

EDITORIAL
EDITORIAL

At the outset of the 21st century the European Union looks back on a process of almost half a century of successful European integration. At the same time, the EU is facing central objectives and challenges like the enlargement of the Union, the necessity of institutional reforms and of ensuring the stability and legitimacy of the common currency. Furthermore, the European Union finds itself discussing the question of creating a European constitution. The EU is discussing its internal state as well as the framework which determines the institutional order, the competences and the distribution of these competences between diverse actors both within the institutional structures of the European Union and between the Union itself, its member states, their regions and local administrations. The discussion surrounding the future Constitution of Europe is controversial and so is the discussion on that issue among researchers at the Center for European Integration Studies. Applying an adaptation of the words of Deng Tsao Ping - it is a matter of indifference whether the cat is grey or white, the main thing is, it catches mice - it is of little importance as to how the Constitution of the European Union will be named at the end of the day. The mere fact, that the European Union is momentarily in the midst of a discussion dealing with a European constitution gives proof to the need of a constitution for Europe. Only at the end of the process it will be known whether the Union finally has lived up to the challenge. It is the role of researchers also at the Center for European Integration Studies, to weigh up the arguments and push forward the discussion on a European Constitution. This is one of the central challenges of European integration in the first decade of the newly begun century.

Ludger Kühnhardt
Prof. Ludger Kühnhardt

Public Support for Market Reforms in Eastern Europe

by Bernd Hayo

The transformation taking place in Eastern Europe causes severe changes in the political and economic systems of these countries. From an economic perspective, the move from a centrally planned economy to a market economy is the most important step in the transition. From the experience of other countries we know that public support for economic reforms tends to be a key ingredient in a successful reform programme. Unfortunately, the empirical evidence that we have with respect to determinants of public support for economic reforms is rather limited. It is usually only based on case studies which makes a generalization of results difficult.

The European Union has collected survey data in up to 21 Eastern European countries since 1990 (see ZEI report No. 3, June 1999) asking people about their opinion on the creation of a market economy. Combining these surveys leads to a huge data base of more than 100.000 respondents. Figure 1 (see page 2) summarizes the development of attitudes towards the market over time and countries. Positive values imply that a majority supports market reforms. There is some variation over time and there exist a number of countries showing only weak support for the market.

MICRO AND MACRO INFLUENCES

This data base is utilized to specifically investigate the question of which factors influence the observed attitude towards market reforms. In the statistical analysis both micro influences – age, gender, education or income – as well as macro influences – such as inflation rates, employment or GDP per capita – are taken into account. The difference between the two types of variables is that micro variables can vary with every individual while the values of macro variables are the same for every respondent in a specific country. This new approach combining micro and macro variables in one

analysis allows us to take account of possible interactions between these sets of variables.

Regarding the micro influences, we find that with respect to age there appears to be u-shaped influence, with the lowest support for the creation of a market economy occurring at an age of about 50. Men have a more positive attitude towards market reforms than women, which is also the case for more educated respondents and relatively rich households. These findings are quite robust and are similar to results obtained from the analysis of other survey questions on economic transformation.

As macro influences, variables such as the inflation rate, GDP per capita, employment, government deficit, share of private sector in the economy or indicators reflecting the progress in economic transition are taken into consideration. Only one of these macro variables turns out to have a statistically significant, albeit small, influence on support for market reforms: the inflation rate. In other words, countries that were able to keep inflation down experience relatively more public support for the creation of a market economy.

It seems to be astonishing that variables like employment or GDP per capita are not displaying a robust influence. With respect to employment one has to bear in mind that it is the development of employment in the country as a whole and not the specific situation of the respondent that is being analysed here. We know from other studies that unemployed workers tend to be less enthusiastic about the creation of the market. With respect to GDP per capita one finds that there exists, if at all, a rather negative influence, which means that in those countries where little progress has been made with respect to this indicator, people are more in favor of introducing a market economy.

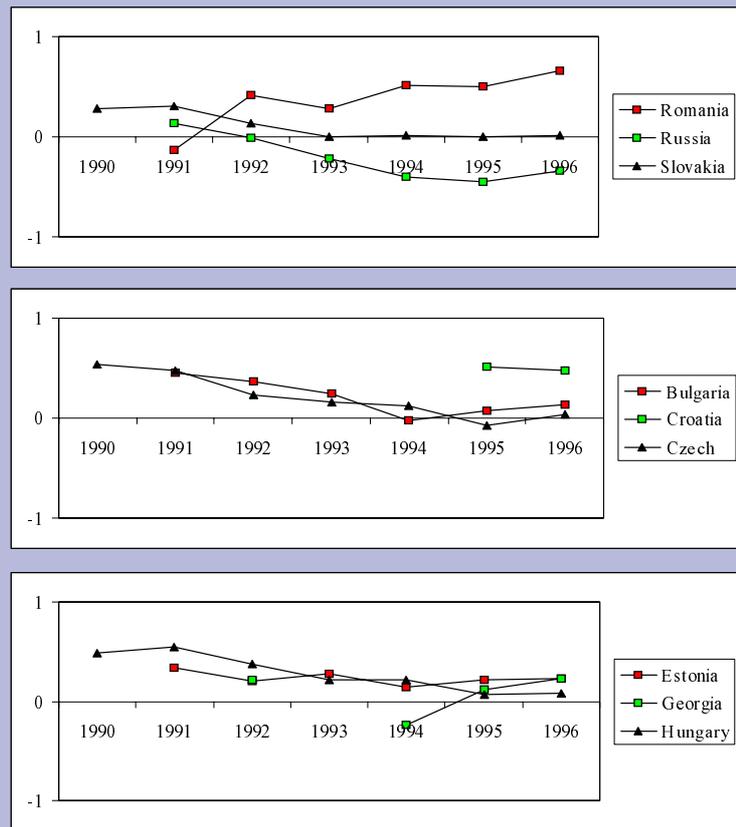
Another interesting aspect is to compare the influence of macro variables across dif-

ferent income groups. Here it can be shown that for the relatively rich people the focus on low inflation rates is much higher than for relatively poor respondents. A possible explanation of this finding is based on the observation that for poor people the “money” economy does not play a major role in their struggle for economic survival. They are usually highly dependent upon non-monetary activities like barter or family support. Consequently, inflation as an indicator of the loss of purchasing power of money does not really matter for them. Regarding the explanatory power of both micro and macro determinants in the statistical model, the influence of micro variables is much higher than that of macro variables. This indicates that certain macroeconomic conditions do not affect individual opinions very much.

POLICY CONCLUSIONS

There has been much criticism directed at the International Monetary Fund for putting a lot of emphasis in its stabilization programmes on keeping inflation down and eliminating large budget deficits. It was argued that this type of policy would undermine the support for market reforms in the respective societies. The present study does not support this allegation. Instead, governments seem to be able to increase support when preventing inflation to rise to hyperinflation levels. Moreover, the existence of budget deficits does not help to increase support for reforms after controlling for other micro and macro variables. This could indicate that the deficit financed government expenditures are not really targeted to those

FIGURE 1: PUBLIC SUPPORT FOR THE CREATION OF A MARKET ECONOMY (SELECTED COUNTRIES)



people who consider themselves to be losers of the transformation process. However, whether the conclusions derived in this study hold up more generally or whether they are specific to countries in a situation of economic transformation is an open question. A detailed report on this study is pre-

sented in ZEI Working Paper B 99 - 25 “Micro and Macro Determinants of Public Support for Market Reforms in Eastern Europe”.

Dr. Bernd Hayo is senior fellow at ZEI, department “Economic and Social Issues”.

An Urgent Need for Reform at the European Court of Justice

by Jürgen Kühling

The call for reforms of the European judicial system are becoming louder. An expert meeting at ZEI revealed the necessary steps towards a successful reform.

It is undisputed that the jurisdiction of the European Communities has reached a critical stage. The number of proceedings requiring complicated, profoundly specific knowledge is increasing steadily, causing a massive work load which leads to an unacceptable prolongation of the duration of proceedings. Against this background, the necessity for a reform of the Community’s judicial system has been accepted by all

quarters. However, the pathbreaking supplementation of the European Court of Justice (ECJ) by the European Court of First Instance (CFI) by means of assignment in 1989 was not followed by other innovations of a similar extent, despite the need for action becoming more and more urgent. Most recently, the coming into force of the Amsterdam Treaty has meant a substantial increase in the judicial competences of the ECJ. This not only includes the area of Police and Judicial Co-operation in Criminal Matters belonging to the third pillar, but also judicial co-operation in civil matters which has been transferred to the Community pillar with its tradition of granting legal protection. Furthermore, the coming into force

of the third stage of European Monetary Union will lead to an increase in proceedings. Finally, it is to be expected that the realization of the planned enlargement of the EU to include Eastern European states will have a revolutionary impact on the Community’s judicial system.

In May 1999, the ECJ presented its proposals for reform in the shape of an extensive reflection paper. To complement this, the Commission has set up a group of experts consisting of seven renowned authorities on the Community’s judicial system, all of whom are former judges and Advocates General of the ECJ/CFI or lawyers appearing before these courts.

Discussions among lawyers and government officials who deal directly with the ECJ/CFI when litigating or preparing proceedings nearly all point in the same direction. This has also been demonstrated by an expert meeting among experienced lawyers, government officials and academics recently organized by the legal department of ZEI and the Bonn Center for European Econom-

ic Law (ZEW). During a conversation with one of the seven eminent authorities of the reflection group, the former judge of the ECJ Prof. Ulrich Everling of the University of Bonn, it became obvious that a radical transfer of competences from the ECJ to the CFI is necessary and that this must include preliminary references. Additionally, the establishment of special chambers of the CFI is deemed to be necessary in that this will permit the judges to acquire specialist knowledge in such difficult areas as the Commu-



Prof. Dr. Ulrich Everling Foto: C. Wirges

nity system of trademark law, to take an example. An even further-reaching proposal calls for the creation of specialist courts, for instance for disputes regarding competition law or intellectual property. Furthermore, the involvement of the Advocate General should be restricted to important cases. The ECJ's function should be limited to that of a "constitutional" court or an instance of appeal – although this is certainly a very important function. However, it became clear during the course of discussion that it will prove extremely difficult to determine the grounds of appeal to be permitted and/or the Community law to be declared to be of a constitutional nature.

In view of the urgency of the situation, a rapid implementation of these reforms is required. It remains to be seen whether this will suffice to constitute a jurisdiction which will work in a future EU which may well comprise 28 Member States. This doubt which is certainly justified was expressed by the experienced lawyer Prof. Hans-Jürgen Rabe who performed a critical analysis of the reflection group's interim report presented by Prof. Ulrich Everling.

Dr. Jürgen Kühling, LL.M., is senior fellow at ZEI and works, inter alia, on "institutional reforms in the EU".

NEW PUBLICATIONS

ARTICLES

Koenig, Ch., Braun J.D., Capito R.: „Europäischer Systemwettbewerb durch Wahl der Rechtsregeln in einem Binnenmarkt für mitgliedstaatliche Regulierungen?“, in: Europäisches Wirtschafts- & Steuerrecht (EWS), 1999, S. 401-409.

Koenig, Ch., Müller, E.M.: „EG-Rechtlicher Schutz biotechnologischer Erfindungen am Beispiel von Klonverfahren an menschlichen Stammzellen“ in: Europäische Zeitschrift für Wirtschaftsrecht (EuZW), 1999, S. 681-688.

Kühling, J.: „Zu den möglichen Grenzen der Kommunikationsfreiheit“ in: Zeitschrift für Medien und Kommunikationsrecht (AfP), 1999, S. 214-221.

Koenig, Ch. / Haratsch, A.: „Europarecht, 2nd edition, Tübingen 1998, J.C.B. Mohr (Paul Siebeck) Verlag.

ZEI POLICY/WORKING PAPER SERIES:

B 99-12
Mehmet Caner and Lutz Kilian: Size Distortions of Tests of the Null Hypothesis of Stationarity: Evidence and Implications for Applied Work

B 99-13
Christian E. Weller and Jürgen von Hagen: Financial Fragility or What Went Right and What Could Go Wrong in Central European Banking?

B 99-14
Bernd Hayo and Birgit Uhlenbrock: Industry Effects of Monetary Policy in Germany

B 99-15
Christian E. Weller: Financial Crises after Financial Liberalization: Exceptional Circumstances or Structural Weakness?

B 99-16
Christian E. Weller and Mark J. Scher: Multinational Banks and Development Finance

B 99-17

Jan Fidrmuc, Julius Horvath and Jarko Fidrmuc: Stability of Monetary Unions: Lessons from the Break-up of Czechoslovakia

B 99-18

Christian E. Weller and Bernard Morzuch: Why are Eastern Europe's Banks not failing when everybody else's are?

B 99-19

Ali M. Kutan and Josef C. Brada: The Evolution of Monetary Policy in Transition Economies

B 99-20

Helmut Seitz: Subnational Government Bailouts in Germany

B 99-21

Josef C. Brada and Ali M. Kutan: The End of Moderate Inflation in Three Transition Economies?

B 99-22

Rafael Di Tella and Robert MacCulloch: Partisan Social Happiness

B 99-23

Rafael Di Tella and Robert MacCulloch: Informal Family Insurance and the Design of the Welfare State

B 99-24

Robert MacCulloch: What Makes a Revolution?

B 99-25

Bernd Hayo: Micro and Macro Determinants of Public Support for Market Reforms in Eastern Europe

B 99-26

Stefan Lutz and Alessandro Turrini: Skills, Labor Costs, and Vertically Differentiated Industries: A General Equilibrium Analysis

The ZEI Policy/Working Papers can be ordered free of charge. Please call +49-228-73-9218 or contact us by E-Mail: zei@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>.

DISCUSSION PAPER SERIES:

C 54 1999

Lothar Rühl: Conditions and options for an autonomous „Common European Security and Defense Policy“ in and by the European Union in the post-Amsterdam perspective opened at Cologne in June 1999

C 55 1999

Marcus Wenig (Ed.): Möglichkeiten einer engeren Zusammenarbeit in Europa am Beispiel Deutschland - Slowakei

C 56 1999

Rafael Biermann: The Stability Pact for South Eastern Europe - potential, problems and perspectives

C 57 1999

Eva Slivková: Slovakia's Response on the Regular Report from the European Commission on Progress towards Accession

C 58 1999

Marcus Wenig (Ed.): A Pledge for an Early Opening of EU-Accession Negotiations

C 59 1999

Ivo Sanader: Croatia's Course of Action to Achieve EU Membership

SERIES OF PUBLICATIONS (SCHRIFTENREIHE DES ZEI IM NOMOS-VERLAG)

Volume 10

Marcus Höreth: Die Europäische Union im Legitimationstrilemma, Zur Rechtfertigung des Regierens jenseits der Staatlichkeit, NOMOS Verlag, 1999, Baden-Baden.

Volume 11

Ludger Kühnhardt/Dario Valcárcel (Eds.): Spanien und Deutschland als EU-Partner, NOMOS Verlag, 1999, Baden-Baden.

Volume 14

Hüseyin Bağcı/ Jackson Janes/ Ludger Kühnhardt (Eds.): Parameters of Partnership: The U. S.-Turkey-Europe, NOMOS Verlag, 1999, Baden-Baden.

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

The Baltic States on their way into the European-Atlantic Confederation

As early as mid 1999, the Baltic Republics forewarned that the war in Kosovo must not impact on their integration into the western economic and security institutions. This was also the general course of a conference on the Baltic States held mid 1999 at the Center for European Integration Studies in Bonn in cooperation with the "Programme on the Northern Dimension of the CFSP". Along with the Estonian Foreign Minister Toomas Hendrik Ilves, his Latvian counterpart Dr. Valdis Birkavs and the Lithuanian Deputy Foreign Minister Dr. Gediminas Serksnys, participants at the conference also included well-known researchers and experts from the fields of politics, science and journalism, from the U.S.A., Europe and the Russian Federation. The commencement of formal accession negotiations with Estonia was at that time as-

EU and Mercosur: A comparative research project

The role of regions in the integration process will grow in its relevance and hence as a challenge for comparative scholarly research on the integration processes in the EU and in Latin America, the Mercosur region (Argentina, Brazil, Uruguay and Paraguay) in particular. Regional self consciousness is as relevant as issues of economic competitiveness and the political reinforcement of regional decision making potentials. These were the main results of an academic workshop, which the Institute for the Integration of Latin America and the Caribbean (INTAL) and the Center for European Integration Studies (ZEI) organized in Buenos Aires on 7 October 1999. INTAL Director Dr. Jose Taccone, the Director of the Montevideo-based "Training Center for Regional Integration (CEFIR)", Dr. Jorge Grandi, ZEI-Director Prof. Ludger Kühnhardt and ZEI Junior Fellow Ramiro Vera-Fluixá presented papers which served as the basis for the development of a long-range research project which ZEI will realize together with the two leading Latin American institutes on integration research, INTAL and CEFIR. Within the context of the research group "The global role of Europe", as a next step of the project, ZEI will publish a "Discussion Paper" on the question of the relationship between regional integration in the EU and in Mercosur.

essed to the effect that it must only be the beginning of a process which would lead to the integration of all three Baltic States into the European Union.

At its recent summit meeting in Helsinki in December 1999, the European Council agreed, as of February 2000, to commence accession negotiations with the other Central and Eastern European countries as well as with Cyprus and Malta, such negotiations also to include Latvia and Lithuania.

In support of the process to lead Latvia and Lithuania into the Union, Valdis Birkavs (Latvia) and Gediminas Serksnys (Lithuania) signed agreements with the Center for European Integration Studies, the aim of the agreements being for the Bonn Center to extensively advise both states during the preparation process through to their achieving ultimate European membership. With the conclusion of this agreement, and as explained by Professor Kühnhardt, Director at ZEI, the Center for European Integration Studies entered into a new dimension of political adviser to foreign governments.

ZEI-CALENDAR ZEI-CALENDAR FEBRUARY 2000

- 22 ZEI-Europadialog (12:30, ZEI): Dr. Peter Zervakis, ZEI: „Neue Chancen und Optionen im Zypern-Konflikt nach dem EU-Gipfel in Helsinki“.
- 29 ZEI-Europadialog (12:30, ZEI): Peter Freeborn, Leiter Verkauf EUROCKOT, DASA: „Deutsch-Russische Raumfahrkooperation im Trägermarkt - politische und ökonomische Dimensionen“.

MAY 2000

- 11/12 Expert Symposium „Das EG-Beihilfenrecht - Grundlagen und praktische Anwendung in ausgewählten Beihilfenbereichen (11 May: 3:00 pm - 6:45 pm; 12 May: 9:30 am - 3:40 pm, ZEI).
- 29 ZEI-Europaforum (5:00 pm, ZEI) Bischof Josef Homeyer: „Der Beitrag der Religion und der Kirchen zum geistigen Selbstverständnis. Die katholische Perspektive“.
- 31 Expert Conference „Regulatory Review - Notwendige Schritte zur Weiterentwicklung des europäischen Regulierungsrahmens der Telekommunikation für das 21. Jahrhundert“ (all-day at ZEI, in cooperation with the Federal Ministry of Economics).

Political Implications of the EU Enlargement

Ten years after the fall of the Berlin wall, Europe remains divided. True, the division is no longer marked by concrete and barbed wire. But, for the formerly communist countries in Central and Eastern Europe, the return to Europe proved to be longer and more difficult than expected.

by Jan Fidrmuc

Most appraisals of the enlargement focus on economics. But the political dimension is also important. One aspect is the role of the EU as a political anchor for the accession candidates - it sets a minimum standard of political freedom and democracy. This effect is important especially in the pre-

accession period, when the EU's leverage is greater. Another, often neglected aspect is the effect EU membership may exert on political stability in the accession countries. Ten years after the fall of communism, the transition countries are still politically fragile. Adverse economic effects of the transition brought about a backlash against pro-market reforms. Even in the countries most likely to be in the first wave of the next enlargement, political support for communists, nationalists and/or other extremists remains dangerously high.

A research project at ZEI is focused on the relationship between economics and electoral outcomes in the Czech Republic, Hungary, Poland and Slovakia. The following general pattern were found: The support for pro-reform parties is associated with low unemployment, greater private entrepreneurial activity and high average wages. Conversely, regions with high unemploy-

ment, little entrepreneurial activity and low wages show higher support for former communists and other parties generally opposed to free-market reforms. It is generally agreed that EU membership will have positive effects on the economic performance of the new entrants. Improved economic performance will, in turn, increase popular support for continuation of the reforms. On the other hand, if the accession is further postponed, we may see the rise to power by parties opposed not only to economic and democratic reforms, but to European integration as well.

The European Union made an implicit commitment to assist and eventually embrace those countries that shed dictatorial regimes and undertook fundamental economic and political reforms. At the moment, many East Europeans feel that the EU so far has not delivered its end of the bargain. Further procrastination with respect to accession will not only be unjust, but may also contribute to increased political instability in the transition countries. ■

Dr. Jan Fidrmuc is research fellow at ZEI, department "Economic and Social Issues".

Straniak-Fellowship on the Philosophical Dialogue between East Asia and the West

Together with the Hermann and Marianne Straniak Foundation, Sarnen/Switzerland, which is dedicated to the promotion of a philosophical dialogue between "East and West, Asia and Europe", ZEI has developed a "Straniak-Fellowship on the Philosophical Dialogue between East Asia and the West". Scholars from Asia, but also from the West are invited to do some research in the field of comparative philosophical issues in the context of Western and Asian traditions. The scholarly contributions will lead to an authentic anthology on contemporary Asian philosophy and its reflection on Western philosophical traditions.

Under the title „Western universals as seen from an Asian perspective: View of time – view of man“ scholars are invited to contribute to the reflection of fundamental notions of philosophy and principal philosophical traditions from an Asian point of view.

Special emphasis can be given to fundamental notions of philosophy, such as nature, history, destiny, life, death, truth, justice, freedom, person, beauty, art, all-unity,

god. The focus of research could be linked to one of the following fields of philosophy:

- anthropology: the view of man in the Asian and Western traditions;
- ethics: conditions for good behaviour;
- phenomenology: the notion of time and the meaning of change and continuity;
- social philosophy: "globalization" and its impact on philosophical patterns and principles;
- methodology: criteria and components of comparative philosophical research.

The Straniak-Fellowship will include: One month in-residence research at ZEI which will be used to conceptualize and complete a scholarly paper of approximately 35 pages to be published by the Center for European Integration Studies. The working visit can be used for intensive research based on the literature of Western philosophy available in Bonn. Travel allowances, accommodation and living expenditure in Bonn will be covered by a stipend. The Center for European Integration Studies will provide comfortable office facilities and will arrange accommodation in Bonn during the period of the Fellowship. The results of the research must be handed in at the end of the one-month stay; they will be included in an anthology bringing together original contributions of

or on contemporary Asian philosophy as far as it reflects on Western notions or traditions of philosophy or on the parameters of a philosophical dialogue between Asia and the Western world.

Eligible are scholars from Asia, but also from the West, who are interested in accepting the above mentioned conditions, and will be able to submit their application along with a curriculum vitae, a brief description of their planned research project (3 – 5 pages) and an indication of the best possible month for the in-residence research in Bonn (between the 1st and 31st of a given month within the period 1 October 2000, and 30 September 2003) prior to 15 March 2000, to the following address:

Prof. Dr. Ludger Kühnhardt
Director, Center for European Integration Studies (ZEI)
Walter-Flex-Str. 3
D-53113 Bonn
Tel.: +49-228-73-1810
Fax: +49-228-73-1818
email: L.kuehnhardt@uni-bonn.de
<http://www.zei.de>

Straniak-Fellowships will be granted on the basis of the best qualifications, most competent and most innovative proposals. ■

Klaus Büniger

Klaus Büniger was State Secretary in the Federal Ministry of Economics until the end of October 1998. As a Senior Fellow of the Center for European Integration Studies he has concerned himself primarily with questions relating to European economic policy, competition policy and monetary policy.



ZEI: Mr Büniger, you have been concerning yourself for a long time with the issues of the expansion of the EU to the east and competition policy. Where in your opinion are the greatest economic challenges relating to the inclusion of central and east European states within the EU to be found?

Büniger: The challenges can be concisely summarized in the following way: It is a matter of integrating countries

- which, under a system of communist rule for almost half a century, were subjected to a different socio-political and economic system of values,
- whose economic structures were based on a planned economy and laid down by a power politics division of labor system,
- whereby - despite all the progress the countries have made - there is still an enormous gap in terms of their economic productive efficiency,
- whose economy is to a considerable extent agriculturally based, which is of special importance as regards accession due

to the existing orientation of EU agrarian policy.

- and ultimately it is a matter of an increase in the number of Community members which will exceed to scope of the institutional framework which was originally created for just six countries.

For all the difficulties which expansion to the east brings with it in view of this package of problems, one must at the same time equally stress that it offers – if done properly – more chances than risks. It leads to a surmounting of the division of Europe, it serves to politically stabilize Europe, and to secure democracy and the reinstatement of the unity of Europe in a state of peace and freedom. It leads to a strengthening of growth, employment and prosperity. It is indisputable that economic impulses for a better allocation of labor and economic growth will be released by the internal and external opening of the markets, from the expansion of the economic trading area in which goods, services and capital flow unhindered and in which people can move freely.

However these positive effects do not become activated overnight and above all not by themselves. Reforms are called for. Those places where these have particularly flourished are also those places where economic progress has been greatest. Above all Hungary and Poland have come a long way. Other countries – particularly those with whom entrance negotiations are currently starting still have to make considerable efforts

For the accession countries it is therefore imperative that they, in accordance with the Copenhagen criteria, consistently pursue the path of market economic reforms and structural adjustment – both in the right of ownership area, privatization and in the area of market access, state aid policy, public procurement and financial control. It is important in this process that the institutional and administrative prerequisites for a market economy are developed.

ZEI: Which problems do you foresee in the area of competition policy?

Büniger: In most countries these lie less in the introduction of necessary national legislation than in equipping the competition authorities with the necessary level of independence. Hungary has led the way in exemplary fashion in this area.

There could also be problems due to the fact that the administrative authorities and courts of law are not yet sufficiently au fait with the concepts and contents of the market economy and lack a culture of competition, experience and jurisdiction. This would then become virulent with regard to the is-

sue of accession if the, in itself desirable, decentralized application of community competition law (article 81), which the Commission is now striving for with its modernization of the rule of procedure, were to become reality. In order to guarantee an effective and coherent application of Community law, it would therefore be critical that specifically in this area the cooperation between accession countries, the Commission and the EU states was strengthened in the lead up to entry.

ZEI: Do you fear a distortion of competition in the EU due to the much lower level of industrial safety regulations and social protection systems in the accession countries?

Büniger: Countries and regions have differing provisions of employment, capital or technology. This implies differing levels of productivity which for their part are reflected by different levels of salaries, social security benefits and working conditions. It would be mistaken with such well-founded variations to speak of distortions of competition or even social dumping. The alignment of social security benefits and working conditions to the high West European level would rob the accession countries of their competitiveness and in this way of the possibility of developing the economic strength later to be able to afford high levels of social security benefits and favorable working conditions. It would therefore also be appropriate to work with minimum standards, which take into account the economic capacity of the accession countries, and with sufficiently long transition periods in this area. There is, at any rate, no need for a harmonization in these areas, it would indeed be counterproductive.

ZEI: Can these countries get by without state aid? How could this be reconciled with EU legislation?

Büniger: Economic structures and subsidy conditions which are contrary to fair competition form part of the accession countries' planned economy system inheritance (aid systems in EC jargon). They are not an advantage for the affected countries but a disadvantage and they must be dismantled with time. It is true that during difficult economic harmonization processes one frequently reaches for the instrument of protection and subsidization. This is understandable in political terms. It does not help one further in economic terms. For this reason it is important that the accession countries, at the latest upon accession, make their remaining subsidization and aid systems transparent and compatible with the EU's aid regulations.

ZEI: Is the EU itself prepared for the admission of the accession countries?

Bünger: The EU has indeed gone down the right path with its Agenda 2000 and the resolutions of the European Council of Berlin. However, the reforms which have been introduced now do not go far enough. They are just a stepping stone or overture, as it was called. Both in the agricultural policy, where it must be the objective to base supply and demand on the world market prices, as well as with the Structural Funds, which have still not been adjusted for an expanded Community after the current reform, more far-reaching reforms are called for – and moreover prior to entry if the Community does not want to financially overtax itself. In addition a decision needs to be made soon regarding the institutional reforms. The Intergovernmental Conference which is now beginning must arrive at useable solutions in the foreseeable future. The EU is also for

this reason not expandable as long as this has not been achieved.

The following comment still seems important to me. Due to the large discrepancies in terms of wealth – as distinct from the previous expansion rounds – one can assume there will be a considerable amount of emigration of the work forces. If this were to become acute then it could lead to a burden being put onto the employment markets in the “old” EU countries as well as to social tensions and thereby to a decreasing acceptance of the accession process. It would not be a solution and would be a political mistake to delay the accession for this reason. In this area it will therefore not be the accession states, who demand transition periods, but the EU. This should then be politically accepted in the interest of the whole, even if it contradicts the principles of the Common Market.

news in brief

Antje Karin Pieper has recently joined ZEI as a senior fellow. Ms Pieper is a lawyer and legal adviser (retired) to the WDR and currently advises the European Commission on issues of information technology regulation. Her research activities within ZEI focus on aspects relevant to the media in the field of European telecommunication rights. Her most recent publications are „Medienrecht im Spannungsfeld von Broadcasting und Multimedia“ (in: Zeitschrift für Urheber- und Medienrecht) as well as „Neue Ordnung in Sachen Kommunikation“ (im ARD-Jahrbuch).

During a ZEI European Forum on 8 June 1999, the President of Macedonia, Kiro Gligorov, supported his country's intention to apply for membership of the EU and the NATO. While the conflict in Kosovo escalated, Macedonia managed not to fall into a political crisis, in spite of the country's problematic constellation and frontier line, and in spite of the unsolved historic identity and the long lasting isolation in foreign affairs. According to Gligorov, a long-term aim is his country's approaching and joining of the EU and NATO.

Upon accepting an invitation from ZEI and ZEF the President of Kirgistan, Askar Akajew, presented his concept on reviving the Great Silk Road during a speech given in front of an international audience at the Bonn University on 14 September 1999. The political, economic, and cultural values which once determined the trade along the Great Silk Road are supposed to characterize again the diplomacy of the Kirgistan Republic in the future. Kirgistan will do everything possible to contribute to the region's stability and peace. In connection to this, Akajew thanked the Federal Republic of Germany for the financial and technical co-operation in numerous fields which has made Germany the most important partner in Europe for Kirgistan.

Against the background of the informal EU-Summit in Tampere, the Minister of European Integration of Romania, Prof. Dr. Alexandru Herlea, presented on 18 October 1999 the state of Romania's approach towards the European Union. Herlea reported on his country's progress in the political and economic fields as well as in regards to the acceptance of the “acquis communautaire” and the administration's pro-

cess of transformation. He did not deny the fact that in these fields deficits still exist. Nevertheless, Romania would hope to be nominated at the next EU-Summit, and thereby to receive a positive signal that it is part of Europe.

The Prime Minister of the Grand-Duchy of Luxembourg, Jean-Claude Juncker, gave a speech on 26 October 1999 on the role of Europe's small states. According to Juncker, the EU could learn, for example, from the valuable experiences Luxembourg has gained in the fields of border traffic and regional co-operation, and with the Economic and Monetary Union. In addition, the Prime Minister spoke on the subject of the European Union's enlargement: It should be acknowledged that the new democracies in Central and Eastern Europe never ceased being parts of Europe. In contrast to this, the far-reaching consequences of Turkey possibly joining the Union should be considered. In advance of the next EU-Summit, Juncker warned the EU not to become an organization of disintegration; he also reminded that the process of integration not only aims at the big states but at the small states as well.

ZEF WINDOW

NEWS FROM THE CENTER FOR DEVELOPMENT RESEARCH (ZEF)

The third department „Political and Cultural Change“ headed by Prof. Dr. Andreas Wimmer has recently started its activities at ZEF. This department will mainly focus on cultural and political aspects of development processes which have often been neglected in the past. As Prof. Wimmer pointed out, a sustainable development can be “best achieved in an environment of political stability where the state is capable of guaranteeing protection of violence, the rule of law as well as predictable and efficient government action in key strategic areas such as education and infrastructure”. (Contact: Prof. Dr. A. Wimmer, Phone: ++49-228-73-1971)

In a research project, financed by the German Volkswagen Foundation, ZEF researchers address the process of market formation by looking at the example of the agro-food sector. Two factors, which have significant impact on this process, received particular attention: Liberalization of markets and decentralization of policies. On the one hand the liberalization of the Russian economy exposed the domestic agro-food sector to the competition of world markets and macroeconomic shocks because of which the financial crisis in 1998 had also significant impact on the agro-food sector. On the other hand policy-making has been shifted from the federal government to the 89 regional governments. This process contributed to spatial disintegration of food markets within Russia. One common finding of the research on market formation is that up to this point the design of market-oriented institutions has been widely neglected in the transition process. (Contact: Dr. Peter Wehrheim, phone: ++49-228-73-1873)

Recent project publications (e.g.): E. Serova, J. von Braun and P. Wehrheim (1999), *Impact of Financial Crisis on Russia's Agro-food Economy. European Review of Agricultural Economics*, 26 (3): 349-370.

ZEF closely cooperates with the Center for European Integration Studies (ZEI). The two centers together constitute the International Academic Forum (IWB) 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>

"World Axes 2000" - Dialogue of Cultures in Bonn

by Frank Ronge

The Nigerian Wole Soyinka, who won the Nobel prize for literature in 1986, defined culture as communication, as dialogue. "Dialogue of cultures" could have also served as the motto for the two-day international congress "Weltachsen 2000" (World Axes 2000), which was organized by the Center for European Integration Studies (ZEI) and the Center for Development Research (ZEF) together with the City of Bonn.

On 11 and 12 November 1999, just two days after the events from 9 November 1989 were celebrated in Berlin, renowned speakers from all over the world tackled issues concerning the future of the world during the 21st century and Europe's role in the world. Approximately 1000 scientists, politicians, bureaucrats, journalists and diplomats followed the invitation to the congress, which was held in the former plenary of the German Parliament, presented for the first time in its new function as an international congress center. The participants took part in a lively discussion.

A related theme that is dealt with by ZEI as well as by ZEF is the dialogue of cultures. Wole Soyinka emphasized that the dialogue of cultures was not interrupted during times of growing religiously and politically motivated hostility because dialogue is a natural characteristic of culture. In order for this dialogue to take place, stressed Soyinka, one must reach back to higher parameters: the deciding factor is if a cultural understanding serves power or freedom and dignity of man. As the foundation for a dialogue of cultures, it must be recognized "that while humanity is varied, it nevertheless remains indivisible". Therefore, contrary to the claim of the Chinese cultural revolution or the fundamentalist Islam, for instance the Afghan Taliban, as Soyinka exemplified, there can only be a "dialogue of rejection".

Ethics play an important role in the temporal dimension of this continuously changing world along with the world-wide dimensions of different cultures. Lech Walesa, the

founder of the Solidarnosc Union and former Polish President, pointed this out and described the role of ethics that are based on religion as a constant anchor. Since the collapse of both of the totalitarian ideologies



Lech Walesa, the former President of Poland, during the congress „World Axes2000“ in the former plenary of the German Parliament in Bonn
Foto: ZEI

of this century, National Socialism and communism, the coming century must be an "era of solidarity" in the face of the new possibilities of communication and, therefore, globalization, according to Nobel Peace Prize winner Walesa. In order to make this possible, the United Nations have to be reformed and strengthened.

That national and international institutions - considering globalization - contribute to common interests was also demanded by Oliver Blanchard, head of the economics department at Massachusetts Institute of Technology. He gave a speech on global markets and the future of the state. The former President of Costa Rica, Oscar Arias Sánchez, also recognized the importance of improving trade institutions, ensuring democracy and the rule of law, and providing education systems and health services in his observations about "Good Governance" as he shows using Russia, India and Columbia as examples. Therefore, the Nobel Peace Prize winner Arias wants to convince the industrial countries to lighten the debts for the poor countries, a demand that, like the theses of all the speakers, was discussed in detail in the framework of panel discus-

sions with members of the International Boards of ZEI and ZEF and other experts.

The challenge of poverty was also the topic of a member of the Club-of-Rome, Karan Singh, who concluded that development is a task. Also the United Nations High Commissioner for Human Rights, Mary Robinson, demanded solidarity in the world, something that for the western industrial countries means not only to support civil and political rights, but also social and economical rights as a part of human rights.

As shown in the contributions for the congress

"Weltachsen 2000", Europe is challenged in many ways by the global dialogue of the 21st century. This is also the area of research of ZEI, namely the dialogue of cultures, social change, human rights, the institutions and Europe's role in the world. The contributions, through speeches and

discussions, of the international congress "World Axes 2000" have given this research new and important impetus. They introduced new problems that ZEI in connection with ZEF will address in their future work in order to achieve relevant scientific contributions to the solution of these problems.

Dr. Frank Ronge is research fellow at ZEI, department „European Value Systems, Cultures, and Languages“.

IMPRESSUM

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

Editor: Monika Reule
Phone: +49-228-73-1811 or -1846
Fax: +49-228-73-5097
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.
ISSN: 1437-174X