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## EVALUATION OF THE MACEDONIAN TRANSFORMATION IN THE INTERNATIONAL REPORTS IN THE 2000<sup>S</sup>

**ABSTRACT** The author of the article presents the image of the Macedonian transformation dynamics according to the analysis of selected reports published annually by influential international research institutes, organizations and opinion-forming media, which evaluate the political, economic and social situation in various countries of the world in the 2000s. The paper introduces the preliminary results of a research project involving critical analysis of reports on the situation in Macedonia and particular public policies of the Republic, which are included in publicly available and are cited – by politicians, the media, public opinion – international reports, which use the indicators commonly applied in the world. The main areas of analysis are: the degree of the competitiveness, economic freedom and rule of law on the market and the state; the level of the democracy, political rights and civil liberties; the degree of the equality and welfare of the society and – finally – the status in the security area, i.e. the main indicators of the peace and stabilization of the Republic of Macedonia.

**Key-words:** Macedonia, international reports, indicators, comparative analysis

The aim of this article is to reconstruct the Macedonian transformation dynamics according to the analysis of selected reports published annually by influential international research institutes, organizations and opinion-forming media, which evaluate the political, economic and social situation in various countries of the world in the 2000s. This paper introduces the preliminary results of a research project involving

a critical analysis of reports on the situation in Macedonia and particular public policies of the Republic, which are included in publicly available and cited – for example, by politicians, the media, public opinion – international reports, which use the indicators commonly applied in the world.

## RESEARCH QUESTIONS AND THE METHODOLOGY OF RESEARCH

The term “evaluation” is understood as the objective assessment of the process (project, program or policy) at many stages, i.e. planning, implementing and measuring the results. It should provide accurate and useful information, which allows using the acquired knowledge in the decision making process. Evaluation relates to the process of determining the value or validity of certain activities, policies or programmes. Specific indicators, and even more so, the synthetic indicators are usually components of the methodology evaluating the systems transformation in different areas.<sup>1</sup>

Among the analyzed documents – international comparative reports – were *SIPRI Yearbook* (Stockholm Peace Research Institute); *Conflict Barometer* (by International Conflict Research Institute in Heidelberg); *Global Peace Index* (Institute for Economics and Peace (IEP) in cooperation with the Economist Intelligence Unit); Freedom House reports (the American Foundation for the Protection of Human Rights), the *Press Freedom Index* (published by Reporters Without Borders); *Index of Economic Freedom* (a report by *The Wall Street Journal* and the Heritage Foundation); *Global Competitiveness Report* (by the World Economic Forum); *Economic Freedom Index* (developed by the Heritage Foundation and *The Wall Street Journal*); *Doing Business* reports (by the World Bank); *Human Development Report* (by the UN), and finally, *Quality of Life Index* (by the British weekly *The Economist*).

The analysis of the specific “evaluation discourse” may help to answer the following questions: What is the cognitive value of the indicators? What really are (or could be) the effects of parameterization in international studies? Where do the observed differences in the evaluation of Macedonia come from? What are the strengths and weaknesses of Macedonia, together with its opportunities and challenges? What are – in the light of analyzed reports – the most important recommendations for Macedonia in the near future? Does the assessment of Macedonia presented in international reports confirm political aspirations to the Euro-Atlantic integration process? Or maybe, on the contrary, do the negative evaluations reflect specific risks faced by the young republic

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<sup>1</sup> Examining the relationships between certain phenomena (or the state of things) and indicators, which are used to determine the existence and intensity of such phenomena, is – as we know – the main interest of methodologists. When dealing with the usefulness of some indicators usually used in international comparative researches, we must take into consideration the *indicatum*, i.e. “this” which should become more understandable owing to various kinds of indicators (e.g. definitional, empirical, or inferential). It is impossible to replace considerations about “what we are looking for” or “what we want to investigate” with even the most sophisticated methodological analyses of the propriety and reliability of various indicators only.

at the beginning of the twenty-first century, such as deepening isolation in the world, which may contribute to the growth of nationalist sentiments and lead to internal conflicts, islamization of the Western part of the country and even its disintegration?

In this article an overview of the public reformist discourse on Macedonia is adapted to the most important fields of transformation. Thus, the data from the reports, indicators, conclusions and recommendations (etc.) is organized according to the following areas of evaluation: *the market and the state, civil and political freedom, social issues, and finally, security and international affairs.*

## MARKET AND STATE: COMPETITIVENESS, ECONOMIC FREEDOM AND RULE OF LAW

Today's Macedonia – according to many international observers – is a politically stable country that is not afraid of bold economic changes. The data from *Doing Business 2013* World Bank Report places Macedonia among the leading country-reformers in the world, and *Economic Freedom Index 2013* shows that the republic has moved a few places up on the ranking list, occupying a high position in the world in terms of economic freedom. In light of a great deal of data, modern Macedonia is a full member of the international community, exporter of political and economic stability in the region and a reliable ally of NATO, the United States and the European Union.

Let us start with the *Global Competitiveness Report*<sup>2</sup> which is the result of the World Economic Forum annual comparative survey on economic development conditions in different countries. The authors of the report use the so-called *Global Competitiveness Index* (GCI), which is estimated on the basis of the measurement in 12 pillars in 3 groups: *basic requirements, efficiency enhancers and innovation and sophistication factors*. In order to calculate the GCI of a certain country, the pillars are weighed depending of the country's development level. Macedonia is situated in the middle-level group: *efficiency-driven economies*.<sup>3</sup>

<sup>2</sup> The first report was published in 1979. Since then the report has systematically been extended to new countries. At the beginning, the *Competitiveness Index*, which was developed under the supervision of Jeffrey Sachs, pointed out the foundations for mid- and long-term rapid economic growth. In 2000 the new name of the index was introduced: *Growth Competitiveness Index*. Since 2004 *Global Competitiveness Index* has been in use. GCI is estimated on the basis of 90 factors and 2/3 of them come from opinion polls done among the business managers from over 140 countries.

<sup>3</sup> *Efficiency-driven economies* try to improve the efficiency of production and the quality of goods. The competitiveness depends on higher education and employee training, goods and labour market efficiency, well-developed financial services, domestic (or/and foreign) market size and technological readiness. The countries in this group usually achieve 3-9 thous. \$ GPD per capita. In the methodology of *Global Competitiveness Report* there are two other levels of economy development which are pointed out: the lower group, i.e. *factor-driven economies* and the higher one, i.e. *innovation-driven*. *Factor-driven economies* are founded on unqualified work, natural resources and low-prices rivalry on the market, thus the maintenance of competitiveness is determined by proper functioning of private and public institutions, the quality of infrastructure, the stability of the macroeconomic environment, good health and education and training of labour force. The countries in this group usually

In 2012–2013 Macedonia scored 4.0 *GCI*, which ranked the country in the 80<sup>th</sup> position (among 144 surveyed economies). The good result – above the average in the similar economies group – Macedonia achieved in the *macroeconomic environment* pillar. It located the country on the 47<sup>th</sup> place in the world ranking list.<sup>4</sup> The extremely high score Macedonia gained in terms of the strength of investor protection (in the *institutions* pillar) – 7 points out of 10 possible – which placed the country on the 17<sup>th</sup> position in the world. It is worth mentioning that in the *higher education and training* pillar the high result – the 46<sup>th</sup> position in the world – Macedonia gained in terms of Internet access in schools. The best results Macedonia scored in the 6<sup>th</sup> pillar, i.e. *goods market efficiency*. It resulted from the low total tax rate, the extent and effect of taxation as well as the limited number of procedures and very short time necessary to start a business in Macedonia: 3 procedures and 3 days to start a new business give the country the 4<sup>th</sup> position in the world. On the other hand, Macedonia had the worst results in two last pillars: *business sophistication* and *innovation*. It is more alarming because these areas determine the country's shift from efficiency-driven to innovation-driven economy.

It is worth presenting several problematic factors for doing business in Macedonia according to the opinions of interviewed business persons. The main barriers for Macedonian business are: *the access to financing* (17.1% of responses), *inadequately educated workforce* (12.5), *corruption* (11.5), *inefficient government bureaucracy* (11.4), *inadequate supply of infrastructure* (9.3), *poor work ethic in national labour force* (7.5), *policy instability* (5.7), *insufficient capacity to innovate* (5.4), *tax regulations* (3.7), *crime and theft* (3.0), *government instability* (2.9), *tax rates* (2.7), *inflation* (2.2), *poor public health* (1.4), and *foreign currency regulations* (0.2).

The next globally-known annual opinion report – *Index of Economic Freedom* – published by The Heritage Foundation and *The Wall Street Journal* explains the important issues related to obstacles in the institutional business and legal environment in different countries. The epistemological basis for the synthetic index of economic freedom arises from the liberal assumption about the fundamental significance of individual freedom. In The Heritage Foundation's world ranking list, economic freedom embraces all rights and freedoms to production, distribution and consumption of goods and services. The highest forms of economic freedom are the unconditional ownership

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achieve below 2 thous. \$ GPD per capita. *Innovation-driven* economies are able to maintain high salaries and living standards if they compete with new, original products. The market competition is determined by innovations and use of sophisticated business and technology processes. The economies in this group usually achieve above 17 thous. \$ GPD per capita. See: Schwab K., *The Global Competitiveness Report 2012–2013*, World Economic Forum, at <[http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012–13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012–13.pdf)>, 10 May 2014.

<sup>4</sup> In brackets, next to the names of the particular pillars, Macedonia's ranks and results are presented: *basic requirements* [rank: 71 of 144 – index ratio: 4.5], *institutions* [78 – 3.8], *infrastructure* [81 – 3.6], *macroeconomic environment* [47 – 5.0], *health and primary education* [77 – 5.6]; *efficiency enhancers* [84 – 3.8], *higher education and training* [81 – 4.0], *goods market efficiency* [68 – 4.3], *labour market efficiency* [94 – 4.1], *financial market development* [79 – 4.0], *technological readiness* [71 – 3.8], *market size* [104 – 2.8], *innovation and sophistication factors* [110 – 3.1], *business sophistication* [111 – 3.4], *innovation* [110 – 2.8].

right, fully-realized freedom of labour force, money and goods flow, as well as the limited pressures and/or constraints from the state which might eventually appear only for protection of citizens and/or maintenance of freedom itself.<sup>5</sup>

The authors of the methodology of IEF group the country's results in particular categories according to 5 levels<sup>6</sup>, and the higher the results are, the higher the level of economic freedom. Macedonia's score is 68.2, making its economy the 43rd freest in 2013. Its overall score had decreased by 0.3 point since 2012, with some modest declines in *monetary freedom*, *freedom from corruption*, and *labour freedom* outweighing small improvements in the *control of government spending* and *trade freedom*. Macedonia is ranked 21<sup>st</sup> out of 43 countries in Europe, and its overall score is above the world and European averages.

Table. 1. Index of Economic Freedom 2013 – Macedonia and the neighboring countries

	rule of law		limited government		regulatory efficiency			open markets		
	property rights	freedom from corruption	fiscal freedom	government spending	business freedom	labour freedom	monetary freedom	trade freedom	investment freedom	financial freedom
Macedonia	35,0	39,0	91,4	69,1	80,3	78,4	84,0	84,6	60,0	60,0
Greece	40,0	34,0	66,2	24,7	77,1	42,1	73,4	81,8	65,0	50,0
Albania	30,0	31,0	92,6	75,1	81,0	49,0	78,4	79,8	65,0	70,0
Serbia	40,0	33,0	84,2	40,3	60,2	70,4	65,3	77,9	65,0	50,0
Bulgaria	30,0	33,0	94,0	64,2	73,6	74,8	78,6	86,8	55,0	60,0

Source: T. Miller, K.R. Holmes, E.J. Feulner, *Index of Economic Freedom 2013*, The Heritage Foundation and *The Wall Street Journal*, at <[http://www.heritage.org/index/pdf/2013/book/index\\_2013.pdf](http://www.heritage.org/index/pdf/2013/book/index_2013.pdf)>.

Detailed information on Macedonia in 2013 shows that the country gained very different results in different categories: *business freedom* – 80.3, *trade freedom* – 84.6,

<sup>5</sup> The *Index of Economic Freedom* is constructed on the analysis of 10 specific components of economic freedom, which are grouped into 4 main categories: (1) rule of law (*property rights*, *freedom from corruption*); (2) limited government (*fiscal freedom*, *government spending*); (3) regulatory efficiency (*business freedom*, *labour freedom*, *monetary freedom*) and finally (4) open markets (*trade freedom*, *investment freedom*, *financial freedom*). The authors of the report – in the methodological part – explain that “some of the 10 components are themselves composites of additional quantifiable measures. Each of the 10 economic freedoms is graded on a scale from 0 to 100. The 10 component scores are equally weighted and averaged to get an overall economic freedom score for each economy”. See: *2014 Index of Economic Freedom: Methodology*, at <<http://www.heritage.org/index/book/methodology>>, 10 May 2014.

<sup>6</sup> 5 levels of economic freedom (from very high to very low): | 100-80 | 79.9-70 | 69.9-60 | 59.9-50 | 49.9-0 |.

*fiscal freedom* – 91.4, *government spending* – 69.1, *monetary freedom* – 84, *investment freedom* – 60, *financial freedom* – 60, *property rights* – 35, *freedom from corruption* – 39, *labour freedom* – 78.4. So in 4 categories, the Republic is situated in the highest range of economic freedom and the lowest values Macedonia has in such categories as *property rights*, and especially *freedom from corruption*. However, many other countries in the region are affected by the problem of corruption. For example, in this respect, Greece comes off worse than Macedonia (scoring 34), similarly Serbia (33), Albania even worse (31), only Bulgaria is marginally better (39.6). Also in terms of other indicators, Macedonia's results are better than her neighbours in the report.

However, without doubt corruption is a serious problem. Macedonia was ranked 69th out of 176 countries surveyed in Transparency International's *Corruption Perceptions Index 2012*. TI's index draws on multiple expert opinion surveys that poll perceptions of public sector corruption scoring countries on a scale 0–10, with 0 indicating high levels of perceived corruption and 10 indicating low levels of perceived corruption. It is worth mentioning that Macedonia gained 4.3 score of CPI which is a better result than in the case of Albania (3.3), Serbia (3.9), Bulgaria (4.1), and especially Greece (3.6).<sup>7</sup>

While relevant anticorruption legislation is in place, the implementation is weak. Irregularities are particularly prevalent in public procurement. As one can read in the European Commission's (EC) 2012 progress report, the judiciary lacks a track record of handling high-level corruption cases, and greater cooperation between supervisory bodies and law enforcement is needed.

Macedonia is highly rated in the recent *Doing Business* reports (for the years 2012 and 2013) developed by the World Bank, and concerning the ease of entrepreneurial activity. The authors of the report use indicators related to several areas of business regulation and the ranking list covers 180 economies in the world. In the reports the quality of the national legal and institutional environment is evaluated in a synthetic manner.<sup>8</sup>

<sup>7</sup> See: *Corruption Perceptions Index*, Transparency International, 2012, at <<http://cpi.transparency.org/cpi2012/results/>>, 10 May 2014.

<sup>8</sup> The quality of the environment is determined by a number of regulations concerning such matters as starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. The reports are focused on regulations relevant to small and medium-sized domestic companies. The data are gathered for the largest city in terms of population in the country. The reports focus on the formal sector and do not measure all aspects of the business environment such as macroeconomic stability, corruption, the level of competence of workforce, proximity to markets or regulations specific to foreign investment or financial markets. It is worth adding that the report does not take into account other economic and social factors which create the investment climate. What is meant by this is that foreign companies do not undertake activities in the host country only because of the friendly nature of the regulatory environment. See: *Doing Business 2013. Smarter Regulations for Small and Medium-Size Enterprises*. Comparing business regulations for domestic firms in 185 economies. 10<sup>th</sup> edition, International Bank for Reconstruction and Development/The World Bank, 23 October 2012, at <<http://www.doingbusiness.org/reports/global-reports/doing-business-2013>>, 10 May 2014.



The authors of the report *Doing Business* admit that Macedonia, encouraged by the prospects for regional integration, introduced fundamental changes. Since 2006 the government has implemented 3 phases of a “regulatory guillotine” project aimed at reducing the regulatory burden and bureaucracy. As part of this, the Ministry of Transport and Communications initiated several legal reforms to simplify and speed up the process of obtaining a building permit. And the Customs Administration introduced several measures to increase the speed and efficiency of trade. The National Bank helped strengthen the financial system by establishing a public credit registry in 2008. Thanks to a more recent effort initiated by the Ministry of Finance, a private credit bureau was formed by the association of commercial banks and started operating in 2011. Another important activity was the development of the e-government which provided the platform for many of the reforms in the business regulatory environment. The proper infrastructure was established and the e-services were rolled out, such as an electronic tax system (in 2008), an electronic cadastre for property registration (in 2010) and an online system for business registration (in 2011).

A comprehensive information technology system was introduced in 2007 as part of the government’s 2007–2010 information technology strategy. This provided the foundation for reforms in judicial processes, especially through the introduction of electronic case management. Judicial reforms began in 2003. Overall, the changes produced results. The time to enforce a contract fell from 509 days in 2004 to 370 days in 2009. Macedonia significantly reduced the average duration of bankruptcy cases.

The crucial administrative reforms helped to streamline administrative processes, reduce costs and introduce the “silence is consent” rule. The most important achievements include reducing the complexity, time and cost of starting a business and registering property and speeding up the export and import process. Now in Macedonia business registration is very easy: a one-stop shop at the central registry, unifying and simplifying the procedures to register a company and its employees. This cut the number of procedures to start a business from 13 in 2004 to 3 in 2010, and the time from 48 days to 3. The new registry, along with legal changes such as abolishing the minimum capital requirement, enabled Macedonia to join the top 6 economies worldwide on the ease of starting a business. In April 2011 the government further streamlined and reduced the cost of business registration by introducing an online system. Macedonia also implemented tax changes: taxes were reduced and the tax system was simplified.<sup>9</sup>

Regional integration efforts such as the accession process into the European Union<sup>10</sup> helped implement improvements in business regulations. Equally important was the desire to attract investment and develop business activity in order to create jobs and achieve economic growth. Since 2004 the parliament has made important changes to legislation, including business regulations. Macedonia is among the 10 economies that

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<sup>9</sup> For instance, in 2008 the corporate income tax rate was reduced to 10% and social security contributions were integrated with other taxes.

<sup>10</sup> Macedonia signed the Stabilization and Association Agreement with the European Union in April 2001 and received a candidate country status in November 2005.

made the biggest strides in creating a regulatory environment which was more favourable to business in the past 6 years. It moved up in the global ranking on the ease of doing business from the 81<sup>st</sup> position in *Doing Business 2006* to the 22<sup>nd</sup> in 2013 report.

So, Macedonia's transition to a more open and flexible economic system has been facilitated by substantial restructuring measures over the past decade. While maintaining macroeconomic stability, it has made considerable progress in the income growth and poverty reduction. Competitive flat tax rates and a permissive trade regime, supported by a relatively efficient regulatory framework, have encouraged the development of a growing entrepreneurial sector. Systemic weaknesses persist in the protection of property rights and enforcement of anti-corruption measures in Macedonia. The judicial system is, despite many reforms, weak, still undercut by lingering corruption, and vulnerable to political influence.

### **LIBERTY: DEMOCRACY, POLITICAL RIGHTS AND CIVIL LIBERTIES**

The *Democracy Index* 2012<sup>11</sup> is an index compiled by the Economist Intelligence Unit, which measures the state of democracy in 167 countries, of which 166 are sovereign states and 165 are United Nations member states. The index is based on 60 indicators grouped in five different categories: *electoral process and pluralism*,<sup>12</sup> *civil liberties*,<sup>13</sup> *functioning of government*,<sup>14</sup> *political participation*,<sup>15</sup> and *political culture*.<sup>16</sup> In addition to a numeric score and a ranking, the index categorizes countries as one of four regime types: full democracies, flawed democracies, hybrid regimes, and authoritarian regimes. Macedonia with a score of 6.16 was considered flawed democracy, as well as almost all of its neighbours, with the exception of Albania, which was given a worse score – 5.82 – and included it into the hybrid system.

<sup>11</sup> *Democracy Index* was first produced for 2006, with updates for 2008, 2010, 2011, and 2012. DI is ranked 0-10 (very low to very high) by EIU. See: The Economist Intelligence Unit, at <www.eiu.com>.

<sup>12</sup> Qualitative assessment of whether elections are competitive in that electors are free to vote and are offered a range of choices. Ranked 0-10 (very low to very high). See: *Democracy Index 2012: Democracy is at a standstill*, The Economist Intelligence Unit, at <http://www.eiu.com/public/topical\_report.aspx?campaignid=DemocracyIndex12>, 10 May 2014.

<sup>13</sup> Qualitative assessment of the prevalence of civil liberties. Are there free electronic media? Is there freedom of expression and protest? Are citizens free to form professional organizations and trade unions? Ranked 0-10 (very low to very high). See: *ibid*.

<sup>14</sup> Qualitative assessment of whether freely elected representatives determine government policy. Is there an effective system of checks and balances on the exercise of government authority? Ranked 0-10 (very low to very high). See: *ibid*.

<sup>15</sup> Qualitative assessment of voter participation/turn out for national elections, citizens' engagement with politics. Ranked 0-10 (very low to very high). Source: *ibid*.

<sup>16</sup> Qualitative assessment of the degree of societal consensus and cohesion to underpin a stable, functioning democracy; the score of the level of separation of church and state. Ranked 0-10 (very low to very high). *Ibid*.



Table 2. Macedonia and its neighbours in detailed Democracy Index indicators

EIU Democracy Index	Macedonia	Albania	Serbia	Bulgaria	Greece
Electoral process	7,8	7,0	9,2	9,2	9,6
Functioning of government	4,6	4,7	4,6	5,7	5,7
Political participation	6,1	5,0	6,1	6,1	6,7
Political culture	4,4	5,0	4,4	4,4	6,9
Civil liberties	7,9	7,4	7,4	8,5	9,4
Overall ratio	6,16	5,82	6,34	6,78	7,66

Source: *Democracy Index 2012: Democracy is at a standstill*, The Economist Intelligence Unit, at <[http://www.eiu.com/public/topical\\_report.aspx?campaignid=DemocracyIndex12](http://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex12)>.

Macedonia received the worst score in the category of *political culture*, just like other countries in the region. The highest rates the Republic received in terms of *electoral process* and *civil liberties* indexes – 7.0. It is worth noting that similar results can be found in the report of Freedom House in 2013, in which Macedonia received 3 points remaining in the same range of countries which are classified as *partly free*, and the assessment of freedom (*freedom rating*) was estimated to be 3 similarly to *civil liberties* and *political rights*.<sup>17</sup> Let us look at the most important issues in Macedonia in the field of democracy, political rights and civil liberties.

In international reports attention is often drawn to the particular situation of Macedonia in recent years. The authors of reports emphasize the fact that in the Communist era Macedonia was the republic of the Yugoslav federation, which peacefully gained independence in 1991 when the federation dissolved. The new country's legitimacy was threatened on several levels. Firstly, because Greece objected to the name "Macedonia" saying it implied a territorial and cultural claim to the Greek region of the same name; secondly, because Bulgaria contended that the Macedonian language was a dialect of Bulgarian; and thirdly, because the Serbian Orthodox Church did not recognize the separation of the self-proclaimed Macedonian Orthodox Church.

However, the greatest impact on the level of democracy in Macedonia has—internally—the ethnic factor. Poor relations between the Macedonian Slav majority and the ethnic Albanian minority have raised doubts about the country's long-term sustainability. The specific feature of the political system of Macedonia is the fact that power has alternated between center-left and center-right governments, though an ethnic Albanian party sat in each of the ruling coalitions. Despite this fact, the Albanians were not happy with their political matters. Therefore, in 2000 and 2001, Albanians mounted an armed insurgency, demanding more equitable political representation. Unofficially, the insurgents wanted control of smuggling routes in northwestern Macedonia. Despite

<sup>17</sup> A. Puddington, *Freedom in the World 2013: Democratic Breakthroughs in the Balance*, Freedom House, May 2013, at <<http://www.freedomhouse.org/sites/default/files/FIW%202013%20Booklet.pdf>>, 10 May 2014.

this extremely difficult situation, the difficult negotiations known as the Ohrid Accords prevented civil war in 2001. August 2011 marked the 10th anniversary of the peace agreements, and a month later Macedonia celebrated the 20th anniversary of the declaration of its independence. However, violent incidents continued to erupt periodically and still threaten the state. It is worth emphasizing that the situation is constantly being complicated by new manifestations of the permanent controversy with Greece.

When it comes to the political system in the international reports' evaluation of Macedonia – as of 2012 – the Republic is classified as a democracy where elections meet international standards, and most post-independence elections have been deemed satisfactory by international standards.

The Constitution guarantees freedom of religion but the long-lasting dispute between the Macedonian and Serbian Orthodox Church still has not been resolved. In addition, there is a tension between Christianity and Islam. Hard-line Islamists reportedly control several mosques, with financing from Middle Eastern countries.

Academic freedom is generally not restricted, but the education system is weak in comparison to European standards. For instance, the schools are becoming ethnically segregated. Textbooks barely cover the post-independence period, primarily because Macedonians and Albanians interpret the 2001 conflict differently. That is why in August 2012, the European Association of History Educators urged history education reform.

In general, constitutional guarantees of freedoms of assembly and association are respected. Unfortunately, political gatherings very often have a violent course. For instance, in 2011, a police officer killed a person in a political rally. On May 11, 2012, some 10,000 peaceful protestors marched in Skopje over the arrest of ethnic Albanians for the murder of five Macedonians in April.

Workers may organize and bargain collectively, though trade unions lack stable financing and skilled managers. When it comes to organizing strikes, it is quite difficult in Macedonia. Moreover, there have been reports of journalists being dismissed from their jobs due to their union activities.

The judicial area recorded an improvement compared to previous years. It improved the efficiency of the courts. However, the EU drew attention to the poor preparation of judges to practice. The EU noted little progress in independence, impartiality, and competence, and called for increased recruitment requirements. The courts are still underfunded what affects the formation of court backlog. In addition, the prisons are in poor condition, they are overcrowded and lack good health care.

It is worth mentioning that in June 2012, the parliament passed a lustration law aimed at removing former Yugoslav secret police collaborators from public office. However, the law allows the names of informants to be published online, and the critics of this process say that this raises concerns about privacy. A 2010 antidiscrimination law does not prohibit discrimination on the basis of sexual orientation and women in Macedonia enjoy the same legal rights as men.

Other significant events in 2012-2013 were political pressure on the independent media. The constitution stipulates the freedom of the press. However, the ruling party

and the Prime Minister were accused of allegations concerning the violation of civil liberties and freedom of the media. It is especially strongly emphasized in the report by Reporters without Borders, which describes the conflict between the government and opposition-oriented television. The International Federation of Journalists (IFJ) issued a statement<sup>18</sup> on these “scandalous events” and pointed out how ridiculous the decision of the Council was regarding the situation in the Macedonian media market. The Macedonian Association of Journalists also noted that the closure of the opposition-oriented station threatens the freedom of the media.

Thus Reporters without Borders accused the Prime Minister of the attempt to take over the media. The RWB organization also criticized the recent reform of the Broadcasting Council. The law amendment increases the influence of the ruling party on the activities of the Council and facilitates putting pressure on the leadership of the union of journalists. RWB points out that Macedonia's media face political pressure and harassment resulting in self-censorship. Moreover, the media outlets are divided along ethnic lines. While the Broadcasting Council is not fully independent, in 2012 it began to enforce a law prohibiting politicians from owning the broadcast media. Internet access is unrestricted. The described problems were reflected in the *freedom of the press* index.<sup>19</sup> Macedonia was assessed the harshest, gaining only 34.3 points out of 100, while Albania received 30.9, Bulgaria – 28.6, Greece – 28.5 and, the best in this group, Serbia – 26.6 points.

Probably the most important occurrences for the assessment of Macedonian democracy in the 2012 were interethnic tensions with incidents of violence between Macedonians and ethnic Albanians. It follows that ethnic problems have the greatest impact on lower scores of the Macedonian democracy in recent years. It should be noted that information on a number of shortcomings in this area usually comes from statements of respondents. Even if we do not necessarily have to do with a real lack of equality in Macedonia, certain ethnic and national minorities (Roma, ethnic Albanians, and other vulnerable groups) still have a strong sense of being discriminated against in the country.

However, moderate environments of Albanians reject separatist and secessionist propaganda that is the dangerous breeding ground for Macedonian nationalism, which sees the Albanians as terrorists. In 2001, a peace agreement was successfully negotiated. The constitution amendments to increase the rights of minorities were passed. The leaders of the rebellion became political partners and participants in the ruling

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<sup>18</sup> The International Federation of Journalists (IFJ) and its European group, the European Federation of Journalists (EFJ), have published announcements considering Macedonia in several cases. For instance: IFJ/EFJ Condemn Continued Detention of Tomislav Kezarovski (25 July 2013), IFJ Condemns Media Ban in Macedonia Parliament (31 December 2012), IFJ and EFJ Support Campaign for Independent Journalism and Pluralism in Republic of Macedonia (7 July 2011).

<sup>19</sup> The index measures the state of press freedom in the world, reflecting the degree of freedom which journalist and news organizations enjoy in each country, and the efforts made by the state to respect and ensure respect of this freedom. A lower score indicates a higher degree of press freedom. Source: Reporters Without Borders.

coalition. The situation of the Albanians since 2001 can be summarized in the following formula: the rights of minorities are not as extensive as the Albanians would expect them to be, nevertheless the Albanians (maybe except for some extremists) are satisfied with their situation in the Republic.<sup>20</sup> Macedonia's citizens (including minority groups) may believe that in the future, the politically stable and economically secure Balkans without borders will rise.

Apart from equal political and cultural rights, discrimination in social and economic dimensions should not pose any problem. Some critics claim that Albanians are denied jobs or hindered career advancement. Political and social emancipation leads to the conclusion that the stabilization of the situation in Macedonia is only possible by providing the full balance of rights and obligations between the Slavic majority and the Albanian minority in all key areas. This refers especially to equality before the law, proper representation in the government (including local governments) and the power ministries (i.e. army and police), access to the mass media and the education system, etc. Today Albanians fully accept the Macedonian state, but equality is the condition. However, in the future, it may turn out that such cool acceptance of the state and the political system is not the same thing as successful integration of Albanians and Macedonians in the multi-ethnic and multi-cultural community of citizens.

## SOCIETY: EQUALITY AND WELFARE

In this section, we will look at specific indicators of Macedonia in the social sphere. *The 2013 Human Development Report*<sup>21</sup> presents *Human Development Index* (HDI)<sup>22</sup>

<sup>20</sup> Chronologically, the process of acquiring equal rights of Albanians in Macedonia looked as follows: from the latent conflict (because – according to the Albanians – their rights have been reduced in independent Macedonia in comparison to the situation in socialist Yugoslavia), through the violent armed conflict (severe crisis in 2001), to the delicate normalization (after the signing of the peace agreement).

<sup>21</sup> *Human Development Report* – a report published annually by the United Nations Development Program (UNDP). It was published for the first time in 1990. The report presents four indicators: [1] *Human Development Index* (HDI) – evaluates the quality of life in countries around the world, taking into account health, education, and income expressed in purchasing power, [2] *Inequality-adjusted Human Development Index* (IHDI) – a modified HDI index, lowering the assessment if the distribution of wealth in the society is uneven, [3] *Gender Inequality Index* (GII) – reflects the discrimination against women in the areas of health care, social status and the labour market, [4] *the Multidimensional Poverty Index* (MPI) – like the HDI, examines health care, education and standard of living, however, it is based on surveys of households.

<sup>22</sup> The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: *a long and healthy life, access to knowledge and a decent standard of living*. As in the 2011 HDR a long and healthy life is measured by life expectancy. Access to knowledge is measured by: 1) mean years of schooling for the adult population, which is the average number of years of education received in a life-time by people aged 25 and older; and 2) expected years of schooling for children of school-entrance age, which is the total number of years of schooling a child of school-entrance age can expect to receive if prevailing patterns of age-specific enrollment rates stay the same throughout the child's life. Standard of living is measured by Gross National Income (GNI) per capita expressed in

values and ranks for 187 countries and UN-recognized territories, along with the *Inequality-adjusted HDI* for 132 countries, the *Gender Inequality Index* for 148 countries, and the *Multidimensional Poverty Index* for 104 countries.

Macedonia's HDI ratio for 2012 is 0.740—in the high human development category – positioning the country at 78 out of 187 countries and territories. Macedonia is among the states classified as high human development countries. Between 2005 and 2012, Macedonia's HDI value increased from 0.711 to 0.740, an increase of 4% or an average annual increase of about 0.6%. Macedonia made progress in each of the HDI indicators. Between 1980 and 2012, Macedonia's *life expectancy at birth* increased by 5.4 years. *Mean years of schooling* was estimated from UNICEF's 2005 MICS and *expected years of schooling* increased by 2.5 years between 1990 and 2012. Macedonia's GNI (Gross National Income)<sup>23</sup> per capita increased by about 11% between 1990 and 2012.

Macedonia's long-term progress can be usefully assessed relative to other countries – both in terms of geographical location and HDI value. Macedonia's 2012 HDI of 0.740 is below the average of 0.758 for countries in the high human development group and below the average of 0.771 for countries in Europe and Central Asia.

Let us look at selected human development indicators of Macedonia against its neighbours. Let us start with education. According to UNESCO the *education spending* indicator – defined as total public spending on education measured in% of GDP – in Macedonia in 2012 was 3.5%, which is a significantly lower score than in the case of Serbia (4.7%), Bulgaria (4.6%) or Greece (4.1%). *Primary, secondary and higher school enrollment* indexes show that Macedonia gain shigher scores only in comparison with Albania. The mentioned scores are respectively: in the case of Macedonia – 88.0%, 81.7%, 33.6%; in Albania – 78.7%, 74.3%, 43.9%; in Serbia – 93.2%, 90.3%, 50.4%; in Bulgaria – 98.0%, 82.7%, 56.9% and, finally, in Greece – 96.6%, 91.0%, 72.4%. Interestingly, according to UNESCO in the case of Macedonia the *adult literacy rate* (97.3%) is distinctly higher than in Albania (95.5%) and slightly higher than in Greece (97.2%).<sup>24</sup>

Let us also look at the indicators relating to *life expectancy*.<sup>25</sup> As it has already been presented earlier, life expectancy in Macedonia is around 75 years, which is a significantly lower score than the average – 76.2 years – in the case of neighbouring countries. However, many social scientists believe that one of the most valuable human develop-

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constant 2005 international dollars converted using purchasing power parity (PPP) rates. To ensure as much cross-country comparability as possible, the HDI is based primarily on international data from the United Nations Population Division, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Institute for Statistics (UIS) and the World Bank.

<sup>23</sup> GNI (Gross National Income) is based on a similar principle to GNP. The World Bank defines GNI as "the sum of value added by all resident producers plus any product taxes (fewer subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad". (World Bank)

<sup>24</sup> *Adult literacy rate* in Serbia is 97.9%, in Bulgaria – 98.4%.

<sup>25</sup> Life expectancy at birth is the number of years a newborn infant would live in prevailing patterns of mortality at the time of its birth were to stay the same throughout its life. In comparison to Macedonia in neighbouring countries this indicator ratios as of 2012 are: in Albania – 77 years, in Serbia – 73.9, in Bulgaria – 73.5 and in Greece – 80.4. Source: World Bank.



ment indices (and even wider, civilization level) is the *infant mortality rate*. In the case of Macedonia, the figure is 8.7 deaths/1,000 live births, which is significantly better than in Albania (12.8) and Bulgaria (10.6), and the result is worse than in Serbia (6.1) or Greece (3.7) being well situated in this aspect of social development.<sup>26</sup>

The situation of young people is an important aspect of social development. The so-called *youth bulge rate* (i.e. male population 15–34 years old as the proportion of the total adult population) according to estimates by the UN World Population Prospects is now in Macedonia at the level of 18.8%. Among the neighbours of Macedonia, a higher value of this ratio is observed only in Albania – 21.7%.<sup>27</sup> Of course, a younger society is beneficial from the point of view of development and the economy of the country. However, if a large number of young people are unemployed, such a group may become a source of instability, unrest and even war as a consequence. Therefore, the high level of unemployment among young people is extremely dangerous. Such a situation is now typical for many countries, not only the Balkans.

We observe the high level of the youth *unemployment rate* in Macedonia. In 2010 it was over 30%. The higher rates than in Macedonia were in Spain, Slovakia, Estonia, Greece and Croatia. In the same year, Macedonia was on the 5th place in top 50 countries with the lowest youth employment-to-population ratios, achieving better results only in comparison to Namibia, Saudi Arabia, South Africa and Gabon. Only in the group 15–24, the unemployment ratio is 15.4%.<sup>28</sup>

Women in Macedonia enjoy the same legal rights as men, societal attitudes limit their participation in non-traditional roles, and women rarely participate in local politics. In Albanian Muslim areas, many women are subjected to proxy voting by male relatives. Thirty-four women were elected to the 123-seat legislature in 2011. Despite the ongoing implementation of a strategy against domestic violence, it remains a serious problem, as does the trafficking of women for forced labour and prostitution.

*The Gender Inequality Index* (GII) reflects gender-based inequalities in three dimensions – *reproductive health*, *empowerment*, and *economic activity*.<sup>29</sup> The GII shows the loss in human development due to inequality between female and male achievements in the three GII dimensions. Macedonia has a GII value of 0.162, ranking it 30 out of 148 countries in the 2012 index. In Macedonia, 30.9% of parliamentary seats are held by women and 72% of adult women have reached a secondary or higher level

<sup>26</sup> See also: CIA World Fact Book, in which the Macedonia gains an even better rate (8.11/1000) but still worse than EU countries average – 6.3/1000. Source: *World Fact Book*, CIA, at <<https://www.cia.gov/library/publications/the-world-factbook/fields/2091.html>>, 10 May 2014.

<sup>27</sup> *Youth bulge* in Serbia – 15.6%, Bulgaria – 15.2% and Greece – 13.9%.

<sup>28</sup> See: I. Ortiz, M. Cummins, *When the Global Crisis and Youth Bulge Collide: Double the Jobs Trouble for Youth*, UNICEF, February 2012, at <[http://www.unicef.org/socialpolicy/files/Global\\_Crisis\\_and\\_Youth\\_Bulge\\_-\\_FINAL.pdf](http://www.unicef.org/socialpolicy/files/Global_Crisis_and_Youth_Bulge_-_FINAL.pdf)>, 10 May 2014.

<sup>29</sup> *Reproductive health* is measured by maternal mortality and adolescent fertility rates; *empowerment* is measured by the share of parliamentary seats held by each gender and the attainment of secondary and higher education by each gender; and *economic activity* is measured by the labour market participation rate for each gender.



of education compared to 85.3% of their male counterparts. For every 100,000 live births, 10 women die from pregnancy-related causes; and the adolescent fertility rate is 17.8 births per 1000 live births. Female participation in the labour market is 42.9% compared to 68.9 for men.

Macedonia had worse results in *The Global Gender Gap Report 2012* by the World Economic Forum. Macedonia was ranked 61 out of 135 countries. What is even worse is the fact that the gender gap is deepening as compared to previous years, for example in 2009 – 53, in 2007 – 35, and in 2006 – 28. In the 2012 report the worst situation refers to *health and survival*. Macedonia was ranked 126 (!) out of 135 countries. The best result – the 45<sup>th</sup> place – Macedonia had for *political empowerment*. Generally speaking, *gender inequality* understood as the composite index that assesses countries of how well they divide their resources and opportunities among their male and female populations, regardless of the overall levels of these resources and opportunities, in the case of Macedonia came to 0.7% in the report.<sup>30</sup>

Social development prospects of Macedonia need analyzing the poverty issue. In the Human Development Report the *Multidimensional Poverty Index* (MPI) was introduced.<sup>31</sup> In Macedonia 1.9% of the population lived in multidimensional poverty while additional 6.7% were vulnerable to multiple deprivations. The intensity of deprivation – that is, the average percentage of deprivation experienced by people living in multidimensional poverty – in Macedonia was 40.9%. The problem of poverty is related to the issue of inequality in income distribution, which can be measured by the *Gini coefficient*. So, the *Gini index* (i.e. *Gini coefficient* re-calculated into %) measures the extent to which the distribution of income among individuals or household within an economy deviates from a perfectly equal distribution. The value increase of this factor means the rise of inequality of income distribution. Macedonia scores 43.2%, which clearly distinguishes this country from its neighbours: Albania (34.5%), Serbia (27.8%), Bulgaria (28.2%) and Greece (34.3%).

Among all the social problems in Macedonia, the largest one is unemployment<sup>32</sup>, which affects not only young people. The unemployment rate in Macedonia is at an incredibly high level – 31.3%. In comparison, in Albania, it is only 13.3%, in Bulgaria – 10.9%, in Greece – 24.4%, and in Serbia – 25.9%. Unemployment makes Macedonia a country with the highest so-called *misery index* developed by *The Economist* analysts. Shortly speaking, the misery index is the sum of unemployment and inflation. Macedonia is in the first rank out of 92 surveyed countries: it has more than 30% unemployment at 4% inflation. This gives Macedonia a total of 35 points.

<sup>30</sup> According to the *Gender Gap Index 2012* by the World Economic Forum. It is worth noting that this indicator has the same value in all countries neighbouring Macedonia.

<sup>31</sup> MPI identifies multiple deprivations in the same households in education, health and standard of living. The most recent survey data available for estimating MPI figures for Macedonia were collected in 2005.

<sup>32</sup> The International Labor Organization defines the unemployed as members of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work.

## SECURITY: PEACE AND STABILIZATION

According to *Global Peace Index 2013*<sup>33</sup> Macedonia took the 79<sup>th</sup> rank position out of 162 countries of the world in terms of peacefulness. This relatively low rank in the GPI and a weaker result than the indices of the neighbours including Kosovo may give rise to concern. What is the reason? The main cause for such a situation are the external factors which have been most important for Macedonia. The republic has suffered from poor relations with its neighbours. As we read: “in the shape of a territorial dispute with Greece and accusations that Macedonia is seeking to appropriate a part of Bulgaria’s history, leading foreign ministers from both EU countries to put off setting a date for opening EU-accession talks”. The internal strains between ethnic Macedonians and Albanians remain difficult, although a return to inter-ethnic armed conflict is unlikely.<sup>34</sup>

Macedonia is a country which in 1991 peacefully came out of the Socialist Federal Republic of Yugoslavia, formed a sovereign state and had been – until 2001 – the Balkan and European “stabilizer”, which was characterized by a partnership approach to its neighbours and a tolerant attitude towards national minorities living in Macedonia. These features characterized Macedonia’s foreign and domestic policy, which was an example of a multi-ethnic state. The young republic was perceived as steady and patient in the world. And stabilization – as the highest political value for the Macedonians – was the source of their willingness to compromise, partnership relations with its neighbours and the ability to share their meagre resources with even poorer people.<sup>35</sup> However, the Albanian insurgency “imported” from Kosovo in 2001 meant that Macedonia could become a spark that would lead to the explosion of the “Balkan powder keg”. But the state managed to survive the most difficult period when the country stood on the brink of civil war.

External factors are fundamental to peace and security in Macedonia. What was essential for The Republic was the recognition of its statehood, which was mainly due to the acceptance of the constitutional name of the state. The recognition by the world powers, especially the United States, was particularly important; even though the US delayed its decision owing to the effective operation of the Greek lobby in Washington. However, after this recognition in 2007, the absurdity of the chauvinistic policy of Greece was revealed, especially when one compares it with multi-ethnic, multi-lingual, multi-religious Macedonia. This example illustrates the main problem, that is, the negative impact of external factors on peace and security in Macedonia.

<sup>33</sup> The world’s leading measure of national peacefulness, the GPI measures peace according to 22 qualitative and quantitative indicators.

<sup>34</sup> See: *Global Peace Index 2013. Measuring the state of global peace*, Institute for Economics & Peace, at <[http://www.visionofhumanity.org/pdf/gpi/2013\\_Global\\_Peace\\_Index\\_Report.pdf](http://www.visionofhumanity.org/pdf/gpi/2013_Global_Peace_Index_Report.pdf)>, 10 May 2014.

<sup>35</sup> The evidence of that can be the fact that Macedonia gave shelter to thousands of refugees during the exodus of Kosovo Albanians in 1999.

Table 3. Macedonia according to the Global Peace Index 2013

Global Peace Index Indicators	Macedonia	Albania	Serbia	Bulgaria	Greece	Kosovo*
0.00 GPI Score Country / Rank 00 out of 162	2,04 / 79	1,96 / 69	1,91 / 62	1,66 / 34	1,96 / 68	1.97 / 72
Change in score	0.072	-0.002	0.006	-0.023	0.05	n/a
Combined Major Factors						
Militarization:	2.2	2.1	2.0	1.9	2.6	1.7
Society & Security:	2.5	2.7	2.6	2.1	2.4	2.6
Domestic & Int. Conflicts:	2.5	1.9	1.9	1.6	1.9	2.2

\* For the first time in the GPI report

Index description & methodology: lower value means “more peaceful”; higher value means “less peaceful”. Source: *Visions of Humanity*, Institute for Economics & Peace, at <<http://www.visionofhumanity.org/>>, 10 May 2014.

In the case of the Republic of Macedonia—in the domestic dimension—the higher values (greater than 2.5 on a 5-point scale, which means less security<sup>36</sup>) are obtained by such indicators as *access to weapons* (4)<sup>37</sup> (the same values as Albania) and *perceived criminality in society* (3) (like other neighbours, with the exception of Greece, where the rate is lower at 2). In the case of Macedonia the *security officers & police* index<sup>38</sup> reaches a higher value in comparison to the neighbouring countries. Another problem is the high probability of Macedonia's *violent demonstrations* (value=3), but, on the other hand, the same problem is more visible in Albania and Greece (as of 2012). Macedonia is a dangerous country if one believes the value of the *violent crime* index.<sup>39</sup> It is a peculiar feature of the region. In the case of Skopje, the value of the *political instability* index is relatively high (2.8).<sup>40</sup>

The complex issue of security of Macedonia in the international arena is well illustrated by the high (3.3) ratio of *UN peacekeeping funding* index which is a calculation of the percentage of the country's outstanding contributions versus the annual assessment to the budget of the current peacekeeping missions. The sophisticated relationships

<sup>36</sup> Above 2.5 in a 5-degree scale: ranked 1-5 (very low-very high) by Economist Intelligence Unit analysts.

<sup>37</sup> Defined as qualitative assessment of the accessibility of small arms and light weapons.

<sup>38</sup> It refers to the civil police force as distinct from national guards or local militia.

<sup>39</sup> Defined as qualitative assessment of the level of violent crime within the country.

<sup>40</sup> According to EIU – “qualitative assessment of the political instability within the country addresses the degree to which political institutions are sufficiently stable to support the needs of its citizens, businesses and overseas investors”.

with Macedonia's immediate international surroundings are supported by the qualitative assessment of the *neighbouring country relations* (ratio=3). The only country that has equally bad relations with neighbours is Serbia. However, Macedonia did not wage a war in the post-Yugoslav area during the 1990s. Macedonia – as well as Bulgaria and Albania – has high rates in terms of *conflicts fought*, i.e. conflict defined as a contested incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle deaths in a year.<sup>41</sup>

It is worth presenting the structure of the conflicts in which Macedonia has been involved in the last decade. A useful source of such knowledge appears in the reports of a series entitled *Conflict Barometer*<sup>42</sup> compiled by the Heidelberg Institute for International Conflict Research. In the analyzed reports Macedonia occurs really often, which means that most conflicts are the long-term ones and most of them started in 1991 and were relatively intensive. It is indicated by the presence of 9 crises, but on the other hand, it was not admitted, even in 2001, that there was any conflict defined as a severe crisis or war.

The most common conflict items<sup>43</sup> in the case of Macedonia were aspirations for autonomy (and even secession) from the Albanians (13 times), but also the country's name dispute with Greece (9 times). Moreover, Macedonia and Greece were often referred to as the most common conflict parties. In the case of conflict intensity in 2001–2012, cumulative values indicate that conflicts between the Albanian minority and Macedonian government had the fiercest course. A disturbing fact is an increasing level of violence in the case of the clash. The conflict between the Albanian minority and ethnic Macedonians, which started in 1991, escalated to a "crisis" in 2012. Some detailed information in this regard is presented in the chart below.

The situation of Macedonia in terms of peace and security is also reflected by other indicators related to social opinions and attitudes. For instance, the *hostility to foreigners* index, i.e. qualitative assessment of the level of hostility to foreigners/private property.<sup>44</sup> In the case of Macedonia this indicator is on average ratio which is 2.0. Another indicator – *willingness to fight* (qualitative assessment of the willingness of citizens to fight in wars)<sup>45</sup> – in the case of Macedonia is at a relatively high level – 3.0, but the same indicator ratio for Greece is 4.0.

<sup>41</sup> Source: 'Macedonia, FYR', *UCDP Conflict Encyclopedia*, Uppsala Universitet, at <[http://www.ucdp.uu.se/gpdata/gpcountry.php?id=98&regionSelect=9-Eastern\\_Europe](http://www.ucdp.uu.se/gpdata/gpcountry.php?id=98&regionSelect=9-Eastern_Europe)>, 10 May 2014.

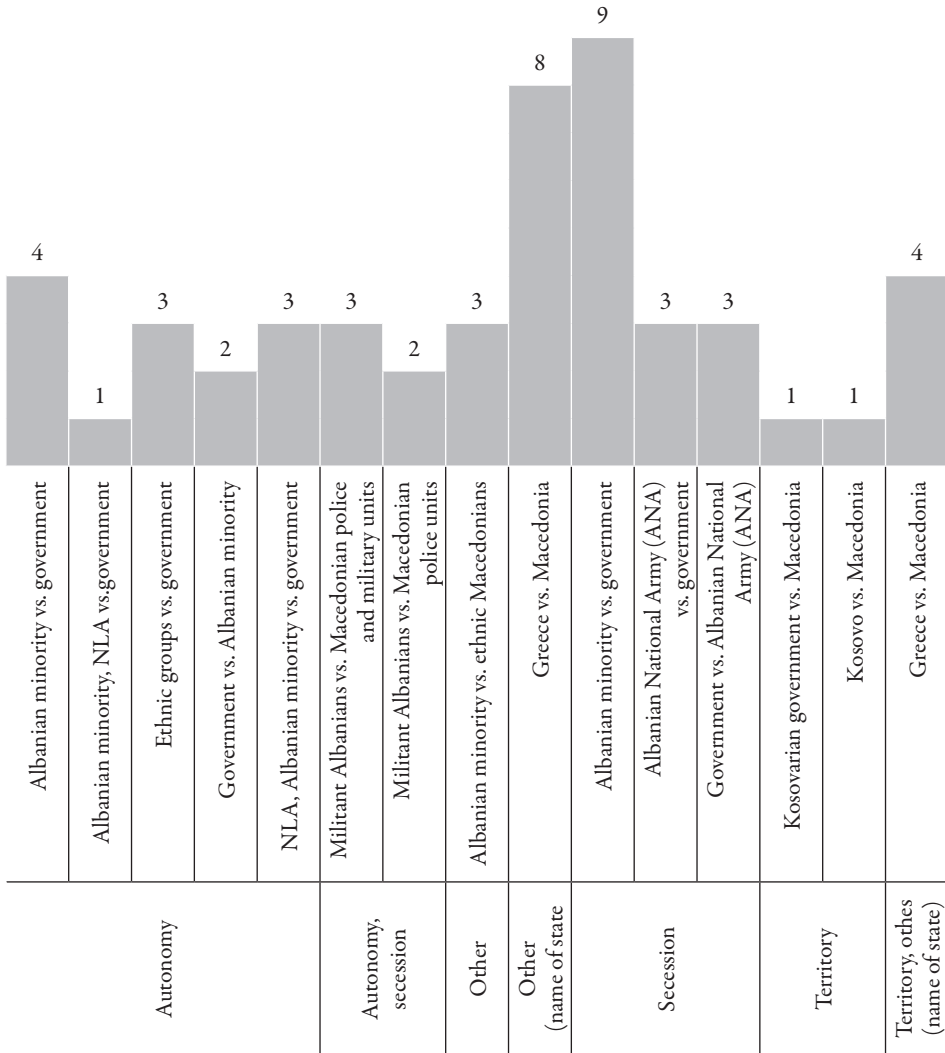
<sup>42</sup> The authors of the report define conflicts as "the clashing of interests (positional differences) over national values of some duration and magnitude between at least two parties (organized groups, states, groups of states, organizations) that are determined to pursue their interests and win their cases".

<sup>43</sup> Among "conflict items" in the methodology of *Conflict Barometer* there are: "territory", "secession", "decolonization", "autonomy", "system/ideology", "national power", "regional predominance", "international power", "resources" and "others".

<sup>44</sup> Scored 0-4 by EIU analysts.

<sup>45</sup> Ranked 1-5 (very low to very high) by EIU analysts.

Chart 1. Intensity, items and parties of the conflicts in Macedonia in 2001–2012



It seems useful to confront the last indicator with the measurement of the social willingness in acting for peace. Such a phenomenon can be evaluated in asynthetic way by the *Positive Peace Index* (PPI)<sup>46</sup>.

<sup>46</sup> Which is a measure of the strength of the attitudes, institutions, and structures of 126 nations to determine their capacity to create and maintain a peaceful society. Positive peace is a proxy to measure institutional capacity and resilience or vulnerability against external shocks. The index is composed of 24 indicators with three indicators in eight domains. The scores are between 1 and 5, with a score closer to 1 representing higher positive peace. The PPI is based on the Pillars of Peace framework and has eight pillars or domains.

Table 4. Positive Peace Indicators: Macedonia and its neighbours<sup>47</sup>

2013 Positive Peace Indicators (PPI)	Macedonia	Albania	Bulgaria	Greece
Overall PPI score	2.751	2.810	2.493	2.229
PPI rank	50	52	39	33
<b>8 Pillars of Peace</b>				
Well Functioning Government	3.665	3.656	3.519	2.520
Sound Business Environment	2.666	3.349	3.106	2.843
Equitable Distribution of Resources	1.844	1.608	1.643	1.262
Acceptance of the Rights of Others	2.341	2.497	1.904	1.921
Good Relations with Neighbours	2.761	2.563	1.882	2.068
Free Flow of Information	2.796	2.892	2.059	2.116
High Levels of Human Capital	3.009	2.874	2.730	2.081
Low Levels of Corruption	3.688	3.853	3.424	3.047

The scores are between 1 and 5, with a score closer to 1 representing higher positive peace

The most important factor in enhancing the security of the Macedonian state is the process of integration into the Euro-Atlantic structures. Macedonia was already a reliable partner of NATO, and a logistics base for NATO forces operations in Kosovo, therefore it should be invited to join the alliance, which would be the best guarantee of stability in the region. An international pact for Macedonia is necessary to work out a formula for faster integration with NATO. Partnership for Peace is not enough. It is also necessary to fast-track the implementation of stabilization and association agreements with the European Union. The purpose of such activities is not only the comprehensive assistance to the country, but strengthening the peaceful attitudes of Macedonians and building the civil society based on individual rather than collective rights of ethnic groups. However, the task of the Macedonian government is to create a public platform in the form of a social contract, which will be worked out, for example, in the “national reconciliation committee”, composed of representatives of all political forces of the country.

The international community has a debt to pay to Macedonians for their important contribution to maintaining peace and stability in the Balkans, for democratic changes and loyalty to united Europe. Macedonia, unfortunately, was regarded as one of the former republics of Yugoslavia for too long. In the meantime, it deserved more. Its diplomatic recognition had been delayed for years, which was against the recommendation of prominent European lawyers. Until the present day, the recognition of its constitu-

<sup>47</sup> Due to low data availability, Serbia and Kosovo (and other 34 countries) could not be included in the PPI in 2013.



tional name—the Republic of Macedonia – has been blocked. The Republic waited too long to sign the association agreement with the European Union, while other countries in the region, with a similar level of development, received the associate status a few years earlier. The Republic of Macedonia did not receive any compensation under Article 50 of the Charter of the United Nations<sup>48</sup> for the loss arising from economic sanctions against former Yugoslavia. Macedonian military capabilities were also neglected. The international community must fix these errors today. However, there is still no clear vision and thought-out strategy. The international level decisions that will contribute to the reconciliation of the conflicting community of Slavic and Albanian groups in Macedonia are needed. So far, the Euro-Atlantic integration perspectives have been offered to stable and economically well-developed countries. Macedonia is the first country to which this rule was violated. The international community, especially the EU, must learn the lessons of the wars in the Balkans: it is cheaper to prevent ethnic conflicts than to come to their rescue when they explode. That is why it is so important for Macedonia to be included in the effective and precise (in terms of schedule) process of the European integration. Ordinary Macedonians should feel that they are not left on their own, outside the European Community. Peace and stability in Macedonia (and the whole Balkan region) will be affected by the Macedonians' conviction that Brussels will help in case of a conflict with the Albanian minority. Macedonians cannot feel lonely any longer. The EU and NATO must guarantee the permanence of borders and territorial integrity of Macedonia, and – what seems to be most difficult – must convince the Greeks to change their attitudes towards Macedonia and the Macedonians.

## CLOSING REMARKS

The impact and cognitive value of the indicators present in international reports and used to evaluate certain countries is a complex issue. Some recommendations, proposals, and the value of indicators presented in the reports can help the desired reforms in Macedonia as they did in the case of *Doing Business* reports. However, unfavourable parameterization may in turn discourage investors and worsen the country's image in the international arena. In the case of Macedonia one can observe noticeable differences between “hard” quantitative data and indicators that are usually good and “soft”, i.e. the results of qualitative studies or surveys which tend to give poorer results. According to the data published in the analyzed reports, the Republic of Macedonia – in the market, social, political and international dimensions – can be described in three general formulas. Macedonia is *a country with a high degree of economic freedom on a stable path of*

<sup>48</sup> “If preventive or enforcement measures against any state are taken by the Security Council, any other state, whether a Member of the United Nations or not, which finds itself confronted with special economic problems arising from the carrying out of those measures shall have the right to consult the Security Council with regard to a solution of those problems.” See: *Charter of the United Nations*, ‘Chapter VII: Action with Respect to Threats to the Peace, Breaches of the Peace and Acts of Aggression’, UN, at <<http://www.un.org/en/documents/charter/chapter7.shtml>>, 10 May 2014.

*development but threatened with high unemployment and social perception of corruption. Macedonia is also presented as a flawed democracy, which is – wrongly – accused of drifting towards nationalism and ethnic clash. Moreover, Macedonia is portrayed as a country committed to affirmative action in favour of peace and stability in the region, which is, however, threatened by Greek blackmail in the international arena.*

Among the strengths of Macedonia – in the economic sphere – the excellent geo-strategic location is worth mentioning. Moreover, the international agreements signed by Skopje provide potential investors with access to the 650-million consumer market. Macedonia – as confirmed by the latest report *Doing Business 2014*<sup>49</sup> – offers excellent conditions for business: low tax rates, fast and very simple business registration, favourable infrastructure (especially in telecommunications) and young, dynamic and success-oriented workforce. The economic performance of the Macedonian economy is expressed through stable GDP growth,<sup>50</sup> low inflation rate on average in the past 10 years<sup>51</sup>, fiscal discipline confirmed by the international financial Institutions and the well-functioning coordination between fiscal and monetary policy. The major limitation, however, is high unemployment and – a thing which is often declared in opinion polls – the omnipresent corruption.

The example of Macedonia is a proof of how much can be achieved when Europe and the U.S. work together to promote democracy, justice and reconciliation. In the aftermath of the war in Kosovo in 2001, Macedonia nearly plunged into the turmoil of ethnic violence that characterized most of post-Yugoslavia states in the 1990s. Peace was possible thanks to preventive diplomacy backed by the military force, which led to a historic agreement signed in Ohrid. The success was achieved owing to a combination of diplomatic leadership of the United States, European Union's involvement and NATO military force, enabling Macedonia to reject violence and ethnic hostility in favour of peaceful reconciliation and democratic reform. Therefore, it is false to believe that the Balkans are permanently doomed by the clash of civilizations, "vulgar Huntingtonism" i.e. dangerous determinism, according to which Balkan countries are fated to domination of the all-powerful civilization based on culture or religion. The other scenario for the Balkan countries is possible, although the road to modernization is difficult, as it is marked by terrible acts of violence. That is why it is so difficult to convince the peoples of the Balkans today of the values of multi-ethnicity and multi-culturalism. On the bleak and bloody Balkan map, however, multi-ethnic and multi-cultural Macedonia is without any doubt – despite the events of 2001 – a unique country which deserves special respect and protection from the international community.

<sup>49</sup> According to a recent report, Macedonia is ranked 25th in the world rankings, which means the promotion of 11 position in comparison to previous year. 'Doing Business in Macedonia, FYR' (*Doing Business 2015: Going Beyond Efficiency*), International Bank for Reconstruction and Development/The World Bank, at <<http://www.doingbusiness.org/data/exploreeconomies/macedonia-fyr>>, 10 May 2014.

<sup>50</sup> Real GDP Growth (%): 2007: 6.1%, 2008: 5.0%, 2009: -0.9%, 2010: 2.9%, 2011: 3.1%, 2012: 0.2%. Source: State Statistical Office, National Bank of the Republic of Macedonia.

<sup>51</sup> Annual inflation (%): 2007: 2.3%, 2008: 8.3%, 2009: -0.8%, 2009: 1.6%, 2010: 3.9%, 2011: 3.3%, 2012: 3.3%. Source: State Statistical Office, National Bank of the Republic of Macedonia.

The fundamental issue of the identity of Macedonia is related to a symbolic discourse. The question of the republic's name brings a whole range of problems. International observers of the Balkan political scene often pretend not to see the problem of the disastrous attitude of Greece towards Macedonia. Skopje is blackmailed by Athens – if Macedonia does not change its name, Greece will block its Euro-Atlantic aspirations. The problem is long-term and deep. Greek demands are not limited to the republic's name change in international relations, bilateral or international organizations. Macedonia is continually forced to change its constitutional name. The problem is so profound that the Macedonian negotiations with Greece is a myth. In fact, Greece negotiates the key Macedonian issue with the U.S. and some European Union members. The gross injustice lies in the fact that Macedonia is not actually a party of the negotiations, it is marginalized and faced with *faits accomplis*.<sup>52</sup> The consequences of this situation are very dangerous. In the internal situation, the unsolved name dispute threatens with the revolt of minorities, mainly ethnic Albanian, insisting on rectifying the situation. At the international level, the Greek attitude results in excluding Macedonia from the mainstream of international affairs. Although the international community actually treats the Greek behaviour as unforgivable and destructive, it usually takes the side of Athens in the dispute with Skopje. The reason is that Greece is a richer country, a key member of NATO and an important trading partner of many countries. Macedonia, by comparison, has a very limited meaning and impact on the international stage. The only hope for the Republic is to affect policy makers worldwide through international public opinion and further actions against the Greek position in various multilateral institutions.<sup>53</sup>

The internal reconstruction of the state, which—along with the adoption of the Ohrid agreements, and as a consequence, the adjustment of the political system – is being accomplished. Macedonian *raison d'État* requires uncompromising actions to preserve the territorial integrity of the country. That is why the amendments to the constitution, according to which all the people living in this country can feel Macedonian, are so important. One cannot lose sight of the internal success of Macedonia. After the elections of 2002, the government coalition included Albanian parties which renounced violence in favour of a democratic process, which fundamentally changed the Macedonian society. Nowadays Macedonia fully recognizes the cultural and linguistic rights of ethnic Albanians, who have full access to employment in government institutions. The fundamental challenge for the state is also the transformation of the police and armed forces, and beginning a resolute fight against corruption and organized crime. However, a necessary measure to strengthen the Macedonian statehood is the widely recognized republic (in its current borders) in the international arena and its integration with international organizations: NATO and the EU. In fact, the membership in these organizations should have been offered to Macedonia a long time ago.

<sup>52</sup> S. Vaknin, *Macedonia: A Nation at a Crossroads*, ed. by L. Rangelovska, Skopje 2009 (*Project Gutenberg*, 30151), at <<http://www.narcissistic-abuse.com/macedonia.pdf>>, 10 May 2014.

<sup>53</sup> *Ibid.*

Macedonians are persistent and patient. Despite many difficulties, the Macedonian nation has a sense of national uniqueness and identity. The priority of all subsequent governments is – apart from stimulating the economic growth – enhancing the Macedonian identity. What proves the success in this process is the fact that the Bulgarians, who for years have firmly denied the existence of the Macedonian nation, arguing that the language and culture of Macedonians are in fact Bulgarian in nature – are gradually changing their position. But there is still a need for the Albanians in Macedonia to learn to love their country and for the neighbouring Greeks to stop hating it.

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