

## Knowns and Unknowns — Implications for the Future

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The establishment, in January 1993, of the Barents Euro-Arctic Region has raised a number of questions on different levels — questions that are both of general and more scientific interest. They concern the history that led to the establishment of the region as well as the short and long term political motives behind the Norwegian initiative to propose the formation of a new region. They may also concern the future prospects of the region. Issues such as these are all of interest to a social scientist. It is important to seek knowledge about how regions emerge; if and how they can be deliberately created, if and how the development of the region can be stimulated by various policy measures, etc.

There may be various motives behind research about issues such as these. Research might be geared to produce knowledge that can be of *direct* use in the (physical) development of the region, but an equally important and interesting approach is to use scientific investigations in an effort to gain a general understanding of the conditions of regional development. Today, when European integration is a central issue on the political agenda, both of these approaches are important.

The chapters of this book discuss a number of — but far from all — interesting issues related to the establishment and further development of the Barents Region. What is said by the different authors basically relates, in one way or another, to the

very important issue of national security. The implications of what is said mainly has a bearing on our understanding of regional development in general rather than indicating specific political decisions necessary for the development of the region.

#### REASONS FOR THE FORMATION OF THE NEW REGION

Quite obviously, the recent awakening to issues of East-West economic co-operation was instigated by the break-down of the Soviet political system. However, it has long been equally obvious to observers of the Soviet Union that the economic problems caused by an inefficient resource allocation and use had successively weakened the system and had, in fact, long ago opened it up to initiatives of economic co-operation. Some western entrepreneurs and large corporations also took advantage of this opportunity long ago and exploited profitable business relations with representatives of the existing Soviet state enterprise sector. With a more open-minded attitude from the west the process of transition to a more resource efficient economy in Eastern Europe might perhaps have been started at a much earlier stage. But the chill of the Cold War effectively held back initiatives in this direction.

The development in the Soviet Union has of course been of decisive importance to the “peaceful revolution” we are just witnessing in Eastern Europe. With Gorbachev’s coming to power and the launching of *perestroika* a process was set in motion in the Soviet Union that was much more fundamental and powerful than most people could envisage at the outset. Suddenly the crisis of the Soviet economy stood out in its full austerity. It also soon became clear that the existing centralist political system was not capable of adapting to — much less forming — the rapidly emerging new social environment. One reason for this inability was the severe opposition from members of the “nomenklatura” who would not see their privileges taken away. But the inability to adapt to the new political situation and the reform demands from the economy must ulti-

mately be attributed to the inherent reluctance on the part of the Soviet Communist Party to accept a pluralistic democracy and abandon the system of central planning.

At the end of the 1980s it was already evident that the Soviet system would never again become what it used to be and that it might, in fact, be entirely overthrown by its internal political and economic dynamics. At this time many governments in the West started to see the unprecedented opportunities for a more peaceful — and profitable — development of the interactions with the Soviet Union and other east European countries. Whether or not this whole development is the result of a conscious effort led by the Western World to chase the Communist World to its ruin by an intensified armaments race will never be possible to ascertain, but, if effect, this is what happened. This is also the fact that has opened the unique opportunity that now exists to bridge the East-West divide and to create a new, more secure environment and better conditions for a prosperous socio-economic development both in the West and in the East.

But a consequence of this lethal armaments race which, in reality, was won by the West already by the end of the 1970s, if not earlier, is a seriously disorganized East European society where economic problems threaten to lead eventually to a total disintegration with potentially disastrous global consequences. Thus, we are faced with an extremely hazardous situation which requires a serious and careful, large-scale and long-term commitment from the whole Western World in order to alleviate as soon as possible the harsh conditions for the population in Eastern Europe and turn the socio-economic development onto the road of growth and sustainability.

The creation of the Barents region should be seen as a concrete step in the direction of such a policy of sustainable development applied to a sparsely populated region with extreme natural conditions, traditionally constituting a problem to the central governments concerned. As has been pointed out by several authors in this book, the Norwegian Foreign Minister Thorvald Stoltenberg took a bold and visionary step in pro-

posing the establishment of this transnational regional co-operation project in the European north. Realizing at an early stage the potential benefits of the emerging opportunity, or rather this composite set of opportunities, he ventured at a high personal political risk to launch a project that may prove conducive to the solution of several interrelated development problems in the area. The venture was a success in as far as it led to the formal establishment of the Barents Euro-Arctic Council. What now remains to see is whether this venture will be successful also in terms of achievements of the goals stated in the Kirkenes agreement of 11 January 1993.

#### OBSTACLES IN THE WAY OF A POSITIVE DEVELOPMENTS IN THE BARENTS REGION

The obvious and overwhelmingly serious obstacle in the way of a positive development in the Barents Region is the social and economic problems besetting its Russian parts. These are problems that might — if they are not adequately solved — threaten the whole co-operation project.

The huge gap in living standards between the Nordic countries and Russia is a serious threat in itself. It is essential that an economic development programme bringing clearly visible benefits — however small they may be — to the Russian population is achieved in the near future. In order to set this process in motion a number of interrelated actions have to be taken. Basically all infrastructure and constructions are badly in need of improvements. Especially, good quality communication networks (telephone and computer hardware) as well as road and car service operations should be expanded. There is also a striking need to improve practical competence relating to the operations of the market, business management, and foreign languages. Measures must also be taken in order to facilitate and stimulate Russian business contacts with western enterprises. In this context one should, however, remember that it will probably take a long time before normal business relations have been established between firms in the Russian domestic

market and even longer before an integration of Russian business firms into the western market network has been achieved.

Thus, what are needed are institutional changes affecting the conditions for the operation of the Russian economy. Such changes cannot be achieved in a short time. The introduction of market relations between different agents in the economic system requires a series of institutional changes which are normally happening slowly and incrementally. What is required is a political climate that should be favourable to market oriented institutional changes and legitimate political governance capable of taking and implementing decisions with the aim to creating a normal market business infrastructure (including laws regulating business operations and the redistribution of income).

To prescribe the exact sequence in which different (necessary) political decisions should be taken is a futile exercise. In a political climate favourable to market reforms and with the emergence of new economic agents in the new Russian market system, these institutional changes will be proposed in due course. The process might, however, be efficiently supported by contributions from the outside whenever there is a suitable opportunity. This would probably be the most efficient way to secure prosperous development of the Barents Region.

#### PREREQUISITES FOR COPING WITH THE CHALLENGES

A large number of favourable prerequisites for the achievement of a positive development of the Barents Region have been discussed in this book. The regionalization tendencies prominent in the European integration process implying a much more dominant position for regional decision-making, the demands for a reduction of the threats to national security posed by the very existence of the concentrated nuclear armaments in the Arctic Sea rim, the existence of a potentially large market for consumer goods, the rich natural resource endowments (especially the oil and gas finds on the Barents Sea

shelf), the necessity to ameliorate the severe environmental problems in the Russian part of the region, the existence of a large number of well-educated small business entrepreneurs and the fact that the location decisions of the knowledge-intensive new service industries characterizing the post-industrial economy are becoming increasingly insensitive to geographical distance are all factors which speak in favour of a successful development of the Barents Region project.

On balance it seems that the potential benefits from a concerted effort to engage in "Barents affairs" far outweighs the potential costs that might follow from misjudged opportunities or failures. A simple-minded calculation like this clearly indicates that many of the measures discussed or proposed in the various chapters of this book as a means to further the sustainable development of the Barents Region will indeed be taken.

What will actually happen in the Barents Region will largely depend on the internal political development in Russia. If the present openness towards the West prevails the prospects for the new region in the north seem bright. However, if the influence of extremist political forces in Russia, such as the ultra-nationalists, continues to grow one should expect that new barriers between the West and the East will appear.

After the 1993 parliamentary elections in Russia it became obvious that extreme nationalism was a force that should not be neglected. The strong electoral support for Zhirinovsky's liberal democrats indicated a wide-spread dissatisfaction with the economic reforms which were introduced on the advice of Western neo-liberal economists. It appears that anti-Western sentiments have recently grown in Russia. In one way or another Russian nationalism will continue to influence Russian politics. A "worst scenario" would be that the ultra-nationalists take over the political power, due to the fatigue of the President, or after the next presidential elections. A much more likely scenario, however, is that the political groupings in the centre feel forced to include nationalistic elements in their policy programmes. A shift in political life towards the reassertion of Russian national values seems probable.

All this would appear to indicate that certain barriers between the western and the eastern parts of the Barents Region will remain for some time yet. For how long this barrier will impair the region's development depends entirely on how quickly economic reforms in Russia will produce positive effects for the people's standard of living.

#### THE TASKS FOR FUTURE JOINT RESEARCH

We must not forget certain relevant issues of central importance to the development of the Barents Region that have not been discussed in this book, such as the position of the indigenous populations, the role of multinational corporations and the significance of industries such as fishing and fish processing. These issues naturally deserve our serious attention, as does the military sector in the Murmansk region and its significance for the development of the Russian part of the region.

However, a number of problem areas related to the development of the Barents Region have been discussed on the pages of this book. In light of what has been said above it could be argued that the most fruitful results of a continued research can be expected from studies of institutional changes in Russia and how such changes might further the transition to a market economy. Another interesting area for intensified research is the economic interaction and collaboration between enterprises in the western part of the Barents Region and Russian enterprises. To understand the ongoing process it is also necessary to investigate how political actors in the region conduct their work. There is, accordingly, a clear case for continued multidisciplinary and internationally based research about the Barents Euro-Arctic Region.