



PRESADZOVANIE MÄKKEJ SILY A KULTÚRNEJ DIPLOMACIE V SÚČASNÝCH MEDZINÁRODNÝCH VZŤAHOCH: PRÍPAD SLOVINSKA A ESTÓNSKA

ENFORCEMENT OF SOFT POWER AND CULTURAL DIPLOMACY IN CONTEMPORARY INTERNATIONAL RELATIONS: THE CASE OF SLOVENIA AND ESTONIA

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Predkladaný článok analyzuje prvky moderného diplomatického prostredia, ktoré viedli k zvýšeniu významu mäkkej sily v medzinárodných vzťahoch. Zaoberá sa efektívnou verejnou diplomaciou ako mechanizmom na presadzovanie tejto sily. Vychádza z definície kultúry ako zdroja mäkkej sily a pojednáva o nástrojoch kultúrnej diplomacie ako aj o pokusoch merať mäkkú silu a kultúrnu diplomáciu. V empirickej časti článku sa skúma stav základných podmienok mäkkej sily a hlavné charakteristiky inštitucionálnej podpory kultúrnej diplomacie v Slovinsku a vo zvolenej porovnateľnej krajine – Estónsku. Analýza ukazuje, že Slovinsko disponuje veľmi slabými politickými, ekonomickými a sociálnymi základmi na presadzovanie mäkkej sily resp. kultúrnej diplomacie. Na záver článok identifikuje implikácie a odporúčania pre slovinských politikov.

Kľúčové slová: mäkká sila, verejná diplomacia, kultúrna diplomacia, medzinárodné vzťahy, Slovinsko, Estónsko.

In this paper we present the elements of the modern diplomatic environment that have led to the greater importance of a nation's soft power in international relations. We focus on efficient public diplomacy as a mechanism for the enforcement of this power. We define culture as a source of soft power and discuss the instruments of cultural diplomacy, as well as

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the existing attempts towards measuring soft power and cultural diplomacy. In the empirical part of the paper we explore the state of the basic conditions for soft power and the main characteristics of institutional support for cultural diplomacy in Slovenia and in a comparable country – Estonia. The analysis shows that Slovenia has very weak political, economic and social foundations for the enforcement of soft power and cultural diplomacy, respectively. Some implications for Slovenian policymakers are identified in the conclusion of the paper.

Key words: soft power, public diplomacy, cultural diplomacy, international relations, Slovenia, Estonia.

JEL: F02, F68, Z18

1 INTRODUCTION

The end of the Cold War, globalisation and the associated communications revolution announced the start of a new era of international relations in the world. These changes called for a revolution in diplomatic affairs, since it was recognized that information and power² are increasingly intertwined (Ronfeldt and Arquilla 2009, p. 352). The new (innovative) concept of diplomacy³ started to emphasise the importance of engaging with non-state actors in a way which focused on cooperation, shared interests and common goals. Governments began to utilize public diplomacy as means to cultivate public opinion abroad and to further the aims and execution of foreign policies (Cull 2009, p. 19). Soft power, the ability to affect others by attraction and co-option to obtain desired outcomes (Nye 2004) has become an important counterweight to hard power, the power of coercion and inducements (see Dahl 1957). Soft power strategies, which avoid the traditional foreign policy instruments of carrot and stick, working instead to affect the preferences of other actors by using networks, developing and communicating compelling narratives, establishing international norms, building coalitions, and drawing on the key resources that endear one country to another, were recognized as a "pull" dimension of diplomacy (Nye 2011, p.13). Apart from political values and foreign policy with internationally consented credibility and moral authority, culture was described as an important source of a nation's soft power. Since intercultural contacts have increased exponentially over the last decades, cultural diplomacy has become a significant course of actions to achieve international objectives by promoting intercultural understanding. Thus, cultural diplomacy was labelled as a linchpin of public diplomacy (U.S. Department of State 2005).

The purpose of this paper is to present the concepts and the importance of enforcing soft power and cultural diplomacy in the contemporary international relations. We claim that a deliberate framework and enforcement of cultural diplomacy

² In international politics, having power means having the ability to influence other entities to act in ways in which those entities would not have acted otherwise (Wilson, 2008, p. 114).

³ See Murray (2008) for a comparison between three main schools of thought on diplomacy – traditional, nascent and innovative.

is especially important for states with little coercive power and scarce resources to use as inducements. Slovenia, as a small state that began its path of independence only two decades ago, belongs to this group of states. The theoretical part of the paper presents the modern diplomatic environment, the concepts and instruments of soft power, public diplomacy and cultural diplomacy, as well as the existing attempts towards measuring soft power and cultural diplomacy. The empirical analysis explores Slovenia's comparative positions with regards to political, economic and social potentials for the enforcement of soft power and cultural diplomacy. The developmental path, institutions and the policies of the selected comparable state – Estonia – can be used as examples of good practice. The conclusion of the paper gives some implications for Slovenian policymakers, in line with the findings of our analysis.

2 THE MODERN DIPLOMATIC ENVIRONMENT

The diplomatic environment of the 21st century is marked by complexity, change and uncertainty. These characteristics are the consequence of the global transition of international politics, which is being driven by four primary factors: diffusion of power, development of information-communication technology (ICT), the rising influence and prevalence of international networks and the decline of traditional propaganda (McClory 2011, p. 8). The diffusion of power is happening on two fronts: power is seen to be moving between states, apparently shifting the global centre of power from West to East; at the same time, power is perceived to be dispersing, away from states altogether and toward non-state actors as they play more significant roles and wield greater influence in world affairs (Nye 2011b).⁴ The speed at which information is disseminated throughout the globe and the subsequent democratisation of access to that information creates a more informed – and increasingly activist – global public. The rapid movement of information across networks⁵ has made individuals more powerful than they have been at any point in history (Cull 2011, p. 2). Governments no longer have the luxury of offering domestic audiences one message whilst feeding another to the international community (Van Staden 2005). With information speeding across borders, the inconsistencies between a state's policy and its effective messages are more conspicuous.

The overarching implication of these shifts and the challenges they present is that affecting global change now requires a cooperative approach built on credibility, whereby wider audiences are not only reached, but engaged as actors and potential collaborators. In this new global political, economic and social environment diplomats are becoming boundary spanners, integrating the different agendas and actors of this

⁴ As Khanna (2011, p. 22) noted, contemporary diplomacy is no longer a stiff waltz among states alone, but a jazzy dance of colourful coalitions.

⁵ International networks may comprise a diverse set of actors including states, civil society groups, non-governmental organisations (NGOs), multilateral organisations and even individuals.

new diplomatic environment (Hocking et al. 2012, p. 5). Such integrative diplomacy involves an understanding of the changing patterns of diplomatic communication and stresses the importance of collaboration between professional diplomats and the representatives of a variety of international actors. The concept of soft power – and by extension public diplomacy – becomes more central to the wider discourse on foreign policy.

3 THE CONCEPT OF SOFT POWER AND THE ROLE OF PUBLIC DIPLOMACY

As International Relations studies evolved and expanded during the 20th century, competing schools of thought challenged the realist perspective and its rigid interpretation of power in international politics.⁶ This expansion, and the subsequent development of a diverse set of theoretical approaches, has led to an extremely competitive environment. Thus, according to Nye (2011b), no single definition of power suits all purposes. By defining power as influence over others, types of power have been recently split into two categories: hard and soft.⁷

Hard power relies on strategies like military intervention, coercive diplomacy, and economic sanctions (Wilson 2008); soft power, on the other hand, is the ability to affect others to obtain preferred outcomes by the co-optive means of framing the agenda, persuasion and positive attraction (Nye 2011b). The literature on soft power contains ample discussion on the constituent parts that led to its creation. Nye (2004) has pointed to three primary sources of soft power: political values, foreign policy and culture.

Efficient public diplomacy, as a tool for the assertion of soft power, has been quickly becoming a necessary condition of success in diplomacy (Melissen 2011, p. 2). It is based on dialogue rather than monologue and it is aimed at long-term relationship-building. Public diplomacy's trinity of activities – news management, strategic communication and relationship building – emphasise long-term activities designed to open up one country to another, rather than project an image or message for immediate consumption (Bound et al. 2007, p. 25). Leonard et al. (2002, p. 9-10) outlined the four purposes of public diplomacy in the 21st century: increasing familiarity – making people think about your country and updating their image of it; increasing appreciation – creating positive perceptions of your country and getting others to see issues from your perspective; engaging people – encouraging people to see your country as an attractive destination for tourism and study, encouraging them to buy its products and subscribe to its values; influencing people's behaviour – getting companies to invest,

⁶ According to the realist perspective, only the most tangible components of power are worthy of consideration in international politics: military resources, population, territory, GDP, etc. (see Dahl 1957).

⁷ Wilson (2008, p. 115) is speaking also about smart power, the capacity of an actor to combine elements of hard power and soft power in ways that are mutually reinforcing.

encouraging public support for your country's positions and convincing politicians to turn to it as an ally.

Due to the changing technological, social and political landscape, the assumption that public diplomacy is in the sole domain of the state has increasingly been brought into question. According to Wang (2006) each of the three levels of public diplomacy activity requires the involvement of a different configuration of actors: promoting a country's national goals and policies requires primarily national actors; communicating a nation's ideas and ideals, beliefs and values is managed by national and sub-national actors; and building common understanding and relationships is accomplished through primarily subnational actors.

4 THE CULTURE AS A SOURCE OF SOFT POWER

In an increasingly interconnected world, culture should be thought of as providing the operating context for politics and economy. Culture is an ideal medium for public diplomacy, since it has the ability to reach substantial numbers of people. It plays an essential role in the process of enriching a country's reputation, in driving public perceptions towards a fuller and more durable understanding of the country and its values (Anholt 2007, p. 98). The cultural aspect of national image is irreplaceable because it is uniquely linked to the country itself, and it is dignifying because it shows the spiritual and intellectual qualities of the country's people and institutions (Anholt 2007, p. 98).

In a soft power context, culture is defined as a set of practices that create meaning for a society (Nye 2008). One of the most important contributions that culture can make to a country's public diplomacy is to use its ability to showcase a diversity of views, perspectives and opinions, breaking down persistent national stereotypes. This is particularly important when a country suffers reputational damage. Thus, a culture can create positive shifts in the perception of a country and affect a nation's soft power (McClory 2011).

5 CHANNELS AND INSTRUMENTS OF CULTURAL DIPLOMACY

According to De Vries (2008, p. 13) cultural diplomacy⁸ is most crucially about the promotion of fundamental values: about creating an atmosphere that is favourable to peace, promoting democracy, respecting human rights and sustainable development. Channels of cultural communication can be particularly valuable in situations where regular diplomatic contacts are absent or weak. The emphasis on

⁸ In the academic literature several terms are used interchangeably with cultural diplomacy: foreign cultural affairs, international cultural relations, foreign cultural policy, cultural relations diplomacy, cultural relations policy, and cultural diplomacy. According to Mark (2011) cultural diplomacy is the deployment of a state's culture in support of its foreign policy goals or its diplomacy, or both.

national image within cultural diplomacy not only focuses on a state's cultural distinctiveness and vitality, but often also on its economic and technological achievements (Mark 2009, p. 22).

Cultural diplomacy contributes to maintaining or improving a country's image abroad and helps to create a foundation of trust with other peoples, necessary for the promotion of economic interests. When people of different countries trust each other, they trade with each other and invest in each other more (Knack et al. 1997; cited in British Council 2013, p. 31). Trust is also important at a time when problems are global in nature and when multilateral solutions are the only answer. One of the most important aspects of international cultural relations and cultural diplomacy, however, is the way that culture itself develops through exchange. International cultural exchange of students, scientists, employees, tourists, etc. provokes new modes of thinking, doing, learning and sharing – in short, it helps to innovate (Knack et al. 1997; cited in British Council 2013, p. 33). Apart from the international cultural exchange of people, international exchange of cultural and creative goods and services is the driving force of innovation, as well. The growing importance of cultural and creative industries (CCIs)⁹ in the world economy is linked to their ability to create social experiences and to touch individuals emotionally. These two factors are of key importance in the new economy, labelled also as the “experience economy“ (Pine and Gilmore 1999) and the “creative economy” (Howkins 2007), where the place of value is derived from the creation of dialogue with consumers.

Being at the crossroads of arts, business and technology, cultural and creative sectors trigger spill-overs in other industries. They fuel content for information-communication technology (ICT) applications, creating a demand for sophisticated consumer electronics and telecommunication devices. Culture and creativity also have direct impacts on sectors such as tourism¹⁰ and are integrated at all stages of the value chain of other sectors, such as the fashion¹¹ and high-end¹² industries, which rely on a strong cultural and creative input. Due to their cultural dimension, these industries are a key element in global competitiveness for soft power. For example, in China, public

⁹ The cultural and creative industries include: advertising, architecture, arts, crafts, educational and leisure software, fashion clothing, film, graphic design, interior design, live and recorded music, museums, performing arts and entertainment, photography, television, radio and internet broadcasting, video and other audio-visual production, and writing and publishing (UNCTAD 2010).

¹⁰ Several destinations have started to search for new forms of articulation between culture and tourism to help to strengthen the local culture. Creative tourism could respond to the need of cultural tourism to re-invent itself as well as to the need of tourist destinations to differentiate themselves in a saturated market (Richards 2011).

¹¹ Fashion includes design, manufacturing of fashion materials and goods and their distribution.

¹² Covering in particular high-end fashion, jewellery and watches, accessories, leather goods, perfumes and cosmetics, furniture and household appliances, cars, boats, as well as gastronomy, hotels and leisure.

investment in culture has grown by 23 % annually since 2007, and plans are to raise the sector's share of GDP from 2.5 % to 5 % – 6 % by 2015 (European Commission 2012, p. 3).

6 MEASURING SOFT POWER AND CULTURAL DIPLOMACY

There have recently been some attempts towards leveraging and measuring soft power and cultural diplomacy. The most known are The IfG-Monocle Soft Power Index (McClory 2012), The Rapid-Growth Market Soft Power Index (Ernst & Young 2012) and The Cultural Diplomacy Index (ICD 2012).

The IfG-Monocle Soft Power Index is built mainly on Nye's (2004, 2008, 2011a and 2011b) definition of soft power and on country's factors that affect the preferences of foreign public. It assesses soft power according to five categories: government, culture, diplomacy, education and business/innovation (McClory 2012). The Government sub-index assesses the state's public institutions, political values and major policy outcome metrics. It gauges the extent to which a country has an attractive model of governance. The Culture sub-index attempts to measure the reach and volume of cultural output using indicators from various fields: tourism, state-sponsored media outlets, foreign correspondents, language, Olympic profile, music market, global record sales, art gallery attendance, world heritage, status in international football and film festival success. The Diplomatic sub-index aims to measure how globally engaged and well-connected a country is. It includes metrics on the number of diplomatic missions abroad, membership in multilateral organisations and overseas development aid. The Education sub-index measures the ability of a country to attract foreign students or facilitate exchanges and includes metrics on the number of foreign students in a country and the relative quality of its universities. The Business/Innovation sub-index aims to capture the relative attractiveness of a country's economic model in terms of its openness, capacity for innovation and the quality of its regulation.

The variables of soft power in The Rapid-Growth Market Soft Power Index (Ernst & Young 2012) are organized into three categories: global image, global integrity and global integration. The global image sub-index measures a country's global popularity and admiration, especially that of its culture. Variables that reflect a country's global image include its export of media goods, the popularity of its language, the number of Olympic medals it has earned, the number of its citizens who are global icons and the number of its companies that are globally admired (Ernst & Young 2012, p. 7-8). The global integrity sub-index tries to measure how much a country adheres to an ethical or moral code. Indicators of this sub-index are based on the proposition that the world respects countries that protect their citizens, uphold political and social freedoms, empower their people and treat their neighbours with respect. Thus, indicators of this sub-index measure the rule of law, a nation's degree of freedom and voter turnout (Ernst & Young 2012, p. 8-9). The global integration sub-index gauges how interconnected a country is with the rest of the world. The number of

people who come to visit, study or live in a country and how well it is able to communicate with the world are the key components behind the country's connectivity with the rest of the world and its subsequent ability to wield influence (Ernst & Young 2012, p. 9).

The Cultural Diplomacy Index (ICD 2012) focuses on governments' cultural diplomacy programmes and assesses how substantial, constructive and effective they are. The components of the index take into account the different ways in which policy and action can further goals in cultural diplomacy. The Government Cultural Diplomacy Actions (GCDA) sub-index evaluates specific government policies and actions that are directly or indirectly related to countries' performance in the field of cultural diplomacy. There are three sub-categories that comprise the final GCDA rankings: International Conventions dealing with the protection and conservation of cultural heritage, National Embassies abroad as platforms for cultural events, dialogue and exchange (the existence of an Embassy in each of the other sampled countries) and Official Development Assistance as a significant catalyst for cultural exchange (measured as a percentage of nominal GDP). The Cultural Diplomacy Initiatives (CDI) sub-index is made up of qualitative and quantitative components. The first one contains data collected on government cultural diplomacy actions in the areas of education, exchanges, performing arts, the film industry, visual arts, music, sports and in reference to the following questions: Is funding available for educational exchanges? Is there a program specifically designed to facilitate educational exchanges? Does the government contribute to film/dance/theatre production? Are there international film/dance/theatre festivals hosted with public funding? Is funding available for the proliferation of art work abroad? Are museums and their upkeep subsidized by the government? Does the country host any annual international music festivals? Is there a significant amount of musician in-flow from foreign countries subsidized by public funding? Is there a significant amount of musician out-flow to foreign countries subsidized by public funding? Has the country hosted any major international sporting events in the past 10 years? Does the country send representatives of teams to major international sporting events? The quantitative component of the CDI refers to the number of international tourist arrivals. For the International Perception and Media Policy (IPMP) sub-index the data are taken from the reports provided by three external sources: Reporters without Borders, Freedom House, and the Anholt's Nation Brand Index. This sub-index measures the freedom of the press, economic freedom and the foreign audiences' perceptions about the specific nation.

7 METHODOLOGY AND DATA

The theoretical part of our paper has shown the complexity of the dimensions and countries' possibilities to influence each other by means of culture in international relations. The existing attempts of measuring this influence view it as interrelated and interdependent with various areas, actors and policies. Slovenia's cultural influence

abroad in comparison to other countries is evident only from the European Union Cultural Diplomacy Ranking (ICD 2012). It is also measured within the Nation's Brand Index (Future Brand 2013); however, the rankings for each dimension of this index are evident only for the top 15 ranked countries. Due to the unavailability of considerable statistical data for Slovenia, taking into account the fact that existing attempts to measure soft power and cultural diplomacy have limitations, and since there are no unambiguous definitions and constituents of both concepts, we have selected the sets of indicators and indices that show the most essential characteristics of a country's political, economic and social environment. The data for the selected indicators and indices are the last available ones for each country.

The intention of our empirical analysis is to explore the state of basic conditions for soft power and the main characteristics of institutional support for cultural diplomacy in Slovenia. A comparative analysis is performed with the aim of getting a more comprehensive picture of Slovenia in these fields. We have chosen Estonia as a comparable country on account of four important factors: size (population), location (close to advanced neighbouring countries), year of independence (1991) and year of joining the European Union (2004).¹³ The main goals of our analysis are to evaluate the relative position of Slovenia; first, in important economic, political and social areas that constitute the broader framework for its soft power and cultural diplomacy; second, in the fields of cultural assets and international cultural exchange; third, in the fields of institutional support for culture and cultural diplomacy; and fourth, in the field of perceptions of culture. In line with the theoretical background of our paper, we test the reliability of the hypothesis that a country's potential for influencing other actors in international relations by means of culture is interdependent with its political, economic and social environment.

8 FINDINGS

Having a more rigid political system until the last decade of the past century, Estonia achieved better results compared to Slovenia in several important economic, political and social areas after declaring independence in 1991. Although it has not yet caught up with Slovenia in terms of GDP per capita, the Estonian ten-year growth rate and the average annual growth rate of GDP per capita show that this could happen in the near future (Table 1).

¹³ For a comparative analysis between Slovenia and Estonia in the period from 1996-2004, see Korez-Vide (2006).

Table 1: Key indicators of the macroeconomic environment in Slovenia and Estonia

<i>Indicator</i>	<i>Slovenia</i>		<i>Estonia</i>	
GDP per capita in PPS (EU28=100, index, 2012)	84		71	
GDP per capita in PPS (EU28=100, total growth (%) from 2002-2012 and average annual growth (%) in the period 2002-2012)	1.50	0.15	36.90	3.70
Average annual real GDP growth rate (%) (from 2002-2012)	2.3		4.5	
Unemployment rate (% , 2012)	12.0		10.2	
Inflation rate (% , consumer prices, 2012)	2.6		3.9	
Budget surplus (+) or deficit (-) (% of GDP, 2013)	-5		-0.5	
Public debt (% of GDP)	47.6 (2012) 58.8 (2013)		5.8 (2012) 6.0 (2013)	
Labour productivity per person employed (EU27=100, index)	76.4 (2001) 80.8 (2012)		48.5 (2001) 69.9 (2012)	
Labour productivity per person employed (EU27=100, total growth (%) from 2002-2012 and average annual growth (%) in the period 2002-2012)	4.5	0.5	32.0	3.6
Inward FDI stock (% of GDP, 2012)	34.1		86.2	
Outward FDI stock (% of GDP, 2012)	17.1		26.5	
High-tech exports (% of exports, average share (%) and average growth (%) in the period 2007-2012)	5.2	2.7	10.3	15.3

Sources: Eurostat (20140), CIA (2014), own calculations.

When compared to Slovenia, Estonia is also in a better position with regards to other important macroeconomic aggregates (with the exception of its still higher inflation rate); this could help raise prosperity of the Estonian nation. The most obvious advantages of the Estonian macroeconomic environment in comparison to Slovenia are its higher average annual real GDP growth rate, much lower share of public debt, much higher growth of labour productivity and much higher share and growth of high-tech exports. The last indicator is interlinked with the Estonian industrial structure, very similar to the Finnish one, and with Estonia's openness to incoming foreign direct investment.

Selected composite indices on positions of both countries on an international scale show that Slovenia lags behind Estonia in several important areas: economic freedom, social freedom, global competitiveness, and global recognisability. As

regards economic freedom, which is strongly associated with greater per capita wealth, human development and democracy (Heritage Foundation 2014), and is assessed as a composite indicator of ten freedoms – property rights freedom, freedom from corruption, fiscal freedom, government spending, business freedom, labour freedom, monetary freedom, trade freedom, investment freedom and financial freedom – Slovenia ranks 74th and Estonia 11th among 186 countries for 2013 (Table 2). Slovenia lags behind Estonia mostly in the fields of fiscal freedom, investment freedom and financial freedom. In comparison to Estonia, which is assessed as “mostly free”, Slovenia belongs among “moderately free” countries (Heritage Foundation 2014, pp. 199-200 and pp. 391-392). According to international observations Slovenia is regarded as a state with long-delayed privatizations within a largely state-owned and indebted banking sector, which have fuelled investor concerns (CIA 2014a), and as a state with deficient management of public finance and an inefficient judicial system, vulnerable to political interference (Heritage Foundation 2014, p. 391). Estonia, on the other hand, is regarded as a state that has wavered little in its commitment to pro-market reforms and is rewarded today with a modern market-based economy, free market, pro-business economic agenda and sound fiscal policies (CIA 2014b).

Table 2: Selected composite indices of political, economic, legal and social environment in Slovenia and Estonia

<i>Composite indicator</i>	<i>Slovenia</i>	<i>Estonia</i>
Index of Economic Freedom (IEF)	74	11
Press Freedom Index (PFI)	34	11
Global Competitiveness Index (GCI)	62	32
Global Innovation Index (GII)	26	19
Country Brand Index (CBI)	63	56

Notes: All data are ranks (IEF – 186 countries; PFI – 180 countries; GCI – 148 countries; GII – 141 countries; CBI – 118 countries).

Sources: WEF (2014), Heritage Foundation (2014), Reporters without Borders (2014), Cornell University, INSEAD and WIPO (2013), Future Brand (2013).

The Press Freedom Index (Reporters without Borders 2014) shows that the level of freedom of information, as an important part of social freedom, is much lower in Slovenia than in Estonia, as well. According to the degree of freedom that journalists, news organizations and netizens enjoy and the efforts made by the authorities to respect and ensure respect for this freedom, Slovenia lags behind Estonia by 23 places and is ranked 34th in comparison to Estonia, which ranks 11th (Table 2).

Since economic and social freedoms are important prerequisites for the efficient functioning of societies, it is no surprise that in 2013 Slovenia was ranked the 62nd and Estonia the 32nd most globally competitive country among 148 observed

economies (Table 2). In the group of innovation-driven economies¹⁴ Slovenia lags behind the other countries in nine of twelve assessed areas of competitiveness (institutions, infrastructure, business sophistication, technological readiness, labour market effectiveness, goods market efficiency, innovation, financial market development and market size); the three areas where Slovenia is comparable to the innovation-driven economies are its macroeconomic environment, health, primary and higher education and training (WEF, 2014, pp. 180-181 and pp. 344-345). Estonia, which is classified in the group of countries in transition from stage 2 to stage 3, achieves, as opposed to Slovenia, a better position than the other countries in eleven out of twelve areas. The only area of competitiveness where it lags behind the other countries in the group is market size. In comparison to the previous year Slovenia's rank has dropped six places; Estonia, however, has improved its position by two places.

If we examine the innovation area of global competitiveness closely (The Global Innovation Index (Cornell University, INSEAD and WIPO 2013)¹⁵) we can see that Slovenia was falling behind Estonia by seven places in 2012 (Table 2). As regards the two factors of innovation input (market sophistication and infrastructure) where Slovenia lags behind Estonia to the highest degree, the most problematic areas are the ease of getting credit, venture capital deals, market capitalization, total value of stocks traded, as well as e-participation, government online service and GDP/unit of energy use. In the field of innovation outputs, the biggest gaps between Slovenia and Estonia are in the fields of research and development (R&D) performed and financed by business, firms offering formal training, R&D financed from abroad, high-tech imports, fewer re-imports, foreign direct investment (FDI) net inflows, information-communication technology (ICT) & business model creation, ICT & organizational model creation, recreation & culture consumption, national feature films, creative goods and services exports and online creativity.

The analysed indicators and indices are directly or indirectly reflected in the Country's Brand as an indicator of international public perceptions of a country. According to the Country Brand Index (Future Brand 2013) Slovenia has worsened its Country Brand position by 9 places, whilst Estonia has improved it by 33 places in the period from 2010 to 2012. In 2012 Slovenia's Country Brand ranked 63rd and Estonia's was 56th among 118 observed countries (Table 2). Estonia ranks among the top 25 countries in three out of five groups of Country Brand indicators: value system, quality of life and good for business, and since its positions in the two remaining groups of

¹⁴ According to their level of development countries are classified into four groups: factor-driven (stage 1), transition (stage 1 – 2), transition (stage 2 – 3) and innovation-driven (stage 3).

¹⁵ The Global Innovation Index measures innovation efficiency and is based on two sub-indices: the innovation input sub-index (institutions, human capital and research, infrastructure, market sophistication and business sophistication) and the innovation output sub-index (knowledge and technology outputs and creative outputs).

Country Brand indicators – culture and heritage and tourism – are getting better as well, it is ranked fifth among tomorrow’s 15 leading country brands. The group of culture and heritage Country Brand indicators – history, art and culture, natural beauty and authenticity – is linked with a country’s influence in the world and is recognised as a determinant of global trends in investment, social attitudes, policies and cultural preferences (Future Brand 2013, p. 42).

In our further empirical analysis we estimate Slovenia’s and Estonia’s possibilities for influence in the world by means of culture, i.e. cultural assets, international cultural exchange, the institutional support for culture and cultural diplomacy and the perceptions of culture in Slovenia and Estonia. The selected indicators (Table 3) show that Estonia records advantages in the fields of cultural heritage sites, cultural and creative inputs and outputs (with the exception of employment in the cultural sector) and the international exchange of persons and goods with direct or indirect cultural impacts (with the exception of cultural services exports).

Table 3: Selected indicators of cultural assets and international cultural exchange of Slovenia and Estonia

	<i>Slovenia</i>		<i>Estonia</i>	
<i>Cultural heritage</i>				
World cultural heritage sites (number, rank)	2	88	5	52
<i>Cultural and creative inputs and outputs</i>				
Tertiary level students in the fields of education related to culture (% of tertiary students, 2011)	6.0 (humanities) 2.5 (arts) 0.7 (journalism and information) 4.4 (architecture and building)		7.6 (humanities) 5.7 (arts) 1.8 (journalism and information) 5.5 (architecture and building)	
Employment in cultural sectors (% of total employment, 2009)	2.0		1.8	
National feature films/mn pop. 15-69* (number, rank)	2.7	41	10.3	9
Paid-for dailies, circulation/th pop. 15-69** (number, rank)	197.3	25	233.6	19

(continued on the next page)

Table 3: Selected indicators of cultural assets and international cultural exchange of Slovenia and Estonia (cont.)

	<i>Slovenia</i>		<i>Estonia</i>	
<i>International exchange of persons, goods and services (with direct or indirect cultural impacts)</i>				
Student mobility – students studying in another EU-27, EEA or candidate country (% of all students)	2.3 (2010) 2.5 (2011)		5.6 (2010) 6.0 (2011)	
Inflow of students from EU-27, EEA and candidate countries (% of all students in the country)	1.2 (2010) 1.3 (2011)		3.1 (2010) 3.4 (2011)	
Creative goods exports (value (%), rank)	2.3	37	3.3	24
Creative services exports (value (%), rank)	7.6	26	5.1	39
Creative goods exports (average annual growth (%) in the period 2002-2011)	5.89		9.43	
International tourist arrivals (thousands, 2011)	2665.0		2036.7	

Notes: * National feature films produced in a country per million inhabitants (for a broader explanation see Cornell University, INSEAD and WIPO 2013, pp. 45).

** Paid-for daily newspapers in circulation per thousand inhabitants (for a broader explanation see Cornell University, INSEAD and WIPO 2012, pp. 51).

Sources: WEF (2014), Eurostat (2014), Cornell University, INSEAD and WIPO (2013), own calculations.

As regards institutional support for culture, the selected indicators show greater political will for supporting culture in Estonia: higher public expenditure for culture, more developed organizational structure for public support to culture, institutional mechanisms supporting private financing of culture, existing public institutional support for cultural and creative industries, geographically dispersed public higher educational institutions from the field of culture, the existence of private higher educational institutions from the field of training for creative skills and developed institutional mechanisms for supporting excellence in the fields of culture and creativity (Table 4). If we take a look at institutional support for cultural diplomacy in both countries, the data show strong advantages of Estonia in this field as well (Table 5).

Table 4: Indicators of institutional support for culture in Slovenia and Estonia

Indicator	Slovenia		Estonia	
Public expenditure on culture (value in EUR/per capita, % of GDP)	103.0 (2009) 93.0 (2010)	0.6 (2009) 0.5 (2010)	192.9 (2009) 188.2 (2010) 187.7 (2011)	1.9 (2009) 1.8 (2010) 1.6 (2011)
National authorities responsible for the distribution of public funds for culture	Ministry for Education, Science, Culture and Sport (from 2012)		Ministry of Culture and Cultural Endowment of Estonia (responsible for the distribution of excise taxes on gambling, alcohol and tobacco, collected for cultural purposes)	
Distribution of public funds for culture between different levels of government	National authority (61 %), Local authorities (39 %) (2007)		National authorities (54.) %), Regional authorities (0.4 %), Local authorities (45.6 %) (2011)	
Private financing of culture	No information available.		Tax-exempt donations (max 5% of the taxpayer total taxable income, max 10 % of the year's profit for legal persons), administered by Estonian National Culture Foundation and grants from the Open Estonia Foundation, financed by George Soros.	
Specific public institutional support to the cultural and creative industries	None, neither within the Ministry of Culture nor within other public institutions.		Within the Ministry of Culture in cooperation with the governmental agency Enterprise Estonia (Creative Estonia).	

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Table 4: Indicators of institutional support for culture in Slovenia and Estonia (cont.)

<i>Indicator</i>	<i>Slovenia</i>	<i>Estonia</i>
Arts and cultural education: institutional overview	<ul style="list-style-type: none"> • Higher Education in Arts available only in the capital of Slovenia – at the University of Ljubljana (Faculty of Arts) and at four Academies in Ljubljana. • Some study courses from the field of culture available at the Faculty of Social Sciences and Faculty of Natural Science and Design in Ljubljana. 	<ul style="list-style-type: none"> • Higher Education in Arts available in three towns – at three public universities and at one public professional high school. • Higher education in the field of cultural management is available in three towns at three institutions (College, Faculty and the Academy). • Two private universities Euroacademy and the Estonian Business College Mainor with curricula in fields related to design.
Grants and awards in the field of culture	<ul style="list-style-type: none"> • One national financial award in the field of culture. • Around 70 other non-financial prizes awarded by professional associations of artists, public institutions and public foundations. 	<ul style="list-style-type: none"> • Six national financial awards in the field of culture per year. • Twenty grants yearly for artistic projects or professional studies, administered mostly by the Cultural Endowment of Estonia and the Council for Gambling taxes. • Financial prizes for outstanding creative works twice a year.

Sources: Eurostat (2011), Council of Europe (2009 and 2013), Podgornik et al. (2012), own calculations.

Table 5: Governmental institutional support for cultural diplomacy in Slovenia and Estonia

<i>Slovenia</i>	<i>Estonia</i>
<ul style="list-style-type: none"> • Ministry of Foreign Affairs – no specific department for cultural diplomacy, the area of culture integrated within the Department for public diplomacy and partly in the field of bilateral economic cooperation within the Directorate for economic diplomacy. • The Slovenian Culture and Information Centre (SKICA) in Austria (Vienna) established in 2011. 	<ul style="list-style-type: none"> • Ministry of Foreign Affairs – Cultural and Business diplomacy as a division within the External and Development Cooperation Department. • Cultural counsellors working at Estonian Embassies in Berlin, London, Paris, Helsinki, Moscow and Brussels. • The branch offices of The Estonian Institute (established in 1989, initially as an NGO, nowadays financed by the state), located in Helsinki, Budapest and Stockholm. • International cultural cooperation – a special area within the Estonian Ministry of Culture: “introducing Estonian culture abroad”.

Sources: Council of Europe (2009 and 2013).

Since public perception of culture is not an unimportant factor for a nation’s potential to influence others in international relations by means of its culture, we have examined the findings on perceptions of culture in Slovenia and Estonia according to the most recent available data (European Commission 2007). The data shows that an average Estonian is more interested in culture and understands it more positively than an average Slovene (Table 6). The culture itself is also more important to an average Estonian than to an average Slovene. The only exception in this regard is interest in sport events.

There are notable differences in understanding the concept of culture between an average Slovene and an average Estonian: the latter understands it more broadly, whilst an average Slovene understands it more narrowly (mostly as arts, literature, poetry, playwriting, life style and manners). An average Estonian also sees culture much more as a valuable tool for greater mutual understanding among different nations than an average Slovene. Accordingly, Slovenes show a lower will for learning foreign languages than Estonians (Table 6).

Table 6: Perceptions of culture in Slovenia and Estonia

<i>Question</i>	<i>Selected indicative answers</i>	<i>Slovenia</i>	<i>Estonia</i>
“What comes to your mind when you think about the word “culture?”	Not interested, not for me	3 %	1 %
	Too elite, snobbish, posh, boring (negative connotations)	1 %	0 %
“How important is culture to you personally?”	Important	76 %	83 %
	Not important	23 %	17 %
“How many times in the last twelve months have you ...			
... seen a ballet, a dance performance or an opera?”	At least once	16 %	23 %
... been to the theatre?”	At least once	36 %	49 %
... been to a sport event?”	At least once	50 %	41 %
... been to a concert?”	At least once	49 %	62 %
... visited museums or galleries?”	At least once	39 %	48 %
... watched a cultural programme or listened to the cultural programme on the radio?”	At least once	86 %	93 %
“Which of the following, if any, are the main barriers for you to access culture or take part in cultural activities?”	Lack of interest	47 %	16 %
	Lack of information	23 %	12 %
	Lack of knowledge or cultural background	21 %	6 %
“Culture and cultural exchanges should have a very important place in the EU so that citizens from different Member states can learn more from each other and feel more European.”	Disagree	7 %	3 %

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Table 6: Perceptions of culture in Slovenia and Estonia (cont.)

<i>Question</i>	<i>Selected indicative answers</i>	<i>Slovenia</i>	<i>Estonia</i>
“Culture and cultural exchanges can play an important role in developing greater understanding and tolerance in the world, even when there are conflicts or tensions.”	Totally disagree	3 %	1 %
	Disagree	11 %	6 %
“Would you be willing to learn a new language or improve your command of another language(s)?”	Yes	53 %	72 %
	No	46 %	25 %

Notes: The numbers are a percentage of respondents; multiple answers were possible – the most indicative ones were selected.

Source: European Commission (2007).

9 CONCLUSION

The comparative analysis presented in this paper has shown that Slovenia achieves relatively low national brand strength due to several weaknesses in its political, economic and social environment. Thus, the foundations for the enforcement of soft power and cultural diplomacy in international relations are weak as well. Spiritual and intellectual capacities of a country, reflected in the performance of institutions and policies, are the consequence of a nation’s culture. Spiritually impoverished and unconscious citizens, as voters and decision makers, trigger inefficient and inconsistent policies and institutions, and vice versa. Hence our stated hypothesis appears to have been confirmed. An average Slovene does not fully understand the importance of culture and this fact is reflected in Slovenian formal institutions and their policies. A low level of nation’s cultural awareness (country’s informal institutions) leads to poor political and economic cultures in that country, which then determine its political, economic and legal systems (country’s formal institutions¹⁶) and vice versa. This vicious circle can cause long-term negative consequences for a nation’s prosperity.

In comparison to Estonia, a country that started its independence path under worse economic and social starting points than Slovenia due to a more rigid political system in the past, Slovenia stagnates and regresses today. Although it is classified among innovation-driven economies, several indicators show that it still belongs

¹⁶ The ingredients and features of informal institutions are traditions, language, customs, moral values, beliefs, accumulated wisdom of the past and current set of values; formal rules are constitutions, statutes, common law, and other governmental regulations that determine the political, economic and legal system of a country (North 1990).

among transition economies. Observing the facts from a more holistic point of view, in more than 20 years of independence, Slovenia has not been able to use its political, economic and social potentials (including cultural capital) to affect others by attraction and co-option, even though it, comparatively, had a better starting point for doing so.¹⁷

The comparable country in our empirical analysis should serve to Slovenian policy makers as an example of good practice. Slovenian actors of cultural diplomacy¹⁸ should understand the broader role of culture and cultural diplomacy in globalised societies – not only its political, but especially its economic and social value. Its economic value is shown not only in direct outputs and exchanges of persons, goods and services, but also in indirect effects on national reputation and the national brand, respectively. Creative societies and a multi-polar world, where nations are competing through their identities, demand both types of economic value formation. Cultural diplomacy, as an instrument of social integration, gives the opportunity to appreciate points of commonality and, where there are differences, to understand the motivations and humanity that underlie them. In an interconnected world with culturally diverse societies the social integration dimension of cultural diplomacy has important benefits as well. An understanding of the myriad of values of cultural diplomacy should be formulated in the policies that support the development of these values and the opportunities offered by several programmes, policies and initiatives of the European Union in the field of supporting culture and creativity should be exploited.¹⁹ Most importantly: all actors should act with, rather than against, each other, with a common goal in order to raise the country's level of culture and be awarded by the various benefits towards prosperity of the country and welfare of its citizens.

The comparability criteria chosen and the selection of only one comparable country can be named as the main limitation of our study. Further research could address the question of interrelations among the political, economic and social environment and the enforcement of cultural diplomacy in Slovenia and the other members of the Forum of Slavic Cultures. The research could reveal the comparative position of Slovenia in this field and evaluate its opportunities in the European Union's programmes and initiatives in the field of culture until 2020.

¹⁷ According to the EU Cultural Diplomacy Index, Slovenia ranks 20th and Estonia 12th among the 27 EU Member States (ICD 2012).

¹⁸ For a review of them see Podgornik et al. (2013, pp. 91-92).

¹⁹ See http://ec.europa.eu/culture/index_en.htm for direct and indirect programmes, policies and initiatives in the field of culture. For the appropriate conditions for culture-based creativity to emerge, see KEA European Affairs (2009).

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