle East Expertise and the Rise of the National Security State. Harvard University Press, 440 pp. $36.00 (Hardcover)

The headline “America’s Dream Palace” alludes to an almost idyllic place, contrary to the usual images of harsh violence and suffering refugees. Having in mind numerous conflicts and the protracted violence in the Middle East, one could also conclude that there is something inherently and unchangeably wrong with the Middle East, that there is an innate inclination to conflict in a series of failed, mostly autocratic states that cannot coexist in peace with one another. Although drowning in Orientalism, these conclusions are not far from the image that critical scholarship in international relations, sociology, and generally in humanities have been trying to deconstruct since the 1970s. Osamah Khalil’s book could be considered to be a significant contribution to the critical approach in Middle Eastern studies and history, as well as, security studies concerning the construction of knowledge about the Middle East in the US.

Despite being a contribution to critical Middle Eastern studies, this is not a book about the construction of knowledge per se. One will not find a detailed textual or discourse analysis inside these pages. Instead, a reader will find a historical account about institutions and individuals that participated in the production of knowledge and informed American affairs in the Middle East. This book is a published version of a Ph.D. dissertation in history, which directs its focus on significant people and specific events that shaped the production of knowledge. For that matter, this book studies the pathways through which institutions and discourses enabled the specific foreign and military policies of the US in the Middle East. Through every chapter, the book stipulates that discourses are used, as well as created and re-created through institutions, which in the end, inform and produce foreign and military policy.

The book is organised in 8 main chapters plus an introductory chapter and an epilogue. I am going to present a sentence-long scope of every section followed by a more detailed discussion of author’s key points organized through three chronological units. The first chapter deals with the American experience in the Middle East during World War One, followed by the second chapter dealing with American military and intelligence engagement during World War Two. The third chapter deals with the synergistic agency of academic institutions and the intelligence community in establishing Middle Eastern Studies. The fourth chapter explains the role of American Middle Eastern universities in
Beirut and Cairo in foreign policy. The fifth chapter describes the emergence of area studies through the National Defence Education Act, while the next connects modernisation theory and Middle Eastern foreign policy. The seventh chapter explains the decline of area studies through the increased significance of think tanks, followed by a chapter about the outcomes of think tank led policy in the Middle East. An epilogue follows the same line of thought as chapter eight and analyses American reaction to the Arab Spring.

The manner of reading I am going to propose is based on the difference in chronological units covered in every chapter. Three larger chronological units emerge. The first two chapters represent the first unit, which is production of knowledge about the Middle East before World War II. For this period, it is characteristic that academics (and missionaries) are key producers of knowledge in the context of ad hoc intelligence institutions. The second chronological unit deals with the emergence of area studies and modernisation theory, which are devised in chapters 3, 5 and 6; this period spans 1947–1973. The main characteristic of this period is the institutionalisation of the intelligence community, as well as an expansion of academic endeavours concerning the Middle East. The fourth chapter is thematically close to this unit, but it covers a larger chronological span 1922–1962, and it does not fully resemble the explanation of knowledge production about the Middle East; it explains the role of American political use of development and democracy narratives in the Middle East as a part of Cold War strategy. The third unit covers the period 1973–2009 in the seventh and eighth chapters. The characteristic of this period is the decline of academic expertise in informing the Middle Eastern policy and the increased significance of think tanks and a new wave of the privatisation of knowledge.

Organising the overview of the book in this manner could indicate that two following and parallel processes occur. The first process is the institutionalisation of intelligence in the US. The second process is the swing between private and public production of knowledge. It is important to remember that private does not necessarily carry the same meaning over time. In the period prior to the beginning of the Cold War, private meant that academics and missionaries inform policy as private individuals, whereas privatisation of knowledge production during the 1970s meant that private interests gained more power via think tanks to influence US state policy in the Middle East. The swing between academic and private knowledge deconstructs yet another relation. In the period before the 1970s, Khalil’s research depicts a strong influence of national security institutions in influencing the establishment of academic centres and programmes related to the Middle East. Furthermore, Khalil notices that these programmes were constantly evaluated in terms of their outcomes and harmony with the state aims. Private foundations (notably Ford and Rockefeller) served to support, not to create state policies.

Strong state influence motivated by security concerns is in accordance with the rise of the US as a superpower. Such a situation changed during the 1970s with the rise of think tanks. Intermingling between state and think tanks, the same persona could influence the Middle Eastern Policies over long periods. According to Khalil, this swift replacement of academic knowledge production with that of think tanks happened due to the ability of
think tanks to provide information about the situation in the field that the US could easily use to justify its political manoeuvres. Further contextualisation is needed to understand this swing towards privatisation of knowledge production about the Middle East, which Khalil provides in fragments. The dynamics of the Cold War can provide a framework for such contextualisation. Until the 1970s a greater consensus in overall security matters, as well as, the Middle East was important as part of the strategy against USSR. Khalil illustrates this by writing about American Middle Eastern Universities and the relationship between centres for Soviet studies and Middle Eastern studies. Détente allowed the emergence of pluralism in policies concerning the Middle East. The 1970s were marked by the more liberal approach of the Brookings Institute.

In comparison, the 1980s and the 1990s were marked by neoconservative think tanks, such as the American Enterprise Institute (AEI) and the Hoover Institute, which managed to remain relevant policymakers despite the rotation of Democrats and Republicans in office. As a part of Cold War strategy, neoconservative policies turned to minimal involvement in conflicts, with no intention towards complete resolutions. This strategy was praised as cost-efficient and quickly gained supremacy over competing liberal strategy. The durability of the neoconservative approach in the 1990s is explainable by a unipolar moment in which the US could risk skyrocketing military expenses if trying to resolve numerous conflicts around the world. Most notably, the Israeli-Palestine conflict was the playground in which these policies were practised in the Middle East and Israeli-US relations a key conductor of these policies.

Apart from political and state influences on the formation of the Middle-Eastern scholarship, the author goes beyond that and depicts the internal dynamics of knowledge production. Even though in some places Khalil indicates that the key inquiry of the book is the formation of Middle Eastern studies, he managed to encompass broader knowledge production, which included policy-oriented think tanks strategies, or specific skills and terrain familiarity necessary for intelligence work. What binds this field together is the flow of persona, that were included in various aspects of knowledge production. Khalil’s investigations carefully traced these changes and depicted an overlap between university, think tank and government staff. Despite the changes of institutional environment and leverage of specific institutions in knowledge production, the interconnectedness of their staff seems to be constant. For that sake, this book first and foremost answers the question who shaped American Middle Eastern knowledge production, and consequently policies. Various Orientalist notions seem to survive both institutional and personal changes and recurrently emerge in American Middle Eastern conduct. Answering the question who creates knowledge is an integral part of Khalil’s answer to why such development of knowledge production occurs, besides the historical contextualisation and the major leading notions of American policy.

Still, reading the lengthy and dense history of the persona and the institutions that shaped knowledge production about the Middle East, readers are left with the impression that Middle Eastern studies are too organised around various demands, other than academic.
After reading Khalil's book one cannot doubt that the academic field until the 1970s was pretty much shaped by the state needs, but the author himself explains that academia was not always compliant with the state's needs. Furthermore, the rise of think tanks focused on depicting relations between think tanks and certain academics, leaving critical voices out. Even though this idea could rightfully suggest that scholarship to be policy-relevant has to be in accordance with state or private interest, according to Khalil, it seems that critical voices, not affiliated with a major think tank or government institution, have yet to emerge. Therefore, the analysis of critical scholarship, which would be entirely in accordance with Khalil's articulated intention of studying the formation of Middle Eastern studies is non-existent. What makes the lack of analysis regarding critical scholarship more puzzling is Khalil's reliance on Orientalism as a form of critical scholarship about the Middle East. For that matter, Khalil missed the opportunity to situate his work and relate it to the earlier scholarship that he has contributed to, and he missed another significant opportunity to make an assessment of the influence of Said's *Orientalism*, or broader post-structural and post-colonial thought on Middle Eastern scholarship.

What makes this book important to regional security studies is its focus on the construction of knowledge about regions. Even though the role of discourses and narratives was already highlighted, Osamah Khalil made his point with a focus on interconnectedness between institutions, individuals and interests. Furthermore, he managed to depict historical changes in these relationships, situating them in the context of historical events, as well as narratives that shaped the knowledge production about the Middle East. There is no doubt we can expect yet more interesting, historically informed output about the Middle East from this author in the future.

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