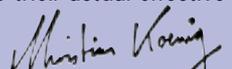


EDITORIAL
EDITORIAL

"Good intentions"

The constitutional protection of legal positions in the form of fundamental human rights is regarded as a distinctive feature of the development of European nation states in the wake of the French Revolution. From a European viewpoint, a well-groomed catalogue of fundamental rights is an integral part of every modern written constitution. The states strive for a guarantee of rights, as extensive as possible, hoping that the character of the state as a whole will be attributed with a generous extent of protection. Therefore, it is not surprising that the discussions surrounding a written catalogue of fundamental human rights for the European Union do not subside, and that, on the contrary, a commission has been established to elaborate recommendations for a charter of fundamental human rights. In the context of a constitution laid down in a Treaty between the Member States of the Union, currently developing at the political level and following pictorially the idea of a social contract, such a fundamental rights charter would clearly experience a change in meaning: Originating in the Treaties, these fundamental human rights would be at the disposal of the Member States. Furthermore, in contrast to the fundamental human rights of the European constitutions, they would not be the result of a historical process, perpetuating the legal restriction of the powers of the state. They would appear to be an artificial approach towards idealizing deliberations in the field of the Theory of the State. It would prove more advantageous for the Member States to cautiously follow-up on the development of joint fundamental human rights for the whole of the Community by jurisdiction and legal literature, and to adapt those rights according to their actual effectiveness.


Prof. Christian Koenig

(see also p. 8)

Baltic Labor Markets

by Ken Smith

The Baltic states of Estonia, Latvia, and Lithuania achieved full political independence in August 1991. The months leading up to full independence were characterized by growing political and economic disarray in the then Soviet Union. The Baltic states inherited economies with rapidly falling GDP's, growing inflation, and, perhaps most importantly for social stability, increasing unemployment and income inequality.

The Soviet Union was officially free of unemployment. In fact able-bodied working age citizens had a constitutional obligation to work. Soviet labor force participation rates were extremely high (85 - 90 percent for both men and women) and unemployment did approach zero percent (though hidden unemployment and underemployment were certainly problems - particularly in the last years of the Soviet Union). The Soviet breakup saw large numbers of people thrown out of work. Throughout the former Soviet Union unemployment was particularly severe in the antiquated agricultural and manufacturing sectors. The Baltic states were no exception.

PERSISTENT UNEMPLOYMENT

Unemployment rose rapidly in the Baltic states ranging from around ten percent in Estonia to about 17 percent in Latvia (based on labor force survey statistics as opposed to official statistics) just two to three years after independence. Further, this unemployment has proven to be quite persistent and unemployment figures have changed little in recent years. Reasons given for the persistent unemployment are actually quite similar to reasons given for persistent unemployment in many EU countries. While large-scale Baltic unemployment was initiated by the disintegration of the Soviet Union and the collapse of the Baltic states' primary export markets along with a severe contraction in state sector employment in

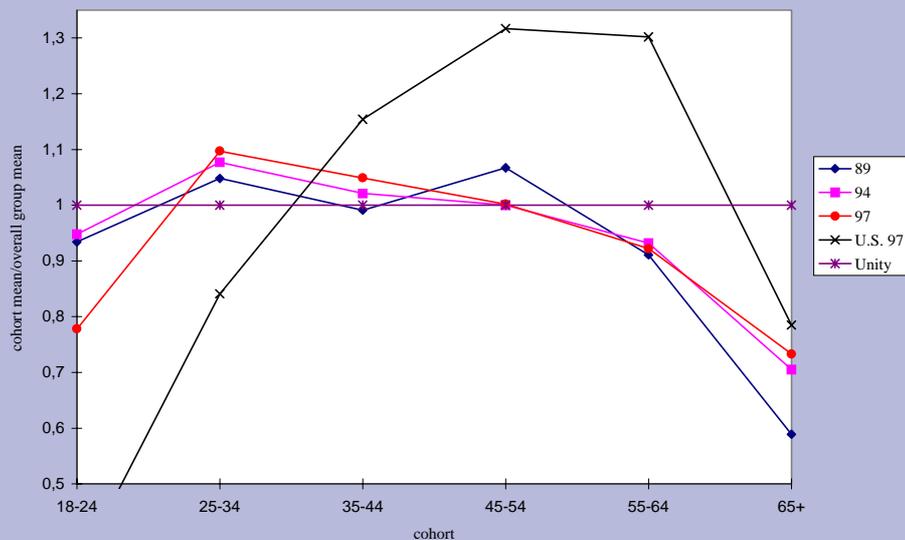
general, the persistence of unemployment is generally attributed to structural factors. Specifically, many Baltic workers - particularly older workers - have had trouble adapting to a labor market driven by market forces. Most lost manufacturing and agricultural jobs in the Baltic states won't reappear and many workers have been reluctant to pursue jobs in the booming services sector. A lack of geographic mobility has also exacerbated the unemployment problem. Many people in severely depressed rural regions have been unwilling to move to larger towns or cities where job prospects are much better. Finally, the unemployment statistics (at least in Estonia and Latvia) are somewhat skewed by very high unemployment rates amongst the large ethnic Russian minorities. In Estonia for example, the unemployment rate of ethnic Russians was essentially double that of ethnic Estonians in 1997.

WAGE DIFFERENCES

Labor income was fairly compressed in the Soviet Union and most planned economies. There were only small wage differentials across groups with different educational levels. Often, skilled blue-collar workers were better paid than white collar professionals. Generally, wages were also based positively on seniority so that older workers tended to earn more than younger workers. One source of wage differentials in the former Soviet Union was gender. Despite Soviet rhetoric to the contrary, most evidence indicates gender wage differences in the Soviet Union were comparable to Western market economies. Gender wage differences have also shown little change during the transition to market economies in the Baltic states.

With the rapid emergence of market economies (relative to the rest of the former Soviet Union) in the Baltic states, has come a rapid change in wage structure. Most dra-

Fig. 1: Age/Earnings: Comparison in Estonia and U.S.A. (male workers)



matically, there has been a huge increase in the returns to education through higher education. White collar managerial, professional, and technical positions now pay much better than manual labor throughout the Baltic states. The increased returns to education are consistent with evidence from virtually all the transitional economies (interestingly, some evidence indicates East Germany was an exception in the early years

following reunification). However, it appears returns to experience have fallen. Particularly in the private sector, older workers have struggled (see figure 1). For example, if one looks at five year cohorts in the Estonian private sector, the 25-29 year old cohort was the highest paid in 1997 (labor earnings generally peak in the late 40's to late 50's in established market economies). The relative wage positions of ethnic minorities - partic-

ularly ethnic Russians - have also appeared to suffer during the Baltic transitions.

ZEI RESEARCH

Baltic labor market developments are of particular interest within ZEI. ZEI has obtained labor force survey data from Estonia and Latvia and has an agreement to obtain Lithuanian labor force survey data. Further, strong research contacts have been established between ZEI and the national university of each Baltic state through the organization EuroFaculty (EuroFaculty was established by the Council of Baltic Sea States to foment change in higher education in economics, law, and political science/public administration in the three Baltic states). Over time, ZEI hopes to initiate a series of research projects and research seminars related to the transition of Baltic labor markets and the effect of continued European integration on employment, wages, and trade in the Baltic states. Primarily it is hoped these contacts will foster the reintegration of Baltic universities and researchers into the broader European academic community in addition to enhancing our understanding of labor markets in transition and providing meaningful policy recommendations.

Dr. Kenneth Smith is senior fellow at ZEI, department „Economic and Social Issues“.

“In Europe and with Europe, but not against Russia”

On 31 October 1999, a new president will be elected in the Ukraine. Eight years after gaining independence and despite various “ultimate elections” and “key decisions”, the political, economic and social situation in the Ukraine is still very unstable.

by Peter Wittschorek

In the Ukraine the effort to overcome the results of Russian and Soviet rule and to reinstate the centralized system of order and planning in many areas is inestimable. Yet, the difficulties and delays in the carrying through of the necessary reforms – well known from other post-communist countries

in transformation – determine the consolidation of the largest European state.

This situation is only insufficiently explained by the often-quoted stereotype of the conflict between the Western and Eastern orientation of the Ukraine. Of course, defining its position between the two poles Europe and Russia/CIS, as well as the differing preferences in the regions – based on history and demographics – are important elements. However, their importance may not be overestimated, as no doubt exists about the fundamental orientation because of the geopolitical situation and various important decisions in recent years. According to *Anatoliy Ponomarenko*, Ambassador of the Ukraine in Germany in a speech at ZEI, it is “the most important goal of the Ukraine ... to be in Europe and with Europe, but not against Russia” (see ZEI Discus-

sion Paper No. C 39/1999). Western integration is an indispensable and irreversible constant of the politics of his country – and the avoidance of one-sidedness and confrontation as well as the improvement of cooperation between East and West must be part of it too.

In the run-up to the ballot at the end of October, in which the incumbent *Leonid Kuchma* might face some ten challengers, and in the highly probable second ballot at the beginning of November between Kuchma and a candidate from the communist-socialist or the nationalist-centrist bloc, the insufficient intention and the inadequate power of the political and economic elite are criticized as the reason for the unstable situation. Due to the conflict between the legislative and executive power, which was only superficially resolved by the Constitution of 1996, the political self-blockade of the Parliament elected until early 2002, the establishment of dominating clan structures in the economy, and widespread corruption, the scope of action of the next president will be severely restricted – independent of the winner. During the last two years, even



Meeting in the historic Livadia Palace in Yalta (right to left): Jackson Janes (American Institute for Contemporary German Studies), John C. Kornblum (U.S. Ambassador in Germany), Yevhen Bersheda (First Deputy Minister of Foreign Affairs of Ukraine), Oleg Kokoshinsky (Atlantic Council of Ukraine), Ludger Kühnhardt (ZEI)

Kuchma was almost unable to use the special economic and political power that was imposed by him and in the meantime has expired. And also the opposing candidates – on both sides weakened already by the splintering – can hardly offer any effective and especially politically achievable program, despite all rhetoric in the run-up to the election.

Correspondingly, the perception of the Ukraine in Europe and the USA has been increasingly characterized by a pessimistic forecast of a conceivable breakdown of the economy and possible political and ethnic unrest.

And despite important progress such as the institution of the Partnership and Cooperation Agreement with the EU, the close cooperation within various NATO structures, and the advice on the part of the Council of Europe, the relationship has been spoiled recently by other reasons. Not only the tensions during the war in Kosovo, and the contradictory course of the G-7 countries regarding assistance for the Ukrainian energy industry, but mainly the missing readiness of the West for equal cooperation in the EU and NATO, the criticism about the human rights situation by the Council of Europe with the threat of exclusion, and the declining credit and

investments – as well as the respective reactions from Kiev – demonstrate fundamental differences and difficulties.

CONFERENCE IN YALTA

Among the 70 experts in politics, economics, science and media from the Ukraine, the USA and Europe who discussed the necessity and the possibilities of a deepened stra-

Neue Zürcher Zeitung, Zürich, 3. Juni 1999, Seite 5

Ukrainisch-atlantische Vision und Frustration Eine Konferenz in Jalta im Schatten des Kosovo-Krieges

Acht Jahre nach der Auflösung der Sowjetunion und der unerwarteten Ausrufung der staatlichen Unabhängigkeit der Ukraine herrscht über deren Platz in Europa immer noch allseitige Unsicherheit. Verglichen mit der Situation während des kalten Krieges hat die Ukraine seit Anfang der neunziger Jahre aber dennoch beachtliche Wegstrecken innerer und äusserer Umorientierung zurückgelegt.

R. M. Wohin steuert die Ukraine, der flächenmässig grösste Staat in Europa? Über diese Frage und damit verbundene Komplexe diskutierten dieser Tage einschlägig interessierte Politologen, politische Praktiker und Presseleute an geopolitischem Ort im ehemaligen Sommer-schichtstrüchigem Ort im ehemaligen bei Jalta, wo palast der Zarenfamilie von Livadija bei Stalin, im Februar 1945 die «grossten Drei» – Stalin, Roosevelt und Churchill – über die Nachkriegsordnung nach dem Sieg über Hitlerdeutschland beraten hatten. Eingeladen zu dem jetzigen Treffen hatten politische «Denkfabriken» aus Kiew, Bonn und Washington.

reich. Ein Deutscher stellte die Frage, ob der Ukraine denn nicht gelinge, von der Rubelkrise des vergangenen Jahres zu profitieren und die sich im gross abwendenden In...
sagen d...
freun...
tergic co-
operation
during a con-
ference organized by
the Atlantic Council of the
Ukraine, the American Institute
for Contemporary German Studies
and ZEI in Yalta, there was large

consent on the responsibility of the Ukraine for further reform as well as on the perspectives of Ukrainian-Atlantic partnership. While the results of this conference will be published in the ZEI series soon, the research on the development of institutions in the Ukraine and on closer cooperation will remain an important focus of the research groups at ZEI.

Peter Wittschorek is a member of the research group "European Institutions and Institutional Development" at ZEI.

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B 99-10

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B 99-11

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C 49 1999

Volker Steinkamp: Die Europa-Debatte deutscher und französischer Intellektueller nach dem Ersten Weltkrieg

The publications can be ordered free of charge. Please call +49-228-73-9218 (Series B) or +49-228-73-1880 (Series C) or contact us by E-Mail: ze@uni-bonn.de.

A list of all ZEI publications which have been published so far is available on the Internet at <http://www.zei.de>.

Book Donation

Even in the age of the internet, books remain among the most important instruments of researchers. The ZEI library continues to increase steadily – but as yet it has not reached the dimension which is deemed indispensable for a research institute. It is all the more encouraging to have friends who support ZEI's activities and help the Center to build up its library.

Persons and institutions supporting ZEI with book donations include:

- Ambassador Joachim Bitterlich, German Ambassador with NATO, Bruxelles
- Professor Dr. Dr. h.c. Karl-Dietrich Bracher, Rheinische Friedrich-Wilhelms-Universität, Bonn
- Deutsche Gesellschaft für Auswärtige Politik e.V., Berlin
- European University Institute, San Domenico di Fiesole/Firenze
- Hoover Institution on War, Revolution and Peace, Stanford (CA)
- Marlene Lenz, former Member of the European Parliament, Brussels, Strasbourg, Luxembourg
- Dr. Werner Ungerer, former president of the Collège d'Europe, Bruges

The donations are a valuable contribution to ZEI's library and the Center would like to express its gratitude to its sponsors whom it holds in high esteem.

International Macroeconomics

by Ingo Fender

Just as in 1997 and 1998, ZEI organized the *ZEI - Summer School on International Macroeconomics* (9 through 20 August 1999). The purpose of this third Summer School event was to bring together young economists for a series of lectures covering the current frontiers of research in their area of interest and to create an opportunity for stimulating discussion and presentation of their own research to a group of international scholars. The school was held at the premises of „*Deutsche Physikalische Gesellschaft - Physikzentrum Bad Honnef*“.

International Academic Conference in Anticipation of the Stability Pact for South Eastern Europe

by Marcus Wenig

All the States of South Eastern Europe should have the perspective of EU membership. This also applies to Serbia, given a comprehensive democratization of the country beforehand, which implies overcoming the Milošević regime. Whereas in the case of Albania and the countries of former Yugoslavia – with the exception of Slovenia which has already started formal accession negotiations with the EU – a status of associated membership has to be designed, the EU should start, at the beginning of the year 2000, official accession negotiations with Bulgaria and Romania which already have a clear perspective of membership.

This was the leitmotiv of a future oriented conference that was organized by ZEI and its partner institute in Sofia, the Center for Liberal Strategies, assembling renowned representatives of research institutes, universities and media from the whole of South Eastern Europe in mid-May in the Bulgarian capital. In his opening address the Bulgarian President Petar Stoyanov pointed out the necessity to develop a vision for the region

The field of „International Macroeconomics“ is one of the core areas in international economic research and is, due to increasing globalization, expected to even gain in importance over the next years. The presence of German researchers in this dynamic research area is, however, rather underdeveloped. One of the reasons for this underrepresentation can be traced back to a lack of suitable platforms for communication among young researchers and for discussion with leading experts in international macroeconomics.

The main goal of the *ZEI - Summer School* is, thus, the timely dissemination of recent research in the area of international macroeconomics as well as the improvement of communication among domestic and foreign researchers in this area. The presentation of own research and active discussion of the results and implications is regarded as one of the main elements of the school. The setup of *ZEI - Summer School* is, therefore, very

as a whole, bearing in mind the recent experience of the war in Kosovo under the heading „Facing the Future: the Balkans in the Year 2010“ different scenarios for the political, economic and strategic future of the region were presented. More than 200 visitors witnessed the invited scientists discussing in remarkable frankness and with the sincere determination to find long-term realistic perspectives transcending the current crisis.



Dr. Marcus Wenig, coordinator of the ZEI research group „EU-Accession“, Professor Ludger Kühnhardt, director at ZEI und Petar Stoyanov, President of Bulgaria (from left)

The participation of Serbian and Kosovo-Albanian researchers despite the ongoing war in Kosovo was an additional highlight of the conference. Further speakers came from Albania, Belgium, Bulgaria, France, Germany, Greece, Italy, Macedonia, Russia, Turkey, and the US.

Dr. Marcus Wenig is research associate at ZEI and coordinator of the research group „EU-Accession“.

different from the setup of other, comparable events like the newly established *Barcelona Summer School*.

The third *ZEI - Summer School* attracted about 30 young economists from all over Europe, including the middle and eastern European states, as well as from the US. The lectures were presented by Paul de Grauwe (Catholic University Leuven), Dale W. Henderson (Federal Reserve Board, Washington), Roberto Perotti (Columbia University, New York), and Jürgen von Hagen (ZEI, University of Bonn). Topics included up-to-date theoretical and empirical research on currency crises, on the international implications of EMU, on the effects of fiscal consolidations as well as questions relating to the independence and accountability of central banks.

Ingo Fender is fellow at ZEI, department „Economic and Social Issues“.

Master of European Studies - First Certificates Handed Over

The first participants of ZEI's one-year program in European Studies graduated in May this year. In October, the second program term 1999/2000 will commence.

by Stefan Fröhlich

On 31 May 1999 Professor Jürgen von Hagen, director, and Dr. Stefan Fröhlich, coordinator of the "European Studies Program" at ZEI handed over the Master Certificates to the first graduates of the program. During the farewell ceremony, Prorector Professor Hans-Jürgen Biersack and Bonn's Mayoress Bärbel Reindl stressed the meaningfulness of this program in both sharpening the image of the University and confirm-



The first graduates of ZEI's European Master Program receiving their certificates handed over by the coordinator of the program, Dr. Stefan Fröhlich

Foto: ZEI

ing the city of Bonn as a renowned scientific location.

In her "Shakespearean" speech, Katharina von Schnurbein, one of the graduates, felt sorry for the "poor Professors", who were continuously and inevitably interrupted by their students with numerous objections and queries during the whole course program.

Exactly one year before and according to their qualifications, 13 candidates out of 60 top graduate applicants had been chosen to take part in this comprehensive program covering law, economics and politics.

Looking back, the future ZEI-Alumni stated enthusiastically, that despite small beginner's difficulties, they had learned an awful lot. The program made them "fit" for a career in any European environment. The dialogue-style method proved to be the most suitable to intensively deal with the extensive curriculum. Accredited well known international and German staff gave their best to add to the quality of the program.

After the course program at ZEI the fellows went for practical training mostly to the Commission of the EU in Brussels, but also to other institutions dealing with European affairs in Germany and other member states.

THE ACADEMIC YEAR 1999/2000

In the meantime preparation is on the way for the second academic year: more than 90

applications have been received from about 40 German and 50 foreign graduates. 25 in all have been chosen this time, so that in October, twice as many fellows will be taking part in the 1999/2000 program. Thanks to the financial assistance of the German Donors' Association (Stifterverband der deutschen

Wissenschaft) and the Federal Ministry of Education, Science and Research (BMBF) scholarships are available, which will also be the case in the coming year, for applicants coming from Germany, EU and middle and Eastern European countries, as well as from Latin America, the USA and Asia. The program commences on 11 October, with an introductory week. Basic courses and specialized consolidation modules will be read as from 19 October. ■

Dr. Stefan Fröhlich is program coordinator at ZEI.

ZEF-WINDOW

NEWS FROM THE CENTER FOR DEVELOPMENT RESEARCH (ZEF)

ZEF was one of 27 world-wide institutes to be invited to a UN Think Tank meeting with the Secretary-General Kofi Annan on 4-5 May 1999, organized by the Overseas Development Council (ODC). The purpose of the meeting was to promote an ongoing dialogue and exchange of information between the UN system and independent policy research institutions.

The Global Development Network (GDN) is currently being developed by the World Bank to link research and policy institutes involved in development issues for knowledge generation and sharing. The GDN will be launched at a first conference to be held in Bonn, Germany, on 6 - 8 December 1999. Further information can be obtained from the GDN web site at www.worldbank.org/knowledge/net/

The "Society of the Friends for Development Research ZEF e.V." was recently founded by ZEF. The association promotes the international discussion and the exchange of scientific knowledge and practical experiences, develops a network of experts, improves knowledge and understanding of development research through information exchange and events, cultivates the solidarity of former and present ZEF staff, and plans to support the new generation of academics by making awards. Members of the board are Prof. Joachim von Braun, Prof. Paul Vlek, the former ambassador Alexander Graf York, and Hans Hack (manager). Those interested in membership and promotion of the society are requested to contact Hans Hack (Phone: 02244/871880) or one of the other members of the board at ZEF.

On 1 October the newly established "International Doctoral Studies Program" of ZEF will start. 20 graduates from 17 different countries will participate in the three-year program. The deadline for applications to the next academic year starting in August 2000 is 15 October 1999. Information is available from Dr. Günther Manske (E-Mail: docp.zef@uni-bonn.de) or from the ZEF homepage (<http://www.zef.de>)

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>

OCTOBER 1999

- 12 ZEI Europadialog (12:30): Dr. Viktor Kosharov, Ministry for International and Foreign Economic Relations of Sverdlovsk Region: „The Development of the Russian Federal System: Machtkampf between Center and Regions“.
- 18 ZEI Europaforum (17:00): Prof. Dr. Alexandru Herlea, Minister of European Affairs in Romania: „Rumänien vor dem Helsinki-Gipfel“.
- 19 ZEI-Europadialog (12:30): Dr. Freimut Duve, OSCE representative on freedom of the medias. Topic still to be announced.
- 26 ZEI-Europaforum (17:00): Jean-Claude Juncker, Prime Minister Luxembourg: „Die Rolle Luxemburgs in Europa und die Weiterentwicklung der Europäischen Union“.

NOVEMBER 1999

- 5 Workshop „Systemwettbewerb zwischen Gebietskörperschaften in der europäischen Union“.
- 11-12 International Congress „Weltachsen 2000“ (World Axes 2000) in the former plenary hall of the German parliament in Bonn (in cooperation with the Center for Development Research (ZEF) and the city of Bonn)
- 30 ZEI-Europadialog (12:30): Dr. Rüdiger Stephan, Secretary-General of the European Cultural Foundation: „Kultur und Demokratie in Europa“.

DECEMBER 1999

- 7 ZEI-Europadialog (12:30): Dr. Helmut Steinel, Commission of the EU: „Bedingungen und Möglichkeiten einer effizienteren GASP“.

JANUARY 1999

- 28 International Conference: „Innovationsansätze bei der Regulierung transeuropäischer Kommunikationsnetze“.

If not indicated otherwise, all events will take place at ZEI in Bonn. Further information can be found on the Internet at <http://www.zei.de>

Professor Jürgen von Hagen, Director of the department “Economic and social issues” at ZEI has been appointed a member of the French “Commission Economique de la Nation“. The appointment, effected by the French government, will last for four years.

ZEI has recently published its first Annual Report 1996-1998. The report describes in detail the activities of the seven research groups at ZEI and the advanced education programs conducted at or in cooperation with ZEI. The annex includes a list of conferences and other events which have taken place so far. An overview of staff members, publications and cooperation partners is also provided. The report is available in English or German and can be downloaded via Internet (www.zei.de) or ordered via E-Mail (zei@uni-bonn.de).

ZEI is organizing the 7th Transatlantic Summer Academy (TASA). The Academy is an annual international program and will take place from 25 June to 22 July 2000.

TASA has been founded by Prof. Lothar Hönnighausen, Director of the North America Program at the University of Bonn. TASA provides a unique interdisciplinary platform for students from North America and Europe to study and to discuss topical issues affecting the Euro-Atlantic relations. The overall theme of TASA 2000 is „Europe Facing the 21st Century: Defining the Central Issues“. Special emphasis is put on developments in the fields of politics, economics and law. Participants are around 40 graduate students from North American and European partner universities. The conference language is English.

Within the framework of the „Europaeum“ the prototype for a Europaeum Research and Communication Network (ERCN) will be developed at ZEI. The ERCN’s objective is to serve as a forum as well as a data bank for disciplinary and interdisciplinary PhD theses which are based on European related issues. It thereby aims to further ex-

pand the joint activities of the Europaeum Universities Bonn, Bologna, Geneva, Leiden, Paris-Sorbonne and Oxford through implementation of this forward looking concept. The basic structure of ERCN was presented by the Prorector, Prof. Willi Hirdt, Prof. Christian Koenig, Director at ZEI and Dr. Hartmut Ihne, Managing Director of IWB at the last Annual Meeting of the Europaeum held in Oxford. A special reference will be noted on the PhD Degree as evidence of participation.

ZEI in cooperation with Kluwer Academic Publishers will publish a new series entitled “ZEI Studies in European Economics and Law“. The first two volumes are in the press and will soon be available. (von Hagen, J. und Waller, C.J. (eds.): Regional Aspects of Monetary Policy in Europe; Strauch, R.R. und von Hagen, J. (eds.): Institutions, Politics, and Fiscal Policy).

VIEWPOINTS
VIEWPOINTS

Johnny Akerholm

Johnny Akerholm is Permanent Undersecretary of State in the Finnish Ministry of Finance. He participated in the ZEI workshop on „Implementing the European Employment Pact“ on 8 July 1999 in Bonn.



ZEI: Mr. Akerholm, at the Cologne Summit on 3-4 June 1999 the European Council launched the European Employment Pact (“Cologne process”), which introduces a macroeconomic dialogue on the European level between

all actors concerned with macroeconomic policy. What role does the “Cologne process” play in the coordination of macroeconomic policy and what is to expect of its effect on growth and employment ?

Akerholm: The major role of the macroeconomic dialogue is to strengthen the mutual understanding between decision makers in different spheres of economic policy. The dialogue can help to increase the understanding of the rationale behind different decisions and also the functioning of the European economy in the new circumstances. This in turn will help to identify the necessary policy prescriptions. If successful, this will, no doubt, support growth and employment in Europe but in a way which nobody can quantify neither *ex ante* nor *ex post*.

It is, however, clear that the dialogue will not entail any *ex ante* policy coordination. First, not all relevant decision makers will be present (this would expand the gathering into unmanageable proportions). Second, an independent central bank, while having a clear need to engage in discussions, will not be able to engage in a bargaining process.

ZEI: What should be the criteria for the selection of the members of the macroeconomic dialogue ?

Akerholm: Given the fact that all relevant decision makers cannot be present and regarding the role of the dialogue, there are two essential requirements: on the one hand, those present should be able to engage in a fruitful and analytical debate (also in the political dialogue), and, on the other hand, they should be able to filter the results to their colleagues and background organizations.

ZEI: What procedures are necessary to effectively connect the policy coordination process evolving at the European level with the pertinent decisions made at the national level ?

Akerholm: Given the nature of the process, the fact that no conclusions will be issued, and that the discussions will not be publicly reported, I do not foresee any formalization in this respect. It is more a question of gathering information and learning from each other. This information will, hopefully, be used in combination with other relevant information by the relevant decision makers.

ZEI: The "Luxembourg process", the "Cardiff process" and the "Cologne process" are the three pillars of the European Council's European employment strategy. The task of the Finnish and Portuguese presidencies will be to combine the three pillars to a coherent and

ZEI's International Advisory Board

An international advisory board has been established at the Center for European Integration Studies (ZEI) of the Rheinische Friedrich-Wilhelms-Universität Bonn. Professor Klaus Borchard, the rector of the university, has invited a number of eminent persons to join the board. The inaugural meeting is scheduled for November 1999. The Board is formed by the following members:

- Adamowitsch, Georg Wilhelm, Undersecretary of State, Office of the Prime Minister of North Rhine-Westphalia, Düsseldorf
- Bartoszewski, Prof. Dr. Wladyslaw, former Minister of Foreign Affairs of Poland, Warsaw
- Berg, Dr. Lars, Member of the Board, Mannesmann AG, Düsseldorf
- Bogdanow, Prof. Dr. Bogdan, Chairman, Board of Trustees, New Bulgarian University, Sofia Chairman, Board of Trustees, New Bulgarian University, Sofia
- Borchard, Prof. Dr. Klaus, Rector, Rheinische Friedrich-Wilhelms-Universität Bonn
- Delors, Jacques, former President of the European Commission, President „Notre Europe“, Paris
- Genscher, Hans-Dietrich, former Minister of Foreign Affairs of the Federal Republic of Germany, Bonn
- Inotai, Prof. Dr. András, Director, Institute for World Economics of the Hungarian Academy of Sciences, Budapest
- Issing, Prof. Dr. Otmar, Member of the Board, European Central Bank, Frankfurt
- Malinvaud, Prof. Dr. Edmond, Académie Française, former President of the Board for Statistics and Economic Planning of France, Honorary Doctor of the Faculty of Law and Economics of the University of Bonn, Paris
- Masterson, Prof. Dr. Patrick, President des European University Institute, Florence
- von Ploetz, Dr. Hans Friedrich, Undersecretary of State, Foreign Office, Berlin
- Portes, Prof. Dr. Richard, President, Center for European Economic Policy Research, London
- Wildhaber, Prof. Dr. Luzius, President, European Court for Human Rights, Strasbourg

comprehensive strategy. How can this be accomplished ?

Akerholm: The Union is rich in procedures. Not only do we have those mentioned above, but also the Broad Economic Policy Guidelines (BEPG), Stability Programs, and a host of relevant structural work going on in other councils than the Ecofin. All this work should be brought together in order to make it possible to clearly identify the strategy adopted by the European Union to solve the economic policy problems at hand, to identify the instruments to be used, and,

also, the responsibilities. The respective roles of action at union and national levels should always be clarified when new initiatives are presented.

The Employment Pact is a first attempt to bring these procedures closer together, but clearly, more needs to be done. We need to move from the creation of procedures to implementing measures. This is one of the priorities during the Finnish Presidency, which is also supported by the fact that the European Council has asked for a report on the experiences of economic policy coordination to be delivered in Helsinki.

Is the European Union Ready for a Written Constitution?

by Christian Koenig

In passing, the European Court of Justice characterized the EEC treaty as the fundamental constitutional charter of a community based on law in the first EEA opinion issued in 1991. Yet it took the first (unsuccessful) 'draft constitutions' from the European Parliament to trigger a sustained constitutional debate in specialist literature regarding the issue of democratic legitimation. The discussion regarding a European constitution has resembled a Pandora's box of issues which touch on - in respect to the Union founded on international treaties - controversial categories of federal/national order, sovereignty, the constituent power of the people, constituted democracy, and the preservation of national identity. In this respect, it is necessary to differentiate between the constitutional discussion which is being carried out with regard to the Union itself and revolves around the legitimation issue on the one hand and the European constitutional homogeneity of the Member States on the other which is presupposed at least in the fundamental constitutional guarantees under Art. 6 (1) and (2) of the TEU.

Article 1 (2) of the TEU aptly describes the Union as 'a new stage in the process of creating an ever closer union among the people of Europe' and thus assumes the Union's openness to and, indeed, its need for development. However, it would appear hazardous to want to base a viable concept of a constitution on this at this point in time. The all too generous use of the term "constitution" blocks our view of the European Union's architecture which is built upon international treaties. This gives rise to misunderstandings, legally unfounded and generally exaggerated expectations and, ultimately, disappointment over the European Union's functional capacity. Misunder-

standings and disappointment however hurt the concept of European unification. They are detrimental to the marvelous goal of a comprehensive European Political Union in the form of a lasting peace order set up in the economic, social, legal, domestic, foreign and security policy fields. The *social* operational force of this legal order would be called into question were the term 'constitution' not to hold what it promises Union citizens as a description of the Union's legal order. An unrealistic 'Constitution of the European Union' that is overfraught with unfulfilled expectations would not be able to ensure fundamental Community rights or market freedoms for Union citizens on a lasting basis, nor would it be able to regulate economic or political life. It would however disqualify and delegitimize Union reality as being "unconstitutional".

A concise, clearly structured and comprehensibly written constitutional charter would also not eliminate the potentially destabilizing effect of a 'Constitution of the European Union' that is only verbally postulated but does not legitimize Community authority in a transparent manner. There would be considerable danger that such a document would only conceal aporia. The fact that little progress has been made towards reducing the opacity of Community procedures for Union citizens even with the Treaty of Amsterdam is surely due not only to the way in which the text was formulated. This lack of transparency is a symptom for the compromises arising from a lack of will or, rather, a lack of agreement on the part of the Member States to legitimize Community authority in a democratic and transparent way through a united parliamentary representation, after the example of western constitutional traditions.

At present, the term "Constitution of the European Union" does not live up to its name. Since the European Union is orga-

nized on a supranational as well as inter-governmental basis, the *normative* concept cannot be used in a juristically appropriate way. European integration is based on the legitimating force of the Member States' already constituted power (democracy). Only these States - not the European Union - have the sovereign power to establish new powers ("competence to establish competence"). The democratic legitimation of Europe's unification issues from all Member States through the approval for Europe's unification on the basis of international treaties granted by their national parliaments. Consequently, no further-reaching institutional or competence-related consequences can be linked to the concept of a European constitution than those foreseen by the acts sanctioning the Treaties passed by the Member States. *The European Union currently is not ready for a written constitution. The need for a constitution in the near future is also not discernible.* Until the prerequisites have been fulfilled within the European Union for a democratically constituted European "union of citizens" that is reality in everyday life there is no viable alternative to legitimizing Community power on a two-track basis, namely, through the Member States' national parliaments and then "corroboratively" through the European Parliament. As long as this is the case, use of the term "constitution" when it is overfraught with disappointed expectations and in a manner that is out of touch with reality will not serve to strengthen the operational force of the Union's complex legal order. It would, in a worst case scenario, delegitimize this order as "unconstitutional" as a result of Union citizens' awareness of democratic deficits. Ultimately, the simple term "Basic Statute of the European Union" would do the construction of a united Europe and its bases for legitimation greater justice, also in view of future revisions of the treaty. ■

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European Public - Europe in the Public

The latest poll during the election for the European Parliament confirmed a long suspected assumption: The German's knowledge about Europe is noticeably meager. Fewer than 10% of the German citizens could give a correct answer to a question about the jurisdiction of the European Parliament and only slightly more respondents could name a EU-representative. It is only a little comforting that the poll data from the other countries of the European Union is hardly any better. ■

In a pilot study named "European Public - Europe in the Public", ZEI is attempting to identify the reason for this deficit. A main point of interest will be the print media. So, among others, the journalistic editing of European themes in the main reports of leading German newspapers covering a period of five years will be researched. The results of this study will appear in short form as a ZEI-Discussion-Paper. ■

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