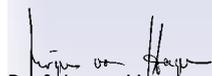
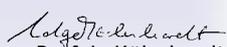


EDITORIAL
EDITORIAL

1998 was a busy year for the Center for European Integration Studies (ZEI), marked by the further expansion of the „Economic and Social Issues“ and „European Value Systems, Cultures and Languages“ departments, the taking on of new research projects and the staging of regular events such as the ZEI European Dialogue as well as a large number of workshops and conferences. Tried-and-tested formulae such as the Summer School in International Macroeconomics were held again. October saw the start of ZEI's Advanced European Studies Program.

The *ZEIreport*, to be published three times a year from now on, informs readers about special activities, current research projects and academic and policy advice projects which have already been completed at the Center for European Integration Studies. In conjunction with the newly launched Advanced European Studies Program, the Center's academic and practice-oriented efforts relating to European integration studies are designed to lend impetus to the intellectual debate and Europe's further development in practice. This report reflects the discussions within ZEI and serves to develop our own thoughts further. Therefore, we are just as grateful for suggestions and constructive criticism as we are for any further interest in our work. We should also like to take this opportunity to wish our readers a Merry Christmas and a Happy New Year in 1999.


Prof. J. von Hagen


Prof. L. Kühnhardt

EMU needs an Economic Policy Council

JÜRGEN VON HAGEN

On 1 January 1999, the European Central Bank (ECB) will become responsible for the monetary policy of the EMU. The new central bank will enjoy a degree of independence from the European governments which is exceptional in international comparison. But the new monetary union will suffer from a peculiar institutional imbalance. This is the fact that the ECB will be the only institution with a functional mandate for macroeconomic policies at the European level. In particular, there is no adequate institution to coordinate the fiscal policies and other economic policies of the EMU member states. Recognizing this imbalance, the French government has pursued the creation of an Economic Policy Council (EPC) to become the counterpart to the ECB. The proposal has met strong resistance from the previous German government. As it stands now, the Euro-11 Council, a subgroup of the ECOFIN which will discuss fiscal policy in the EMU, is all Germany was willing to concede.

PROBLEMS FOR EMU MONETARY POLICY

Problems for EMU monetary policy will arise from this imbalance in at least three ways. First, as the only visible institution with a macroeconomic mandate at the European level, the ECB will become the target of all public dissatisfaction with the EMU's macroeconomic development. As unemployment will remain Europe's biggest economic problem, the ECB will face continuous public and political pressure to ease monetary policy. The ECB may defend itself by pointing to legal mandate for price stability or denying that unemployment was due to monetary policy, but, like all large institutions, it will give in to continuous public pressures in the end, with the result of higher inflation rates.

In national monetary systems, independent central banks can deflect such pressures by reminding the public that it is the government who is responsible for employment policies. In the EMU, only an EPC could play this role. By creating, at the EMU level, a visible institution charged with developing a consistent economic policy, the governments would admit their own responsibility for high unemployment. Taking pressure off the central bank, this would enable the ECB to focus more on price stability and deliver a better monetary policy.

Second, monetary and fiscal policy are intimately related. For example, if the ECB sees a need to tighten monetary policy to counteract a rise in inflation, fiscal policy will be affected by the budgetary impact of a slow-down in economic growth. Similarly, fiscal policy affects monetary policy through its effects on interest rates in the short run and prices in the long run. Given this interdependence, the smooth operation of EMU requires communication and coordination between the monetary and the fiscal authorities. Such coordination is hard to achieve, if the ECB faces eleven different, uncoordinated fiscal authorities. It will, therefore, be limited to occasional, spontaneous cooperation, resulting in an inefficient mix of monetary and fiscal policy. Moreover, since each national fiscal authority would regard itself as just one among many, none would want to take action to steer EMU aggregate demand if necessary to stabilize the EMU economy. For example, a coordinated fiscal tightening might be necessary to remedy an excessive EMU current account deficit. In such situations, each national fiscal authority would wait for the others to act hoping to get a free ride. As a result, all will be too inactive, leaving monetary policy burdened with too many macro economic responsibil-

ities. The absence of an effective institution facilitating the coordination of national fiscal policies will make it more difficult for the ECB to develop a consistent, long-run orientated monetary policy and deliver price stability.

Third, delegating monetary policy to an independent ECB will not make the desire of politicians in all countries to meddle with monetary policy decisions disappear. Opponents of an EPC fear that it would gain undue power over the ECB. But the absence of such an institution does not imply that governments will not try to influence the ECB's course. The question is not whether or not the ECB will be exposed to political pressures, it is whether these pressures are contained in some institutional framework or left unstructured. By establishing a framework for communication and defining responsibilities, the EPC would make the relationships between the monetary authority and the governments more transparent and thus raise the accountability of both sides to the public. Again, the result would be a better monetary policy.

REASONS FOR THE SET-UP OF AN ECONOMIC POLICY COUNCIL

Thus, there are strong reasons to support the set-up of an EPC as a counterpart to the ECB. The Euro-11 Council will clearly not suffice. As a subcommittee of the ECOFIN, it will not have sufficient institutional visibility to become a recognizable ECB counterpart. Like ECOFIN, it will report and make recommendations only to the European Council and the Commission, and not talk directly to the ECB. Like ECOFIN, it will lack infrastructure and professional support and remain unable to develop consistent economic policy strategies and effective coordination of national economic policies. Like ECOFIN, it will lack the authority to make decisions that bind the economic policies of all member states. Being a mere forum to exchange views on economic policies, it will be in a weak position and the governments will soon lose interest in it. If it remains the EMU's only solution to the institutional imbalance, EMU will suffer from inadequate coordination of economic and monetary policies, at the cost of a more erratic and less stability-oriented monetary policy.

An effective EPC could be set up, however, even without legal powers to bind the

Series of Publications from ZEI

With the launch of a series of publications from the autumn of 1998 the Centre for European Integration Studies has now broadened the base of its journalistic and publishing activities. The "Schriften des Zentrum für Europäische Integrationsforschung (ZEI)" publications edited by Prof. Dr. Ludger Kühnhardt and published by Nomos-Verlag, Baden-Baden, bring together monographs and omnibus volumes in which authoritative writers focus on, ponder on and further develop European issues. The aim is for three of ZEI's key research topics - European identity, European integration and European foreign policy - to find expression in this series.

The selection of studies is based on a broad geographical interpretation of Europe. The European Union's deepening and enlargement processes will be examined as will matters relating to cultural self-image and Europe's political role in the world.

The series of publications starts with an examination of subsidiarity as an effective principle of legitimacy for the European Union as well as an omnibus volume on educational and pedagogical cooperation between Eastern and Western Europe (Learning for the new Europe).

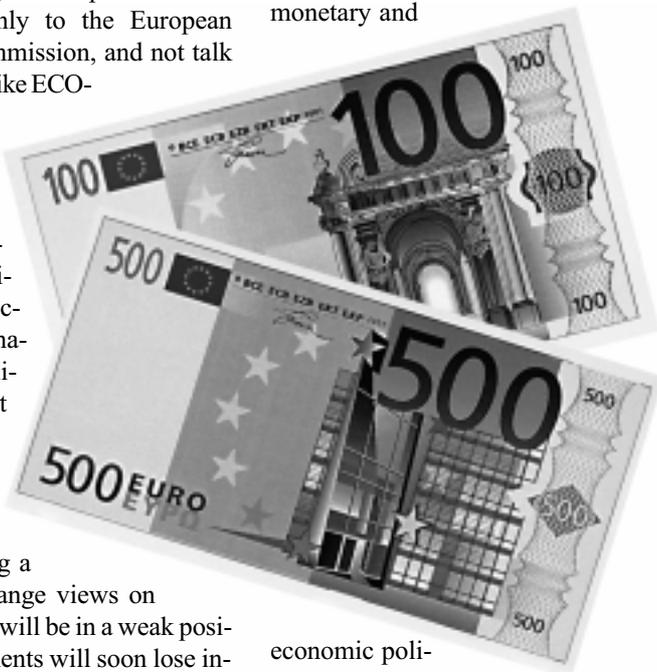
A study of the radically changed constitutional systems in Eastern Europe, an essay on European state philosophy and an omnibus volume on the Cyprus conflict are also examples of publications soon to come out.

Volume 1: Frank Ronge: *Legitimität durch Subsidiarität*, 1998, 263 S., geb., 89,- DM, ISBN 3-7890-5616-2

Volume 2: Andreas Beierwaltes (Ed.): *Lernen für das neue Europa: Bildung zwischen Wertevermittlung und High Tech?* 1998, 152 S., geb., ISBN: 3-7890-5617-0

The publications can be ordered from Nomos-Verlagsgesellschaft, Vertrieb, D-76520 Baden-Baden, Germany; Fax: +49-7221-2104-27, E-Mail: NOMOS@nomos.de or from the book trade.

governments. Three ingredients are essential. First, it would have to be clearly identified and visible as an institution to gain recognition in the public debate over EMU monetary and



economic policies. Second, it would have to gain reputation for high-quality judgements and recommendations in the field of economic policy. For this, its chairman needs sufficiently long tenure to develop good leadership, and sufficient administrative and analytical support. Third, council deliberations and recommendations should be

transparent and made public, so that national governments would have to defend themselves publicly for deviating from them. The better the EPC's reputation for good policy advice, the harder governments will find it to disregard them, making the EPC a strong institution.

Opposition against an effective EPC stems from two grounds. Governments fear that an EPC would end up spending money, more precisely, that it would give other governments power to spend money from their own tax revenues. As each EPC member would realize that a significant part of each extra Euro spent by the council is paid for by taxpayers in other countries, the EPC would certainly develop a tendency for fiscal profligacy and old fashioned "employment programs" if it were given spending powers. But an EPC whose authority is based on a strong public reputation for sound advice and recommendations how to conduct and coordinate national economic policies properly does not need spending power to be effective.

The other reason for opposition is the belief that fiscal policy and policies geared at structural adjustment of the labor markets need not and should not be coordinated at the EMU level. With monetary policy no longer available for national economic policy, governments in EMU will increasingly turn to structural policies to solve their

countries' employment problems. In the unified currency area, where competition between goods and labor markets will be much more intense, they will compete for large business investments promising jobs by reducing labor market regulation and social programs, and by offering public infrastructure as incentives. While this in itself is not bad, competition among governments in these dimensions easily leads to inefficient public expenditures, and a switch from today's overregulated labor markets to underprotected labor and underprovision of social assistance. State governments in the US have long recognized this problem and formed regional alliances to avoid such inefficient competition. The EPC has a role to do the same. Obviously, it should not serve to maintain the current, excessive levels of regulation in the labor markets and of social protection. This can be best avoided if the EPC has no authority to set binding policies for the governments in these areas. The EPC's proper role would be to develop rules of competition among governments and, by making them public, force governments to defend themselves when they violate them.

CRISIS MANAGEMENT

Crisis management in the EMU is a final, important issue. Without the backstop function of national central banks to prevent sudden declines in prices and given the high levels of government debt compared to governments in existing monetary unions, public debt markets in the EMU will be more fragile and exposed to financial crisis. Market disruptions, in which governments find it difficult to raise no debt and institutional investors rush to get out of certain national markets cannot be excluded. There is a general presumption today that the EMU governments would come to each others rescue in such situations. But experience teaches that spontaneous crisis management and solidarity exerted by the governments results in expensive and inefficient solutions. An important role for the EPC would therefore be to create rules for orderly crisis management. Again, the emphasis must be not on allowing the EPC to spend money, but to develop and publish rules of conduct, making crisis management transparent and creating accountability for the governments. An economic policy counterpart with authority based on reputation rather than spending power will improve not reduce the quality of EMU monetary policy.

Prof. Dr. Jürgen von Hagen is director at the Center for European Integration Studies and since 1996 head of the department „Economic and Social Issues“.

NEW PUBLICATIONS

In the series „ZEI Policy/Working Paper“ the following publications have been published recently:

B 15 1998

Stefan Lutz: Can Taxing Foreign Competition Harm the Domestic Industry?

B 14 1998

Rafael Reuveny and John Maxwell: Free Trade and Arms Races: Some Thoughts Regarding EU-Russian Trade

B 13 1998

Jürgen von Hagen: Fiscal Policy and Intranational Risk Sharing

B 12 1998

Athanasios Orphanides and Volker Wieland: Price Stability and Monetary Policy Effectiveness when Nominal Interest Rates are Bounded to Zero

B 11A 1998

Rolf Strauch: Die Bewertung der „dauerhaft tragbaren öffentlichen Finanzlage“ der EU-Mitgliedstaaten beim Übergang zur dritten Stufe der EWWU

B 11 1998

Julius Horvath: Exchange Rate Regimes in the Transition Economies

In the series „ZEI Discussion Paper“ the following new publications have been published:

C 28 1998

Jürgen Rüttgers: Europa – Erbe und Auftrag

C 27 1998

Dirk Rohtus: Die belgische „Nationalitätenfrage“ als Herausforderung für Europa

C 26 1998

Igor Leshoukov: Beyond Satisfaction: Russia's Perspectives on European Integration

C 25 1998

Avi Primor: Der Friedensprozeß im Nahen Osten und die Rolle der Europäischen Union

C 24 1998

Zbigniew Czachór: Ist Polen reif für die Europäische Union?

C 23 1998

Marco Bifulco: In Search of an Identity for Europe

C 22 1998

Ludger Kühnhardt: Europa in den Kräftefeldern des 21. Jahrhunderts. Grenzen, Aufgaben, Handlungsfähigkeit

C 21 1998

Wim F. van Eekelen: Perspektiven der Gemeinsamen Außen- und Sicherheitspolitik der EU

The publications can be ordered free of charge from ZEI, Walter-Flex-Str. 3, D-53113 Bonn, Germany, Fax: +49-228-73-1809 or - 1788, E-Mail: zei@uni-bonn.de. A list of all ZEI - publications which have been published so far is available on the Internet under <http://www.zei.de>.

Advanced European Studies Program at ZEI

Starting mid October 1998 ZEI hosts young academics for a new one-year postgraduate program in European Studies with the objective to make them "fit" for Europe

IDEA, CONCEPT, OBJECTIVES

Under a decision adopted by the Senate of the University of Bonn and with the approval of the North Rhine-Westphalian Ministry of Science, a significant ZEI project is under way. On 12 October 1998 the first fifteen



The students at ZEI with Prof. William Paterson, Birmingham, one of the guest lecturers

Foto: ZEI/E. Lichtenscheidt

graduates from Germany and abroad embarked on a one-year postgraduate program in European Studies at ZEI. Seventy per cent of the students come from Germany, with the remaining 30 per cent from the USA, Asia and Central and Eastern Europe.

ZEI in cooperation with the German Foreign Office, the Federal Ministry for Education, Science, Research and Technology and other representatives from industry and academia has drawn up during the past year a curriculum for such a postgraduate program. With this program, ZEI is seeking to improve in a targeted manner the "European skills" of the new generation by imparting further specialised knowledge and professional qualifications over and above the basic degree. Apart from the ZEI Directors, Professor Jürgen von Hagen and Professor Ludger Kühnhardt as well as the program coordinator Dr. Stefan Fröhlich, high-calibre professors and practitioners from Germany and abroad are to prepare the fellows for a national or international career in European

administration, industry or politics. In the first year of the program, lectures will be given by, inter alia: Prof. Matthias Herdegen (Bonn), Prof. Henri Menudier (Paris), Prof. Piet Slot (Leiden) and Dr. Wilhelm Schönfelder (German Foreign Office, Bonn).

The course involving the study of law, economics and politics at the highest European level consists of two 4-month teaching units and a placement lasting 2-3 months, for instance at the German Foreign Office or the European Union in Brussels. The course is fee-paying.

The program receives support from many quarters. For instance the German Donor's Association (Stifterverband für die Deutsche Wissenschaft) has adopted the program as one of the innovative postgraduate courses that it supports, with the German National Scholarship Foundation (*Studienstiftung des Deutschen Volkes*) also promising grant funding. The German Foreign Office has pledged to award any course graduate a bonus if he/she applies for a senior diplomatic post.

ZEI does not award grants itself but it does seek potential grant donors, the aim being to cover as much of the costs as possible through grants.

COURSE DURATION, STRUCTURE AND CONTENT

The course comprises a total of 360 lessons, which are subdivided into four basic courses consisting of 120 lessons per teaching unit and four to six consolidation courses consisting of 60 lessons per teaching unit. The basic structure is that of modules or intensive teaching units. A basic course usually takes up 30 lessons, whereas a consolidation course lasts 10 to 15 lessons.

TEACHING PROGRAM

The basic courses acquaint the students with the historical, political and economic foundations of European integration. The key topics covered in the consolidation courses on political science are the political

perceptions of Europe in the present day, especially integration concepts and the development of the system of institutions since the Roman Treaties and of various current policy areas in the European Union. In economics the emphasis is on the economic, monetary and financial constitution of the EU, including the basic EU and international economic data as well as the structural features of the European economy, the monetary system and specific EU economic policies. The study of law focuses on the constitution and tasks of the European Communities, sources and structural principles of Community law, law-making and law enforcement within the Community, the basic freedoms of the Single Market, selected Community policies and the levels of jurisdiction.

ENTRY CONDITIONS AND LANGUAGE REQUIREMENTS

Students from all over the world can apply for a place on the Advanced European Studies Program. Applicants must provide documentary evidence of a German or comparable foreign higher education degree (honour's degree) usually obtained in a subject related to the humanities, social sciences, economics or law and of relevance to the course. In order to ensure sound training, only a limited number of applicants (about 20-25 students) can be admitted.

Excellent knowledge of English must usually be demonstrated in a language test. Good knowledge of French or another official EU language is a further requirement for admission to the program. Foreign course applicants whose mother tongue is not German must demonstrate sufficient knowledge of the language before commencing the course.

DEGREE

Degrees are awarded by the Centre for European Integration Studies on behalf of the University of Bonn as proof of successful completion of the course. Applicants will be officially invited to submit their application for the coming program year (1999/2000) at the beginning of 1999.

French-German Forum on Economic Policy

Germany and France will be the core of the European Monetary Union. A successful monetary union requires a sufficient degree of understanding each other's thoughts about economic policy among the partners. But in spite of the economic convergence of the EMU member states, there are still large differences in the conception of economic policy between France and Germany. These two countries have a long tradition of dialogue and cooperation at the highest political level.

Nevertheless, there is hardly any exchange of views among academics and senior policymakers about economic policy.

The creation of a forum providing regular opportunities for debate about economic policy issues is, therefore, necessary to prepare the two countries for EMU.

COOPERATION WITH CEPII

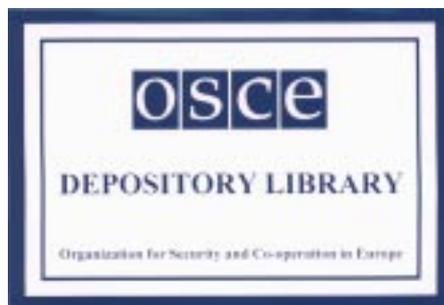
With this in mind, ZEI and the Paris Centre d'Etudes Prospectives et d'Informations Internationales (CEPII) have founded the French-German Forum on Economic Policy. Members of the Forum are representatives of business, business associations, banks, unions, political parties, and academia from both countries. The Forum meets bi-annually in Paris or Bonn. Its working language is English.

SERIES OF MEETINGS

The first meeting of the Forum, on 4 July 1997, was opened by the French Minister of the Finance and the Economy, Dominique Strauss-Kahn. The topic of the meeting was the "Employment Pact for the EMU". The second meeting, taking place in January 1998 in Bonn, focused on the EMU's exchange rate policy. It was greeted by Klaus Büniger, Secretary of State, Federal Ministry of Economics. The topics of the third Forum, meeting in Paris in July 1998, were the labor market and tax policies in the EMU. This meeting was inaugurated by the former president of the European Commission, Jacques Delors. At its fourth meeting in January 1999, the Forum will focus on the coordination of macroeconomic policies in the EMU and the regulation of financial markets. ■

Special European Library at ZEI

Research and teaching are dependent on an efficient supply of literature. For this reason ZEI has been pressing ahead with its efforts to establish a comprehensive reference library devoted to European issues since commencing its research and teaching activities in 1996. Publications from all Europe's major institutions are being added to the stocks of ZEI's European library.



- European Documentation Centre
- OSCE Depository Library
- European Parliament publications
- Publications of the Council of Europe
- European Central Bank publications
- European Court of Justice publications

In addition, ZEI's European library offers monographs and journals on all Europe-related issues. The collection of literature focuses on politics, economics and law. Societal, cultural and social topics are also covered.

The library is equipped with the latest information technology as well as a spacious, well-equipped reading room, providing visitors with optimal scope on site to obtain comprehensive information about Europe. The library is

open during normal office hours. In the long term the European library's books and materials are also to be made available on the Internet.

Address: Library - Center for European Integration Studies - Zentrum für Europäische Integrationsforschung (ZEI) - Walter-Flex-Str. 3, D - 53113 Bonn, Germany, Phone: +49-228-73-1723, Fax: +49-228-73-5097; E-Mail: ze@uni-bonn.de

observers to monitor compliance with democratic principles in the run-up to the elections, on the two election days and after the announcement of the results. For this purpose the German Foreign Office sent eight German short-term observers, with Dr. Matthias Pape becoming the first representative of ZEI to take part in an OSCE election-monitoring mission.

The election-monitoring mission was necessary in the eyes of the OSCE Office for Democratic Institutions and Human Rights (ODIHR) following the huge restrictions imposed on the rights of the opposition in the Slovakian parliament. In the run-up to the elections the opposition parties faced further wide-scale discrimination, and manipulation of the actual electoral process was even feared. With the Slovakian government agreeing only very reluctantly to invite in the OSCE – the OSCE monitoring of parliamentary elections in the Czech Republic in June of 1998 may well have made this decision easier – the mission found itself facing numerous obstacles. Nevertheless, the observers managed to carry out spot checks on more than a third of the almost 5,900 polling stations on the two days of voting and even to monitor the vote count. The fact that significant irregularities were very rarely to be observed underlines the preventive effect of election monitoring as a decisive tool in promoting democracy. Thanks to the change-over to a stable government based on the rule of law in the wake of these parliamentary elections, Slovakia has preserved its chance of moving up into the first wave of EU accession candidates. ■

ZEI Staff as Election Monitors in Slovakia

A latecomer may well have joined the group of candidates seeking accession to the European Union on 28 September 1998: The result of the parliamentary elections held in the Republic of Slovakia on 25-26 September showed clear support for democracy and the rule of law and put an end to the rule of

Prime Minister Vladimir Meciar, whose authoritarian policies – rather than economic backwardness for instance – had induced the EU to put back by years the start of accession negotiations with Slovakia. The fact that the elections passed off freely and fairly for the most part is certainly also due to the efforts of the Organisation for Security and Cooperation in Europe (OSCE). It was the mandate of more than 200 international

Prof. Dr. Marek Siemek

Prof. Dr. Marek Siemek is Professor of Philosophy at the Institute of Philosophy at the University of Warsaw, Poland. From September to October 1998 he was a senior fellow at the Centre for European Integration Studies (ZEI), working on the philosophical foundations of democracy in European history.

ZEI: Now, at the end of October 1998, the Federal Republic of Germany has a new federal government. What does this mean, in your opinion, for German-Polish relations and the European Union's process of eastward enlargement?

Siemek: The previous federal government under Helmut Kohl did a great deal for German-Polish relations, which were marked by very close and intensive cooperation. The new government will have to be judged by the achievements of its predecessor. Personally, I am very optimistic.

As far as eastward enlargement is concerned, there certainly are fears in Poland that the change of government will also mean a slowing down in the speed of integration within the EU. It seems to me that the German Social Democratic Party lacks a clearly defined policy on this issue. I very much regret the fact that the coalition agree-

ment – either deliberately or accidentally – contains very little of substance on this topic. The central issue will therefore be the extent to which Germany's hitherto resolute policy on the issue of enlargement will be continued. We hope that it will not completely fall victim to the EU's policy of internal deepening.

ZEI: What role can and will Poland play in Europe?

Siemek: Poland is by far the largest country among the new accession candidates and owing to its central location enjoys special significance in view of the reorganisation of relations with Russia and the new republics that have emerged since the collapse of the Soviet Union. A great deal has been achieved in the past in this respect. We have already developed excellent economic, political, academic as well as cultural and interhuman relations with our neighbours. Nevertheless, many people in Poland are not yet aware that Poland's admission to the EU will mean that our country will have to take on a number of new responsibilities and obligations as the EU's new eastern flank.

ZEI: The majority of EU countries have social democratic governments. Will this change the European Union's policies?

Siemek: Yes, this is significant, albeit more in the field of ideas and basic programs in the sense of an "ethos of policy". On the other hand though, I do not think that the scope for possible changes or alternative solutions is very great. Pan-European structures have now developed and become independent to such an extent that they are largely immune to domestic political changes in the individual member states. Therefore, only shifts in emphasis are to be expected in future.



ZEI European Dialogue

Every Tuesday the ZEI European Dialogue takes place at the Center for European Integration Studies. From 12:30 to 2 pm high-calibre speakers from academia, politics, diplomacy and journalism present their views on European issues and discuss their ideas with experts and other invited guests.

In the last months ZEI could welcome, inter alia, the Minister for the Environment and Associate Minister for Foreign Affairs and Trade of New Zealand, Simon Upton, and His Excellency Avraham Primor, ambassador of Israel in Germany.

The picture opposite shows the ambassador of Switzerland, H.E. Dr. Dieter Chenaux-Repond on 22 September at ZEI. He talked about the role of Switzerland within the European Union.

DECEMBER 1998

17. ZEI - Seminar on European Economic Policy: Prof. Helmut Seitz (Europa Universität Viadrina, Frankfurt/Oder): "Fiscal Policy, Deficits, and Politics of Subnational Governments: The Case of the German Laender"

JANUARY 1999

14. ZEI - Seminar on European Economic Policy: Prof. Filip Abraham (Katholieke Universiteit, Leuven): "Sectoral Employment Effects of Trade and Trade-Induced Labour Saving in a Small Open Economy"
21. International Conference on the eve of the German presidency of the EU: „In welcher Verfassung ist Europa - welche Verfassung für Europa?“
22. German-Polish theologian workshop in cooperation with the catholic-theological faculties of the universities of Bonn and Warsaw.
28. ZEI - Seminar on European Economic Policy: Dr. Helge Berger (CES, Universität München). Topic still to be announced.

FEBRUARY 1999

4. ZEI - Seminar on European Economic Policy: Dr. Ansgar Belke (Universität Bochum): "Exchange Rate Uncertainty and the German Labour Market: A Cointegration Application of the Autoregressive Distributed Lag Approach"
11. ZEI - Seminar on European Economic Policy: Prof. Georges de Menil (DELTA, Paris): "European Capital Market Integration: How far has it gone and what are the implications for aggregate productivity?"

Furthermore, seminars within the ZEI Junior Fellows Program will regularly take place at ZEI. These seminars will be announced at short notice.

You will find further information concerning this and other conferences as well as the latest supplements under <http://www.zei.de>

In the framework of the ZEI European Forum ZEI could welcome so far inter alia the leader of the Serb opposition Zoran Djindjic, the Polish Prime Minister Jerzy Buzek and the former German Research Minister Jürgen Rüttgers. during the latest forum held on 20 November the Lithuanian President Valdas Adamkus talked about the future role of Lithuania in the European Union. The speech will be published shortly in the ZEI Discussion Paper series.

On 5 November 1998 academics and politicians from the USA, Europe and Turkey discussed trilateral relations and Turkey's role in Europe at ZEI. The workshop took place in the framework of a longterm research project in cooperation with the American Institute for Contemporary German Studies, Washington and the Middle East Technical University, Ankara. The contributions made during the workshop will be published in the Center's own series of publications.

Janusz Reiter of the Warsaw-based Centre for International Relations, Prof. Henri Menuhier of the Sorbonne in Paris and Prof. Ludger Kühnhardt of ZEI have taken charge of the "Weimar Triangle" study group, whose aim it is to draw up proposals aimed at stepping up German-French-Polish cooperation as a future driving force behind the European integration process.

Prof. Fedor Burlatsky, the President of the Academic Council for Political Science attached to the Presidium of the Russian Academy of Sciences and senior fellow at ZEI recently met representatives from politics, industry, the academic world and the churches at ZEI. The purpose of the meeting was to reflect on the experience and advice arising from the political, economic and social systems in Germany and the European Union which might be of benefit to the development of the Russian Federation. Professor Burlatsky will incorporate the results into a study, which he is

preparing for Russia's Prime Minister Yevgeny Primakov.

As a senior fellow at the Center for European Integration Studies, Prof. Wolfgang Wessels of the University of Cologne has been entrusted with conducting a research project entitled "The future of the European Parliament after the Maastricht and Amsterdam Treaties".

Prof. Hu Jingbei (Economics Department, Shanghai University of Finance and Economics) will visit ZEI from 10 January to 30 August 1999. His research deals with the effects of European Integration on the economic relations between China and the EU member states. His project is carried out in cooperation with the *EU - China Higher Education Programme* at the University of Lund, Sweden.

Prof. Mark Hallerberg has recently joined the group of ZEI Se-

nior Fellows. He is a professor at the Sam Nunn School of International Affairs and Director of the *European Studies Center* at the Georgia Institute of Technology, Atlanta.

Dr. Rolf Strauch, who recently received his doctoral degree, has left ZEI for the Economics Department of the Deutsche Bundesbank. His doctoral dissertation investigates the budgeting institutions in the US states and the respective implications for European Monetary Union.

The Independent Commission for the Comprehensive Review of the Institutions and Procedures of the Union, under the chairmanship of Frans Andriessen, has appointed Prof. Ludger Kühnhardt as one of its members. The Commission is compiling a report entitled "Advancing the European Union", which is intended to spur on the European integration process. The report is expected to be published in the year 2000.

ZEF - WINDOW

NEWS FROM THE CENTER FOR DEVELOPMENT RESEARCH (ZEF)

To foster policy dialogue for the coming Post-Lomé agreement negotiations, a workshop on "The Future of EU Development Cooperation: What deals between the EU and the ACP-States?" took place at ZEF in November 1998. ZEF organized the workshop jointly with the Friedrich-Ebert-Stiftung (FES) and the European Center for Development Policy Management (ECDPM). The need for reform of the EU-ACP relations and specific elements of such reform were underlined in the workshop.

A workshop on Resource Management in the Tropics is upcoming (7-10 June 1999). The title of the workshop will be "Managing Organic Matter in Tropical Soils: Scope and Limitations". ZEF will organize this workshop in cooperation with the Research Institute for Agrobiolgy and Soil Fertility (AB-DLO) Wageningen, NL und IACR Rothamsted, U.K. Further information can be found on the ZEF-Homepage under <http://www.zef.de>

In October 1998, ZEF has started a new research project on the role of biological nitrogen fixation in secondary and primary forests in the eastern Amazon forests. The project is financed by the German Ministry for Education, Science, Research and Technology until September 2000.

On February 1, a new book on 'Famine in Africa: Causes, responses and prevention' by Joachim von Braun (ZEF), Tesfy Teklu and Patrick Webb (a ZEF fellow) will be presented at ZEF. The book, published by Johns Hopkins University Press, Baltimore, London, addresses the political, economic and demographic causes of famine today. It draws on empirical research in countries such as Ethiopia, Sudan, Rwanda etc. The book launching seminar will be addressed

by Per Pinstrup Andersen, Director General of the International Food Policy Research Institute (IFPRI), Washington.

New research at ZEF emphasizes that trade bans and trade restrictions are hardly an appropriate instrument to deal with the wide spread problem of child labor in developing countries. The research work in progress by Dr.s Ulrike Grote (ZEF), Arnab Basu and Diana Weinhold (ZEF fellows) emphasizes the key role of expanding access to education to deal with the problem of child labor. The study will be presented in a first volume of the "ZEF discussion papers on development policy" series.

ZEF is a planning partner for the EXPO 2000 and prepares one of a total of 10 global dialogues during EXPO 2000 in Hannover. The global dialogue event on 'The role of the village in the 21st century: crops, jobs and livelihood' will be a three day international gathering of practitioners, policy makers and academics in Hannover. They will be linked through international communications means to participants elsewhere in the world to exercise dialogue focused on the topic of rural poverty and opportunities of development. Other such global dialogues are organized for instance by the World Bank, the World Health Organization, and UNESCO.

The Center for Development Research closely cooperates with the Center for European Integration Studies (ZEI). The two centers together constitute the International Academic Forum (IWF) at the University of Bonn. ZEF is an international, interdisciplinary research institute that contributes to resolving global development problems. Further information: <http://www.zef.de>

A Visit by the President of the European Commission - Agenda 2000: A Conference on the Future of the EU

"Agenda 2000 is about nothing less than shaping our vision of the Europe of the year 2000".

With this appeal for the European Commission's reform proposals to be implemented, its President, Jacques Santer, opened a two-day conference on Agenda 2000 hosted by ZEI in front of several hundred interested delegates. He noted that the European Union's situation on the threshold of the 21st century was one of the greatest challenges facing the European unification process, involving, in the exceptional circumstances following great upheaval in Europe,

to be successfully tackled, he went on, so as to be able to safeguard the European Union's ability to act while realising the declared objective of eastward enlargement, which would, however, doubtless prove much more difficult than all previous enlargement plans.

In implementing Agenda 2000 he was therefore still very much expecting complicated negotiations during which amendments to the Commission proposals could also not be ruled out. "However, I see no fundamental alternative and no-one should overstep the mark", he warned his various critics, among whom he also identified German agricultural policy-makers. The Commission's proposals represented a continu-

preparations. Bilateral partnerships with the accession candidates were of major importance, as a framework within which accession negotiations could be prepared. However, no state not yet taking part in such negotiations should feel left out, for the process of enlargement remained an "open process".

In the meetings of experts on the individual key points of Agenda 2000 that followed, all those taking part, Commission representatives as well as politicians and academics from several member states and candidate states for accession were agreed on the urgent need for reforms but not always on the sharing of burdens. In what was at times heated debate, criticism was voiced in many quarters about the fact that declarations of support for reform and enlargement were not always underpinned by the necessary willingness to put up for discussion quotas achieved, established mechanisms and national demands. Prof. Ludger Kühnhardt, director at ZEI, reiterated that in view of the countries seeking accession the goal of integration could be achieved only with a substantial willingness on the part of EU partners to show solidarity whilst at the same time maintaining the principle of balance between current EU member states.

The proposed reforms in Agenda 2000 will continue to form a central plank of ZEI's work even after this successful conference. The initial results with the papers delivered by conference speakers have been put together and published as volume 8 of the ZEI's series of publications.



Axel Bunz, Head of Representation of the European Commission in Germany, Jacques Santer, President of the European Commission and Prof. Dr. Ludger Kühnhardt, Director at ZEI on 26 May 1998 at the University of Bonn.

an internal deepening and simultaneous enlargement of the European Union.

In his welcome address, the Rector of the Rheinische Friedrich-Wilhelms University of Bonn, Prof. Klaus Borchard, had already pointed out that the special challenge, which the Commission had set itself with the publication and discussion of its program, lay above all in the diversity of the task. As the key points in this program, Santer cited crucial reforms to the EU's Common Agricultural Policy, the redefining of its financial framework on the basis of a reorganised Structural Fund and continued pursuance of institutional reforms. All these issues had

ation of the reforms to the Common Agricultural Policy introduced in 1992, which easily constituted the largest expenditure item in the Community budget, and anyone denying the need to press on with these reforms was "either dishonest or naïve", he noted. Obviously negotiating positions were being built up on many sides that could not possibly be maintained, he noted.

The courage to implement reforms – some of which would be unpopular – was now required, he continued. This also applied to the Union's irreversible process of enlargement, for which both the EU and the candidate countries still had to make adequate

IMPRESSUM

Zentrum für Europäische Integrationsforschung
Center for European Integration Studies
Rheinische Friedrich-Wilhelms-Universität Bonn
Walter-Flex-Str. 3
D-53113 Bonn
Germany

ISSN: 1437-1545

Editor: Monika Reule
Phone: +49-2 28-73-18 11 or -18 46
Fax: +49-2 28-73-50 97
E-Mail: m.reule@uni-bonn.de
Internet: <http://www.zei.de>

The ZEIreport will be published three times a year in English and German. It can be ordered free of charge from the above mentioned address.