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INTERVIEW MIT DEM REKTOR DER KLAUSENBURGER BABEŞ-BOLYAI-UNIVERSITÄT

OVIDIU PECICAN

"Die Handlung hat Sinn, wenn sie von einer Philosophie geordnet ist, und eine echte Philosophie muß Handlungen eindeutig rechtfertigen"

- Herr Professor Marga, in den letzten Jahren haben sich Ihre beruflichen Interessen von der Geschichte der europäischen Philosophie zum Aufbau einer Philosophie der europäischen Vereinigung verlagert. Was für eine Bedeutung hat das für Ihre philosophische Laufbahn und welche Folgen hat das für Sie als Denker ?

- Nach meiner Ernennung 1979 zum Lektor der Philosophiegeschichte, habe ich mich auf die zeitgenössische europäische Philosophie konzentriert. Ich habe Übersetzungen (Habermas, Riedel), Monographien (Marcuse, Habermas), einen ersten Versuch einer philosophischen Rekonstruktion in systematischer Absicht (Cunoaştere și sens [Erkenntnis und Sinn], 1984) und Introducerea în filosofia contemporană [Einführung in die zeitgenössische Philosophie] (1988) veröffentlicht. Gleichzeitig habe ich die Optionen eines diskursiven Rationalismus im umfassenderen Sinne vertieft, einer Philosophie, in der das Phänomen der Kommunikation einen bestimmenden Horizont hat. Das Ergebnis waren die Aufsätze, die ich der Argumentation gewidmet habe. Ich hatte immer das Gefühl, daß die Geschichte der Philosophie notwendigerweise zur Philosophie der Geschichte führt. Man kann sich den großen Philosophien unserer Zeit nur dann entsprechend nähern, wenn man die eigenen Ideen in einer möglichst systematischer Weise ordnet. Die Geschichte der Philosophie und die systematische Philosophie sind voneinander nicht so stark getrennt, wie es die akademischen Organisationsweisen andeuten. Die systematische Philosophie jedoch, die ich vertrete, und deren Horizont, wie schon erwähnt, die Kommunikation darstellt, mußte einer Krisensituation standhalten, die letzten Endes eine Krise Europas war. Ich bin zur Erforschung der Fragen der Philosophie der europäischen Vereinigung nach einer dauerhaften Auseinandersetzung mit einer Denkart gelangt, die ihren Ursprung in der Krise der Moderne (Hegel) hat und durch die Krise des alten Europas (Proudhon), des europäischen Liberalismus (Max Weber), zur Krise der europäischen Rationalität (Habermas) und des europäischen Traditionalismus (Dahrendorf) führte. Das vertiefte Studium der amerikanischen Philosophie hat mir erlaubt, die Wahrnehmung der europäischen

Krise von außen her deutlicher zu sehen. Selbstverständlich kamen zu diesen Gründen der Entwicklung, die an die "Logik" des intellektuellen Werdens gebunden sind, noch andere hinzu, die mit den moralischen Verantwortungen verbunden sind, die ich durch meine Rolle in der akademischen Leitung nach 1989 übernommen habe. Ich hatte damals das Gefühl (und ich habe es jetzt noch!), daß man die Möglichkeiten ausnützen sollte, um die Fragestellungen, das Herangehen und letzten Endes die Institutionen zu erneuern.

- *George Soros hat des öfteren die philosophische Grundlage seiner planetarischen Initiativen zur Förderung des Übergangs zu einer "offenen Gesellschaft" erläutert. Sein Weg zur Philosophie führte durch den Wunsch zur Änderung. War es bei Ihnen der gleiche Weg oder hat Ihnen, im Gegenteil, der philosophische Hintergrund eine Analyse erlaubt, aus der die Notwendigkeit der Veränderung abgeleitet wurde? Mit anderen Worten, war am Anfang die Philosophie oder die Handlung ?*

- Es ist umständlich, vielleicht unmöglich, eine Priorität zwischen Philosophie und Handlung festzulegen. Sicherlich hat meine Generation, deren Studienzeit (1966-1971) mit der "kleinen Öffnung" Rumäniens übereinfließ und deren Bildung an 1968 gebunden war, mit der Überzeugung gelebt, daß der Zugang zur großen Philosophie unbegrenzt und, daß die Änderung der Lebensweise, einschließlich der Institutionen nicht nur notwendig, sondern auch erreichbar sei. Sie blieb mit dieser Überzeugung (wenn ich die Entwicklung meiner Klausenburger Generationskollegen, Ion Cristoiu, Tamás Gáspár, Ecaterina Springer, Gustav Molnár, Marțian Iovan betrachte), usw., daß die Handlung nur dann Sinn hat, wenn sie von einer Philosophie geordnet ist und eine echte Philosophie muß die Handlung eindeutig rechtfertigen.

- *Sie haben voller Energie eine administrative Laufbahn angetreten, die Sie anscheinend von der theoretischen Reflexion entfernt und sie dazu verpflichtet hat, sich den praktischen Aspekten des Wiederaufbaus der rumänischen Universität zu widmen. Andererseits verwerten Bücher wie Universitatea în tranziție [Die Universität im Übergang] theoretisch die Erfahrungen aus diesem Bereich. Wie betrachten Sie dieses Verhältnis von "Theorie und Praxis" bezogen auf die konkreten Bedingungen aus Rumänien der letzten Jahren sowie auf Ihre eigene Tätigkeit und Ihr eigenes Leben ?*

- Bei uns waren die Kompromisse im Laufe der Zeit vielfältig und groß (Intellektuelle, die unter dem Schutz der Objektivität der Erkenntnis, fröhlich okkulten Interessen dienten; Aktivisten die, unter dem Vorwand der Distanzierung vom "Elfenbeinturm", sich bildungsfeindlichen Handlungen gewidmet haben, usw.), so daß nur wenige daran denken, dieses Thema des Verhältnisses zwischen Erkenntnis und Handlung, welches eindeutig von Bacon stammt (in den Ausdrücken "Theorie" und "Praxis" banalisiert), wiederaufzunehmen. In der Tat muß das Verhältnis neugedacht werden. Ich habe in den achtziger Jahren ein

Umdenken versucht, als ich vorgeschlagen habe, eine Unterscheidung zwischen den wesentlichen Stufen vorzunehmen, die im Verhältnis von Erkenntnis und Handlung beteiligt sind: die Abgrenzung der Frage; die Ausarbeitung einer Theorie; das Testen der Theorie; die Verbreitung der theoretischen Kenntnisse; die Organisierung der Handlung; die Handlung selbst. Auf jeder Stufe gibt es spezifische Probleme (wie z.B. die Frage der explikativen Leistung für die Stufe "Ausarbeitung der Theorie", der Wahrheit auf der Ebene des "Testens der Theorie", der Wirksamkeit auf der Ebene der "Handlung" usw.). Die Kompromisse haben jedesmal die unerlaubte Anwendung eines Kriteriums auf einer ungeeigneten Ebene bedeutet. So hat z.B. bei uns nach 1989 der sogenannte "Apolitismus" formale Regeln der Erkenntnis angewendet, als man auch etwas anderes hätte tun müssen - Handlungsentscheidungen zu treffen - oder der Aktivismus, der ignoriert, daß die Probleme der Wahrheit nicht unter dem kontextuellen Zwang der Handlung aufgelöst werden können.

- Als Rektor der Babeş-Bolyai-Universität haben sie eine Politik der größeren Vervielfältigung der Fachbereiche gestartet sowie neue Forschungs- und Unterrichtslinien geschaffen, die durch die Gründung von neuen Abteilungen und Fakultäten veranschaulicht werden kann. Welche sind die Beweggründe für diese Haltung und wie sehen Sie ihre Fortsetzung in der Zukunft?

- Im März 1993, als ich mein Amt als Rektor angetreten habe, hatte die Babeş-Bolyai-Universität 11 Fakultäten, 56 Fachrichtungen. Zur Zeit hat die Universität 18 Fakultäten, 82 Fachrichtbereiche, wo das Studium mit einer Lizenzprüfung abgeschlossen werden kann. Die Vielfalt und die Sicherung neuer Fachausrichtungen sind nötig geworden, um die intellektuellen Fortbildung in unserem Land aus ihrer Trägheit herauszukriegen. Man muß das Problem der pluridisziplinären Vorbereitung der Studenten schnellstens lösen, indem man ihnen die Wahl der verschiedenen Fächerkombinationen überläßt, so wie z.B. im deutschen Ausbildungssystem (und nicht nur dort!). Das Unterrichtsgesetz (1995) erlaubt das vorläufig nicht.

- Sie sind der Anreger der Fakultät für Europäische Studien, die durch das interdisziplinäre Program für die Ausbildung von Fachleuten, die für die Lösung komplexer Probleme des Gemeinschaftslebens zuständig sind, einen Vorposten für die Integration Rumäniens in die Europäische Gemeinschaft darstellt. Welcher ist Ihrer Meinung nach der wichtigste Trumpf dieser Fakultät heute, nach einer dreijährigen Existenz und welche sind ihre Prioritäten der nächsten Etappe?

- Die **Fakultät für Europäische Studien** ist in unserem Land das erste Program im Bereich der europäischen Studien, das nach internationalen Hochschulregeln veranstaltet wurde. Sie hat Vorteile, die auf die Spezialisierung der Lehrstühle sowie auf ihre Ausstattung, so wie sie heute möglich ist, zurückzuführen sind. Ihre Prioritäten sind die Stärkung des jetzigen Lehrkörpers

durch eine zielgerichtete Spezialisierung, durch eine möglichst genaue Strukturierung des Forschungsprogramms, durch das Starten der Veröffentlichungen im Bereich der osteuropäischen Studien, durch die Übernahme von Forschungen, die sich auf die euro-atlantische Integration Rumäniens konzentrierten, durch die effektive Ankoppelung an das euro-amerikanische Netz der Fachstudien sowie durch das Anstellen von noch fünf Fachleuten.

- Welche sind Ihrer Meinung nach die wichtigsten Schritte, die Rumänien zur Zeit unternehmen muß?

- Es sind die rechtliche Kompatibilisierung, ein neues institutionelles Management sowie ein anderes Arbeits- und Erneuerungsethos.

- Was für eine Rolle wird die Klausenburger Universität in der rumänischen Dezentralisierung spielen? Und welche in der Wiederverteilung der Kulturzentren auf europäischen Ebene mittels komplexer Programme, wie SOKRATES, ERASMUS, usw.?

- Normalerweise nehmen die Universitäten mit Hilfe von spezialisierten Analysen und Selbstorganisationen die Organisationen hinweg, die von den Regeln eines Leistungsmanagements geleitet werden. Für die Modernisierung Rumäniens ist es wesentlich, daß die bedeutendsten Universitäten eine Erneuerungsrolle übernehmen und durch spezialisierte Analysen die Rationalisierungen in Wirtschaft, Verwaltung und Kultur unterstützen. Selbstverständlich ist die Ersetzung des Entscheidungs-zentralismus mit einer harmonischen Funktionierung aufgrund der Prinzipien der lokalen Autonomie immer ein Weg, der zur Stimulierung der Kreativität und zur Erhaltung einer Atmosphäre führt, die der Erneuerung günstig ist.

- Streben **Sie eine politische Karriere an?**

- Jetzt nicht.

- **Weshalb nicht?**

- Zur Zeit bin ich damit beschäftigt, einige Bücher zu beenden, wie z.B. Relativismul [Der Relativismus], das ich als fellow der National Endowment for Democracy vorbereite, danach Reconstructia pragmatică a filosofiei [Die pragmatische Rekonstruktion der Philosophie] verfaßt als fellow des Woodrow Wilson Center, wie auch eine neue Ausgabe der Introducerea în filosofia contemporană [Einführung in die zeitgenössische Philosophie] (1988) und der Filosofia unificării europene [Philosophie der europäischen Vereinigung] (1995) sowie die Antologii Filosofia americană contemporană [Die amerikanische Philosophie der Gegenwart] und Filosofia germană actuală (Programe) [Die zeitgenössische deutsche Philosophie (Programme)], die in der letzten Vorbereitungsphase für die Veröffentlichung vorliegen und mich unter Druck setzen.

ÜBER DIE BEGRÜNDUNGSMODELLE DER MORAL HEUTE

ANDREI MARGA¹

Diskussionsbeitrag zum *Internationalen philosophischen Gespräch* in Canabbia (Italien), 9 - 12 Mai 1996, von der *Konrad Adenauer Stiftung* veranstaltet.

1989 stürzte in Osteuropa die kommunistische Herrschaft zusammen und es begann der Prozeß der europäischen Reintegration in diesem Teil des Kontinents. Die darauf folgenden Jahre waren die des schwierigen und noch nicht beendeten Übergangs vom Totalitarismus zur offenen Gesellschaft. Der Übergang wird nicht nur durch wirtschaftlichen Probleme (die Wiederherstellung des privaten Eigentums und des freien Marktes), durch juristischen Probleme (die Wiederherstellung der individuellen Rechte und Freiheiten und der Vorherrschaft des Rechts in Streitfragen) gekennzeichnet, sondern auch durch Probleme der Moral auf dem Hintergrund einer akuten Krise. Ich möchte in meinem Beitrag auf die *moralische Krise* kurz eingehen und *die möglichen Auswege aus der Krise* untersuchen. Die Erfahrungen des heutigen Rumäniens bilden die faktische Grundlage meiner Argumentation. Erlauben Sie mir, bitte, daß ich vor allem drei analytische Präzisierungen mache.

Die erste Präzisierung bezieht sich auf den Standpunkt, von dem aus wir heute die Moral problematisieren. Ich gehe von dem Argument aus, laut dem die Fragen nach der Definition des Guten und der Bedingungen der erfolgreichen Argumentation von evaluierenden Propositionen der Ethik gründlicher aufzuklären sind, wenn wir die Funktion der Ethik berücksichtigen. Denn, wie es auch **Stephen Toulmin** behauptet, ist die Funktion der Ethik "*to correlate our feelings and behaviour in such a way as to make the fulfillment of everyone's aims and desires as far as possible compatible*"². Die Ethik bestimmt Werte und Regeln, die imstande sind, die Verhaltensweisen, welche von den Zielen der Individuen geleitet werden, zu kompatibilisieren, und läßt sich als ein System von Regeln, zur *Rechtfertigung* geeignet, ausfindig machen.

¹ Babeş-Bolyai Universität, Klausenburg, Rumänien.

² Stephen Toulmin, *An Examination of the Place of Reason in Ethics*, Cambridge, University Press, 1950, S.137.

Wenn das System Vertrauen genießt, dann beschränken sich die Probleme der Moral auf die Bedingungen, in denen die Regeln eingehalten werden. Im Gegenteil, wenn das Vertrauen in den vorhandenen Regeln erschüttert ist, kommt es zu **conflicts of duties**, die nur dadurch gelöst werden können, wenn die Rechtfertigung der gegebenen Moral und der Alternativen problematisiert wird. Heutzutage braucht die Moral, wenigstens in Osteuropa, Rechtfertigung, da sie in Krise geraten ist.

Die zweite analytische Präzisierung bezieht sich auf **die Konnotation der Krise**. Wir nennen Krise die kritische Phase einer Entwicklung. Z.B., eine Krankheit, die die Überlebensfähigkeit des Organismus auf die Probe stellt, oder ein Konflikt in dem die Personen verschiedene Interessen vertreten und den Zusammenhalt der Gruppe gefährden, oder die Phase, in der ein Gesellschaftssystem die Probleme, von denen sein Erhalten abhängig ist, nicht lösen kann. Eine Krise wird von der Erosion einer Konstellation begleitet. Die moralische Krise in Osteuropa ist, auf dem ersten Anblick, mit dem Zusammenbruch der Konstellation der Nachkriegszeit im Jahre 1989 verbunden. **Es ist aber bemerkenswert, daß sich Osteuropa in der Nachkriegszeit im Zustand einer permanenten moralischen Krise befand.** In der Situation der moralischen Krise werden im praktischen Leben **conflicts of duties** hervorgerufen und Fragen gestellt wie z.B.: *weshalb ist der Individualismus der Meinungen und Handlungen dem vereinheitlichendem Kollektivismus vorzuziehen?; weshalb soll man der Jugend zuerst Rechte und erst nachher Pflichten gewähren?; weshalb sollen die erotischen Beziehungen liberalisiert werden, statt von den Regeln einer strengen puritanischen Moral kontrolliert zu werden?* Solche Fragen sind radikal, weil sie ohne die **Rechtfertigung der Moral** nicht beantwortet werden können. Die Rechtfertigung geht von der Beobachtung aus, daß *die Hinterfragung der Gerechtigkeit einer individuellen Handlung etwas anderes ist als die Hinterfragung der Rechtfertigung einer Praxis als Praxis.* **Die Rechtfertigung der Moral** ist die nächste Erörterung und bezieht sich auf ein moralisches System als Ganzes. Sie ist dazu berufen, auf die folgende Frage zu antworten: *weshalb behalten wir ein System und keinem anderen vor?*

Die dritte analytische Präzisierung bezieht sich auf den **Sinn der Rechtfertigung einer Moral**. Es ist bekannt, daß die Moral normativ ist und aus einem System von Prinzipien und Handlungsregeln der Personen innerhalb einer Gemeinschaft besteht. Die Moral hat mit Handlungen und Handlungsmotivationen zu tun und setzt die Bereitschaft der Person vor, von einem Ideal motiviert zu handeln. Wir haben keine Moral dort, wo es keine Wahlfreiheit und ideelle Motivation gibt. Aus diesen geht hervor, daß **Moral rechtfertigen bedeutet, eine gemeinsame Verständnisebene der Welt zu finden, welche imstande ist, ideale Motivationen und durch diese Vermittlung moralische Handlungen zu schaffen.**

II

Die heutige moralische Krise in Osteuropa verlängert die Krise, die von der Rechtfertigungsschwierigkeit der sogenannten **sozialistischen Moral** verursacht wurde, und die mit den Mitteln der Staatsmacht im **östlichen Sozialismus** durchgesetzt wurde.

Die sozialistische Moral wurde artikuliert nachdem das Privateigentum vernichtet wurde unter den Bedingungen der Sozialisierung der wirtschaftlichen Grundlagen des Lebens und der Aufhebung der Konkurrenz auf dem Markt. Sie wurde von dem **Vorrang des gesamtgesellschaftlichen Wohles** vor dem des Individuums und von der Kultivierung des Kollektivismus in der Produktion, der Lebensweise, im Denken und in der Sensibilität charakterisiert. Die bedingungslose Priorität der **Gesellschaft** vor dem individuellen Wohl, mit einem Wort der Kollektivismus, wurde erheblich verschiedenartig rechtfertigt.

Am Anfang der Geschichte des **östlichen Sozialismus** wurde versucht, die Rechtfertigung unter Berufung auf die marxistisch-leninistische Philosophie zu begründen. Diese war um die berühmte **materialistische Dialektik** organisiert, die die Aufgabe hatte, den Glauben an den unvermeidlichen Gang der Geschichte zum Sieg des Kommunismus plausibel zu machen. Laut dieser Philosophie sei die Sozialisierung der Produktion und die nachfolgende Sozialisierung der anderen menschlichen Lebensbereiche das Schicksal der modernen Gesellschaft und somit die sozialistische Moral die einzige passende. In dem Maße, in dem es sich herausstellte, daß der **östliche Sozialismus** zu Armut und Diktatur führt, und des andererseits klar wurde, daß die wachsende Sozialisierung weder der unvermeidliche Sinn der Geschichte sei, noch eine bessere Lösung für Lebensfragen darstelle, wurde die **sozialistische Moral** unklar rechtfertigt, indem einerseits die Rechtfertigung, die auf einer dogmatischen Geschichtsphilosophie beruht, abgeschwächt und andererseits die kontextuale Rechtfertigung gestärkt wurde. Die neue Rechtfertigung war ein Gemisch von empirischem Utilitarismus (einzig die sozialistische Moral sei im Einklang mit dem wirtschaftlichen Sozialismus!), von Klassenkampfideologien (allein diese Moral unterscheidet den Sozialismus vom Kapitalismus, zum Untergang verurteilt!) und von zynischer Realpolitik (allein die sozialistische Moral entspricht der politischen Macht, die von den Kommunisten übernommen wurde!).

Jenseits der wahrnehmbaren Änderung der Rechtfertigung der sozialistischen Moral blieb ihr jedoch die instrumentalistische Auffassung von der Moral: in jeglicher Erscheinung wurde die Moral weiterhin als einfaches Instrument der Förderung eines Sinnes der Geschichte, der aus dogmatischer Sicht der Beibehaltung der politischen Macht der Kommunisten günstig ausgelegt wurde. Die Folge war, daß der **osteuropäische Sozialismus** niemals die Kluft zwischen seinen moralischen Ansprüchen und der Lebenswirklichkeit beseitigen konnte, und als es schien, als sei sie kleiner geworden, so geschah es, indem die Heuchelei sozialisiert wurde. Seine Erfahrung hat allerdings einige einfache Propositionen bestätigt und zwar: a.) die Moral hat eine mangelhafte Begründung in einer Geschichtsphilosophie mit dem dogmatischen Anspruch, eine Wissenschaft zu

sein; b.) sie dankt als Moral ab, wenn das Individuum keine Freiheit hat, und das Individuum hat keine Freiheit, wenn es über keine ökonomische Grundlage der Freiheit verfügt; c.) die Moral dankt ebenfalls ab, wenn sie bloß als Instrument aufgefaßt wird.

Die sozialistische Moral ist aber, formell zumindest, **internationalistisch** geblieben. Die Solidarität der Proletarier von überall war ein zumindest erklärter Wert innerhalb dieser Moral. Aber, in dem Maße, in dem die Solidarität der Proletarier sich als bloße Ideologie erwiesen hatte, um die sowjetische Herrschaft zu fördern und in dem Maße, in dem die führenden Cliquen nicht mehr bereit waren, die Befehle von Moskau zu befolgen, wurde der Internationalismus zugunsten des **Nationalismus** aufgegeben³. Es ging aber nicht um den klassischen Nationalismus, jener der westlichen Bewegungen zur Organisierung des modernen Staates, der die Energien mobilisierte für die Artikulierung von Institutionen, an denen alle teilhatten, sondern um den östlichen Nationalismus, der zur Trennung der Menschen nach ethnischen Kriterien orientiert ist. Dieser Nationalismus, der sich auf eine magere Geschichtsphilosophie stützt, die vage an Herder erinnert (an einen degradierten Herder!), laut der die Nation das ewige Subjekt der Geschichte sei, die eine Sendung zu erfüllen hat, erhebt den Anspruch, eine Moral zu sein⁴. Obwohl intellektuell unterentwickelt, ist die **nationalistische Moral** in der Lebenspraxis effizient.

Die Moral des östlichen Nationalismus konzentriert sich auf die Postulierung der Überlegenheit in der Werteskala, dessen was national ist, demgegenüber was von außen kommt, der organischen Integration in die Gesellschaft gegenüber den individuellen Bedürfnissen, der Ideen der geistigen Führer **der Nation** gegenüber den empirischen Wahrnehmungen und Wertungen. Sie betrachtet **den Fremden** als potentielle oder reelle Bedrohung und dekretiert **a priori** als moralisch alles, was unter dem Zeichen der nationalen Mobilisierung geschaffen wurden. In extremen Äußerungsformen, ruft sie zur Säuberung der Moral von fremden Elementen auf und zur Förderung einer juristischen Handlung.

In der Praxis hat die Moral des östlichen Nationalismus, trotz ihrer justitiare Ansprüche, immer die Korruption in ungewöhnlichem Maß gefördert und dieses nicht von ungefähr. **Sie entzieht sich der Rechtfertigung einer faktuellen Kontrolle seitens der Individuen und arbeitet mit einfachen Postulaten, welche die politischen und religiösen Führer gemäß ihrer Machtinteressen handhaben.** Im Rumänien der dreißiger Jahre, aber auch der neunziger, als der demagogische Nationalismus einflußreich war, und noch ist, kann die **enge Verbindung von östlichem Nationalismus und Blüte der Korruption beobachten** werden.

³ Andrei Marga, *Cultural and political Trends in Romania Before and After 1989*, in "East European Politics and Sciences", Yale, Volume 7, No.1, Winter, 1993.

⁴ Andrei Marga, *Alternative ale Estului*, in Andrei Marga, *Explorări în actualitate*, Apostrof, Cluj, 1994, S.8 - 18.

Was die Rechtfertigung anbelangt, ist die Moral des östlichen Nationalismus heutzutage die hauptsächlichste Erbin der Ideologie des **real existierenden Sozialismus**. Auch sie stellt die Rechtfertigung der Moral unter das Zeichen einer dogmatischen Geschichtsphilosophie, welche das großformatige Subjekt des **internationalen Proletariats** mit der erlösenden **Nation** ersetzt hat. Auch innerhalb dieser Ideologie ist die Moral in den Dienst der kontextuellen Politik der führenden Cliquen gestellt worden und als solche ist sie als Moral abgedankt. Dieser Umstand erklärt, weshalb **keiner der geistigen Führer des östlichen Nationalismus kein ausgesprochenes ethisches System aufbauen konnte**.

Für viele Menschen war es vor 1989 selbstrebend, daß sich weder die sozialistische Moral noch deren Nachfolgerin, die Moral des östlichen Nationalismus, annehmbar rechtfertigen können, daß sie in Philosophien verankert sind, die der faktuellen Kontrolle entzogen sind, und schon eigentlich von der **Komplexität des Lebens in der modernen Gesellschaft** überholt wurden. Diese Menschen haben die Strömung begrüßt, die der **universalistischen Moral** günstig war, die um **die Annahme von allgemein gültigen Werten** organisiert ist und die die Erklärungen der neuen Regierungen nach 1989 beeinflußt haben. Die Freiheit der Person, die persönliche Initiative, das Recht des Individuums auf uneingeschränkte Kritik, die Allgemeingültigkeit des Gesetzes usw. wurden als Äußerungen der **wohlgebrauchten Vernunft** betrachtet und durchaus berechtigt als einzige moralische Grundlage der modernen Versöhnung angenommen. **Die Rechtfertigung dieses Wertesystems wurde in der Vernunft selbst gesucht, indem man von der Annahme ausgegangen ist, daß es eine vernunftmäßige Basis für das Zusammenleben gibt, welche die wohlgebrauchte Vernunft liefern kann**⁵.

Aber die universalistische Moral stieß schnell auf die **Hindernisse**, die von der **sozialistischen** Pervertierung der Moral und der drauffolgenden Verkehrung durch den östlichen Nationalismus erschaffen wurden. **In einer kulturellen Tradition, die von der Instrumentalisierung der Moral geprägt ist, hat der Universalismus wenige Chancen**. Andererseits jedoch, scheint die Rechtfertigung der Moral bloß durch die Berufung auf die Vernunft nicht stark genug zu sein in der Auseinandersetzung mit Traditionen, die nur ungenügend durch die Kritik der Aufklärung gegangen sind. Eine Moral pervertiert sich selbst, wenn sie den Kriterien der Vernunft nicht standhält, aber nur die Kraft der Vernunft ist nicht ausreichend, um die Moral zu rechtfertigen. Denn, einerseits, liefert die Vernunft Regeln, kann aber andererseits deren Sinn nicht zufriedenstellend klären. **Wir können die Regeln einer Moral, welche von der Vernunft her kommt nicht aufgeben, oder wir hören auf, das Leben kulturell fortzupflanzen. Aber die Rechtfertigung der Moral nur durch die Berufung auf die wohlgebrauchte Vernunft hält der Komplexität des heutigen Lebens auch nicht mehr stand**. Schließlich kann man sagen, daß eine Moral, die ihre Rechtfertigung nur von der Vernunft bezieht, auch nicht imstande ist, Konflikte vorzubeugen.

⁵ Andrei Marga, *Filosofia unificării europene*, Apostrof, Cluj, 1995, pp. 222.

Die Überwindung der Schwierigkeiten, die Moral nur mit Hilfe der Vernunft, aber mit Bewahrung der Rationalität der Moral zu rechtfertigen, geschieht gewöhnlich durch die **ontologische Rechtfertigung der Vernunft selbst**. In diesem Fall geht man von der Vermutung aus, daß die **Vernunft die Welt beherrscht**, so daß nur eine Moral, deren Quelle die Vernunft ist, der Weltstruktur entspricht. Es ist unnötig, daß wir bis ins einzelne gehend darlegen, wie stark diese Überzeugung in der **Tradition** der modernen Philosophie war, und wie viel die Etik, die wir erben, ihr verdanken kann. **Aber auch diese Tradition ist der Komplexität des heutigen Lebens nicht mehr gewachsen**. Weil inzwischen die Vielfalt der Philosophien, die alle, die Identifizierung der Vernunft der Welt für sich beanspruchten, den Skeptizismus gefördert hat, bezüglich der Möglichkeit, diese Vernunft zu erfahren. Der Fortschritt der experimentellen Wissenschaften war so umfangreich, daß nur noch veränderungsempfindliche und somit auch fehlbare Philosophien möglich sind. Letztendlich verschärften die dramatischen politischen Konfrontationen unseres Jahrhunderts das kritische Bewußtsein der Menschen und somit auch die Behutsamkeit gegenüber der verallgemeinernden Abenteuern und das Mißtrauen den Rechtfertigungen des Ontologismus gegenüber. Wir haben sowieso genug Argumente, die Idee zu verteidigen, daß die Natur von Gesetzen beherrscht ist, doch ist sie dadurch nicht rationell oder unrationell. **Rationalität und Unrationalität sind unsere Investition und unser Werk in der Welt**⁶.

In dem Fall, in dem sich die prätenziösen Verallgemeinerungen keines Vertrauens erfreuen, gewinnt **die religiöse Rechtfertigung der Moral aufgrund des Christentums** an Aktualität in Europa. Untermuert von der Lehre von der Unsterblichkeit der Seele und des Jüngsten Gericht sowie auch von den anderen Lehren des Christentums erhält die Moral in ihrer erhabenen Form der **Nächstenliebe** eine direkte Stütze in ihrer Idealität. **Das Christentum bietet heutzutage erneut in der europäischen Kultur den Rahmen einer erneuerten Solidarität der Menschen um einige geistige Werte, die die Moral fördern könnte**. Mehr noch, das Christentum bietet, wie auch früher, Werte, die ermöglichen, die gegebene Situationen zu überbrücken; die Solidarität mit dem anderen unter den Bedingungen willkürlicher Kräfte; die geistige Harmonie, wenn die Habsucht zur Ausschließlichkeit tendiert; die Freiheit des Individuums, wenn sich ideologische **Massenbewegungen** ausbreiten. Das Christentum hat seine Überzeugung in der europäischen Geschichte wiedererworben, als sie sich für die Verteidigung der Gewissensfreiheit und anderer grundsätzlichen Rechte des Menschen unter Bedingung des östlichen Sozialismus einsetzte. Nach dessen Verschwinden bietet das Christentum in einer turbulenten Welt, die das totalitäre System hinterlassen hat, die moralische Stütze, die am ehesten geeignet ist, die Bereitschaft zur Erkenntnis des anderen sowie zur zwischenmenschlichen Verständigung zu schaffen.

⁶ Robert Spaemann, *Das Natürliche und das Vernünftige*, in Oswald Schwemmer (Hrsg.), *Über Natur. Philosophische Beiträge zur Naturverständnis*, Vittorio Klostermann, Frankfurt am Main, 1987; Andrei Marga, *Raționalitate, comunicare, argumentare*, Dacia, Cluj, 1991, S. 56 - 58.

Heute kann das Christentum sein Versöhnungspotential nur dann wiedergewinnen, wenn es selbst auf drei Ebenen gleichzeitig vorangeht: die **Rationalisierung des Unumfassten**, insoweit der Glaube, entfernt vom Mystizismus von Vernunftsargumenten unterstützt wird und der bis zum Niveau einer Moral, die den Wert des Menschen pflegt, erhöht wird⁷; die **Universalisierung**, indem der Nächste nicht zum Mitglied einer ethnischen, politischen und sozialen Gemeinschaft reduziert, sondern einfach mit dem menschlichen Wesen identifiziert wird⁸, der **Ökumenismus**, und zwar, daß keine der Kirchen den Anspruch erhebt, der ausschließliche Träger der christlichen Botschaft zu sein.

Eigentlich ist auch das Christentum vor Korrumpierung nicht gefeit.

Der christliche Glaube wird, auch in östlichen Kirchen, noch an der Beteiligung an Ritualen und nicht an deren moralischen und letztendlich bürgerlichen Folgen gemessen; die Förderung der Politik der regierenden Parteien wird lächerlicherweise als ein göttlicher Imperativ propagiert, der **Nächste** wird willkürlich mit dem Mitglied einiger Parteien und ethnischen Gemeinschaften identifiziert. **Deshalb muß die Verwertung des christlichen Potentials in Hinsicht auf die Rechtfertigung der Moral prinzipiell differenziert werden.**

Um die Schwierigkeiten des Ontologismus überwinden und um den innewohnenden Dogmatismus der Objektivisten vermeiden zu können, wird heutzutage oft eine Lösung vorgeschlagen, die in der kommunikativen Rechtfertigung der Moral besteht. Die Menschen befolgen moralische Regeln in determinierten Kontexten, aber sie können der Komplexität der neuen Kontexte nur dann standhalten, wenn sie die Reflexivität bis zum Niveau heben, wo die Entstehung und der Sinn der Regeln klar wird. Von dem Augenblick an, wo die Entstehung und der Sinn relativiert und ihre Alternativen, im Prinzip, angenommen wurden, ist **die einzige rationale (d.h. nichtsubjektive) Wahlmöglichkeit zwischen den Alternativen die kommunikative, diskursive, die von der Nichtbeschränkung des Zugangs und dem Wechsel der Argumente sowie dem Triumph der besseren Argumente gekennzeichnet ist.**

Sicherlich vermeidet die kommunikative Rechtfertigung der Moral den Dogmatismus. Sie stellt eine der tiefsinnigeren Möglichkeiten dar unter den Bedingungen einer Kultur der Reflexivität, wie die europäische eine ist. Nur sind die moralischen Dogmatismen in der Praxis stärker als die Appelle an die rationalen Rechtfertigungen. Mehr noch, **die kommunikative Rechtfertigung macht die Moral von der Kommunikation abhängig, aber eine Kommunikation, welche rationale Ergebnisse hervorbringen will, ist nur möglich, wenn sie die Verantwortung einer Moral übernimmt.**

⁷ Sigrid Hunke, *Europas andere Religion. Die Überwindung der religiösen Krise*, Econ Verlag, Düsseldorf, Wien, 1969, S. 453 - 505.

⁸ Horst Bürkle, *Das europäische Christentum auf dem Wege zu einer universalen Gestalt*, in Franz König und Karl Rahner (Hg.), *Europa. Horizonte der Hoffnung*, Verlag Styria, Wien, Köln, 1983, S. 109 - 125.

Diese Schwierigkeit scheint die existentielle **Rechtfertigung der Moral** überwinden zu können. Sie gründet sich auf das Nachholen einer Ontologie des menschlichen Seins, welche die Endlichkeit thematisiert, sowie auf eine Bemühung, die Endlichkeit in die symbolische Sinnstruktur des menschlichen persönlichen und dann gesellschaftlichen Lebens zu integrieren⁹. Es geht, genauer gesagt, um die Integrierung des Todes in das Verstehen des Menschen und den Sinn der Moral, wie auch der Institutionen, sowie um die Rechtfertigung der Regeln, einschließlich der moralischen, durch den Sinn des Lebens.

Die existentielle Rechtfertigung gründet sich auf die möglichst tiefgehende Erörterung der menschlichen Existenz, aus der eine angemessene Perspektive der Wertung des Sinnes moralischer Regeln gewonnen werden kann. **Es gibt schließlich keine Moralität dort, wo der Sinn des Lebens nicht durch gründliche Betrachtung des Spezifikums menschlichen Seins wahrgenommen wird.** Aber auch die existenzielle Erörterung hat keine eindeutigen moralischen Folgen. Eigentlich, hat die Wahrnehmung der Endlichkeit und ihre kulturelle Integrierung zu gegensätzlichen, ja sogar entgegengesetzten moralischen Haltungen geführt; zum **"heroische Realismus"** einerseits und zum **humanistischen Existenzialismus** andererseits. Auch der systematische Zynismus sowie am anderen Pol die Hingabe für den anderen lassen sich von der existentiellen Betrachtung her rechtfertigen.

Meiner Meinung nach setzt die Rechtfertigung der Moral heutzutage vier grundlegende Schritte voraus. Erstens, die **Klärung des Sinnes** der Regeln, durch die die Integrierung der Endlichkeit des menschlichen Lebens in die symbolische Sinnstruktur vollzogen wird. Nachher, die **Gewährleistung der Zugänglichkeit** dieser Regeln, um eine intersubjektive Untersuchung und eine argumentative Erörterung zu ermöglichen. Weiterhin **werden die Regeln vom Standpunkt ihrer Folgen** für die kulturelle Fortpflanzung des Lebens **in Betracht gezogen**. Schließlich, die **prinzipielle Auslösung des Lernprozesses aus den besten Erfahrungen**, einschließlich aus der Erfahrung der relativen Autonomisierung der moralischen Werte innerhalb des Glaubens an die letzte Gerechtigkeit der Welt. **Und wenn diese Schritte gemacht wurden, dann ist die Rechtfertigung jene des reflexiv und kritisch gewordenen Pragmatismus**, der die große Tradition des Vertrauens in feste Werte assimiliert hat, die auf der Ebene der allgemeinen Auffassungen von dem Glauben an die Kraft der menschlichen Initiativen und Handlungen gefördert wird.

⁹ Armin Nassehi, Georg Weber, *Tod, Modernität und Gesellschaft. Entwurf einer Theorie der Todesverdrängung*, Westdeutscher Verlag, Opladen, 1989, S. 11.

FROM WORLD STRUGGLE TO REGIONAL CONFLICT

SHLOMO AVINERI

ABSTRACT. What caused a change of mind among Israeli statesmen, dealing primarily with security considerations, about negotiations with the Palestinians and with Syria? The answer lies in the conglomeration of three developments, which changed the balance of forces.

CURRENT EVENTS and daily occurrences following the agreements between Israel and the PLO and Jordan, and negotiations with Syria, sometimes conceal the fact that this process is the outcome of complicated developments with both global and regional aspects. And without the linkup - sometimes by chance and certainly not by necessity - of at least three such processes, things in our region would not have happened the way they did, certainly not in the present period. The connection between the developments also makes it clear that they were beyond the wishes and preferences of certain statesmen in Israel and the Arab world.

The three processes are the disintegration of the Soviet Union, the Gulf War, and the Palestinian intifada. There is indeed a connection between them, especially between the first two, but it is not a uni-dimensional, causal link. The fact that all three occurred at the same time, within a span of the last five or six years, is unique. It was certainly not anticipated. Whoever falls back on Machiavelli in these days of "political correctness" obviously puts himself in peril, but it can be presumed that that Florentine historian and political figure would link the occurrence of these three processes by what he would call "Fortune", meaning Luck, the hand of Chance, and in any event not a process resulting from the conscious act of humans and the fruit of personal talents.

IT IS WORTHWHILE studying these three components individually.

Firstly, the breakup of the Soviet Union and the ending of the Cold War. Though not entirely, the Arab-Israeli conflict is basically a regional dispute, essentially a struggle between two national movements, yet since the Fifties this conflict has gradually been drawn into the Cold War struggles. This occurred even though it had never been polarized unequivocally (the Americans always having considerable economic and strategic interests in Saudia and the Gulf states).

With the rise of Gamal Abdel Nasser, an alliance was forged between the radical Arab nationalism and the Soviet bloc; that was a strategic, economic, diplomatic and ideological alliance, and it radically changed the balance of forces which had crystallized in the region after Israel's achievements in the War of Independence. At the strategic level, arms shipments from the Soviet Bloc converted the Arab armies from auxiliary forces of colonialism to mighty war

machines in the scope of their armaments and their quality: thousands of modern tanks and planes, deployed according to Soviet strategy and military doctrine. Above all, the Arab countries knew that even if they had been defeated in the military confrontations with Israel, as happened in 1956, 1967 and 1973, the strategic balance would again be restored in their favour by rapid and massive arms shipments which would compensate for their losses of weapons during the war.

This alliance was based on massive financial assistance from the Soviet Union, especially to Egypt and Syria. At the diplomatic level, it promised direct Soviet support, and through the Soviet bloc, help in the UN as well for the Arab positions. The Soviet backing of the UN resolutions equating Zionism with racism added an ideological block of deligitimation in the strategic struggle against Israel. That was also the case with the persecution of Jewish activities in the U.S.S.R.

The power of this Soviet support, particularly after the Six Day War, progressively strengthened the American strategic support for Israel in arms shipments, financial aid, and a diplomatic "umbrella" in the international arena. The American support for the Israel was no longer just a "soft" backing for the only democracy in the Middle East, nor dependent purely on the power of the Jewish lobby: Israel became what was termed "an American strategic asset," in the struggle against the Soviet Union and its Arab allies.

All this is well known. What was less clear at the time - and much clearer today - was the fact that the adding of such a global, inter-power, dimension to the Middle East regional conflict, also made it harder to find a solution, and in fact became a serious block to a possible solution.

Under in these circumstances, a solution to the conflict meant finding a formula not only serving as a compromise between Israel and Arab interests (hard enough is itself) but also between those of the U.S. and the Soviet Union. In the Cold War situation, this, in effect, was an impossible mission.

The Soviet opposition to the Camp David Accords - because they strengthened the position of the U.S. in the region and weakened that of the Soviets - as well as U.S. resistance to the Soviet formula for solving the conflict at an international conference under joint American-Soviet sponsorship (which would naturally have enhanced Moscow's stand) are only two examples of how hard the global dimension of the conflict made reaching a solution.

The new Soviet foreign policy in Gorbachev's time, and even more the breakup of the Communist regimes and ultimately the disappearance of the Soviet Union, caused a de-globalization of the conflict, and its return to regional dimensions. Gorbachev's more balanced policy, the renewal of diplomatic relations with Israel, and Moscow's assertion to Syria and PLO that it would support only a diplomatic solution - all these removed the strategic Soviet umbrella from the Arab cause: the Arab side now remained exposed to Israel without superpower support.

Since 1988, the Syrians have known that if a war should break out and Syria once again loses hundreds of tanks and planes, Moscow will not dispatch an airlift of massive supplies to restore the balance or even to save the regime. The PLO and other Palestinian organizations lost their sources of weapons and training available to them in the Eastern bloc, including plastique explosives such as

"semtex", and the ability to enjoy diplomatic cover for free movement in Western Europe. The opening of the gates for the Jewish emigration from the Soviet Union, bringing more than half a million Jews to Israel, added one more ideological and demographic element to the significance of the change. When the Arab ambassadors protested to the Kremlin about the Jewish immigration to Israel, Moscow totally ignored them; and the significance of the step was well grasped by the Arabs.

THE STRATEGIC weakening of the Arab position due to the removal of the Soviet umbrella and the disintegration of the Soviet Union, created concurrently a greater feeling of security in Israel. The strategic equation changed to an unprecedented degree in Israel's favor: now Israel faced only her Arab adversaries "on their own" without the support of the world's second superpower.

Thus it became evident both to the country's leaders and to public opinion in Israel that reconciliation with the PLO - which, in the worst case, would set up a weak state in the Territories it received, depending on Israel's goodwill - was not at all like acquiescing to a Palestinian state in a situation of a possible defense alliance with the Soviet Union "with Soviet tanks at Kalkiliya" (to quote the late Prime Minister Menachem Begin). Moreover, whatever Israel's problems with Yasser Arafat - and they are not inconsequential - he cannot phone Moscow and ask for military or other assistance. The same applies to Syria: the strategic importance of the Golan Plateau facing "just Syria" is infinitely less than it would be facing a Syria supported by "the Evil Empire" which created a strategic sweep beginning at Kuneitra and ending at Vladivostok. That was the main reason why Israeli statesmen like Yitzhak Rabin, for whom security and strategic considerations were dominant if not exclusive in his approach, changed their views regarding negotiations with the PLO and with Syria. Reality changed in Israel's favor, in an extreme and unequivocal manner.

THE GULF WAR, on the other hand, had no less far-reaching effects, if more complex ones. For the Arabs, it meant the end of the dream of Arab unity resting on Soviet power. A situation in which one Arab state asked the United States to liberate it from military occupation by another Arab state - a request which was supported by the decisive part of the Arab world - was a nadir in Arab national ideology: never had Arab unity been so humiliated.

From the PLO's viewpoint, the Gulf War had no less harsh results: Arafat's politic embrace of Saddam Hussein was one of his most fateful political mistakes. However, retrospectively, it dialectically produced a substantial advance in the peace process.

It may be assumed that when Arafat rushed to Baghdad to encourage Saddam, he thought it possible that here was the historic moment he had dreamed of - that a new Nasser had arisen, perhaps even a new Saladdin: a pro-Western Arab country had disappeared overnight, Saudi Arabia and its neighbors feared for their fate, while the West, in the early days of August 1990, was weak and hesitant. Here was the historic opportunity! The results, as we know, were different. Arafat found himself ostracized by most of the Arab consensus; the Saudi subsidies and other assistance from the Gulf states, disappeared; the Palestinian were expelled

from Kuwait. It thus became plain to Arafat and his people that only one way was left - major concessions, and that way led only through Washington.

From Israel's viewpoint, the Gulf War had a no less complex result: on the one hand, Saddam was weakened and his army beaten, though clearly it would have been preferable had he been eliminated. But Iraq today is a torn country, with a Kurdish mini-state in the north, and UN supervision of its military capabilities. Even though not altogether effective, it undoubtedly restricts Baghdad. On the other hand, the Iraqi SCUD missile attacks on Israel proved that Israel was indeed vulnerable and there were real strategic threats menacing her. However, these have no connection with the territorial control of the West Bank and Gaza. Israel's cities are exposed to missiles - Iraqi or Syrian - even if Israel retains the Casbah of Nablus and the Cave of the Patriarchs at Hebron. It became plain to many Israelis for the first time that the territorial control of the Administered Territories, even if it involved a major historical and religious dimension, had no link with the real strategic problems of the country. In the era of missiles launched from distances of hundreds or thousands of kilometers, holding on to the West Bank or refugee camps in the Gaza Strip has no security significance. In fact, it represents an anachronistic concept. Israel's real security problems must be solved by confronting the real dangers menacing her, and that must be through meaningful negotiations with the Palestinians, with Syria and, some day (who knows?) also with Iraq.

THE IMPLICATIONS of the Palestinian intifada, both on the Palestinians and on Israel, have already been greatly considered; therefore we may just outline them briefly: on the one hand, the intifada heightened the Palestinians' self-regard, also vis-a-vis the other Arab states. On the other hand, it did not liberate "the occupied land" and the living conditions of the Palestinian population became even worse.

Here, too, it became obvious that with all the moral and propaganda achievements of the intifada, the only way left to the Palestinians was still that of negotiations and the readiness to make concessions, which they had rejected when autonomy was first proposed to them in Begin's day.

The intifada created a difficult problem for Israel, not just in image, but also operatively and morally: it emerged that even the most powerful army in the Middle East was not able to cope with young people throwing rocks at Israeli military or civilian vehicles. No army in the world has the answer to this kind of problem in the long term. In other words, Israel discovered the limitations of power. And if there were the Israelis who believed it was possible to continue with the status quo created in 1967, it now became clear to almost everyone that things could not continue in this way.

As already mentioned, the decisive point was the merging of the three phenomena, each of which had a far-reaching impact both on the strategic balance and on the feelings among the Israeli and Arab public alike. Among the scenarios unceasingly drawn up by international affairs experts over the past few decades, none foresaw - or could have foreseen - such a complex reality as this. That only provides further proof of the need for modesty when facing facts, on the part of those professionals.

**AWARD CEREMONY "DOCTOR HONORIS CAUSA"
AT BABEŞ-BOLYAI UNIVERSITY**

DANIEL TARSCHYS¹

I am honoured today to be received in your prestigious university whose roots date back to the Middle Ages and which is the spiritual and academic centre of a truly European region.

Transsylvania, "the country beyond the forest", is marked not only by its great beauty and its dramatic history but also by an extraordinary and rich culture, by its religious diversity and by the cohabitation of populations speaking several different languages.

The city of Cluj traces its origins back to Roman times. Today, your university is firmly committed to contributing to internationalisation and to the building of a New Europe. Among many fields of learning, it offers its students the first Faculty of European Studies in Romania, which carries out teaching and research on European integration from historical, cultural, juridical, sociological, philosophical and economic points of view.

I find this very promising because I am convinced that the emerging community in Europe, our closer economic ties no less than our sense of common identity and common destiny, must be built very firmly on knowledge and understanding. This is why universities and research institutes have a key role to play in the process of economic and cultural integration that is now under way.

But so, of course, have our common European institutions and organisations. Some weeks ago, in Switzerland, there was a commemoration of the 50th anniversary of Sir Winston Churchill's appeal to the people of Europe at Zurich University in 1946. This appeal, one of the major initial impulses for European cooperation and integration, contained a message that can still serve as a guide for action.

Churchill said:

"We must all turn our backs upon the horrors of the past. We must look to the future. We cannot afford to drag forward across the years that are to come the hatreds and revenges which have sprung from the injuries of the past. If Europe is to be saved from infinite misery, and indeed from final doom, there must be this act of faith in the European Family, and this act of oblivion against all the crimes and follies of the past."

An act of faith and an act of oblivion. Churchill, a master historian, could hardly mean that we should forget everything about the past, to which he himself devoted so much work and thought. No, his idea of oblivion was a different one. What he suggested was rather that we must make a clear divide between past and

¹ Secretary General of the Council of Europe.

future, that we must make up our minds very firmly to let the settling of accounts yield to determined and programmatic reconciliation, in short that we must opt for tomorrow rather than yesterday. And all this was possible, said Churchill in Zurich:

"Let there be justice, mercy and freedom. The peoples have only to will it, and all will achieve their hearts' desire."

As a first step in the recreation of the European Family, Churchill proposed a partnership between France and Germany:

"There can be no revival of Europe without a spiritually great France and a spiritually great Germany. The structure of the United States of Europe, if well and truly built, will be such as to make the material strength of a single state less important. Small nations will count as much as large ones and gain their honour by their contribution to the Common cause."

In this speech, Churchill proposed a Council of Europe to preserve people of every race and of every land from war or servitude. The vision of such an institution became a reality three years later, but with the Iron Curtain dividing Europe into two camps, it remained for many decades an institution only of Western European states, of those that were spared from totalitarian rule.

It is a coincidence of a very symbolic nature that the signature of the treaty on understanding, co-operation and good neighbourhood between Hungary and Romania took place in the same week as the commemoration of Churchill's Zurich speech fifty years ago.

Underlying this treaty is very much the same idea as in Churchill's insistence on Franco-German reconciliation. The agreement is a clear expression of the political will of two countries to overcome the tensions and unresolved problems of their common past. Or as it was said very well in the joint comment by the United States ambassadors to Hungary and Romania: After having freed themselves from communism seven years ago, these countries have now engaged together in a final act of liberation.

This political act has been possible because both countries embarked upon democratic reforms over the past seven years with the strong determination to become full members of the family of democratic nations by integrating into European co-operation structures. For such a goal, understanding and good-neighbourly relations are indispensable prerequisites.

"Ever greater unity among its members" - that is one of the fundamental objectives of the Council of Europe according to its Statute. This unity has a particular meaning in areas and along borders where traditionally there have been tensions between different ethnic, religious or linguistic groups. That is why we have a particular reason to welcome the recent treaty and to support its speedy implementation.

Ever since it was founded, crossborder and regional cooperation has been a particular concern of the Council of Europe. When the statutes of the Council of Europe were signed, on 5 May 1949, at St. James' Palace in London, the UK Foreign Secretary, Ernest Bevin, suggested Strasbourg as the headquarters of this new and first political postwar Organisation for intergovernmental and interparliamentary co-operation.

The choice was very symbolic. A provincial city far from the capitals, in a province that had often been fought over, conquered and reconquered, between two neighbouring countries: what better place could there be to mark the beginning of a new era of understanding, reconciliation and cooperation?

Today, the Rhine is still a border but it has long ceased to be a barrier. Cooperation along the river is intense. More than three decades ago in the Upper-Rhine Valley a regional co-operation framework was developed, the so-called "Regio", which became one of the most significant examples and models of transfrontier co-operation in Europe.

What this shows is above all that the building of Europe must start from below at the local and regional level. The vitality of transfrontier and regional co-operation is the true expression of the idea of a citizens' Europe.

Since 1990, there have been increased initiatives for transfrontier co-operation between Western, Central and Eastern European countries highlighting the political will to replace confrontation and division by partnership.

There have also been increasing examples of transfrontier co-operation in Central and Eastern Europe between countries which have freed themselves from totalitarian regimes and now show their willingness for genuine co-operation in rediscovering elements of their historical relationship. Various examples exist along the River Elbe in the German-Polish, German-Czech and Polish-Czech border areas.

One of the first major initiatives, which, from the outset in 1993, had the political and practical backing of the Council of Europe, was the project of a Carpathian Euroregion aiming to associate the border regions of Slovakia, Hungary, Poland, Ukraine and Romania and the people living there. This project not only constitutes a factor of stability in this complex part of Europe, but is also the starting-point for the economic development of the area.

Having followed and encouraged many such regional initiatives, we know very well at the Council of Europe that there is often a great deal of central government suspicion against these projects. There is frequently an apprehension that foreign policy might slide out of the hands of parliaments and foreign ministries.

But these are initial reactions. With some experience, opinions evolve. In the case of the "Regio", the Heads of State or Government of Switzerland, France and Germany made a solemn declaration on the occasion of its 25th anniversary underlining the exemplary significance of the Upper-Rhine-Region for fruitful and harmonious co-operation across the borders. They reaffirmed their political will to do everything in their power, either on the bilateral level or in the process of European construction, to strengthen the role of border regions.

Earlier this year, during a visit to Pskov in the North-West of Russia, I personally witnessed the initiative by representatives of local authorities of this Russian, Estonian and Latvian border region to promote co-operation in areas of mutual interest. And last month, the Council of Europe co-organised a conference on the possibilities of transfrontier co-operation between the Russian Kaliningrad oblast and its Lithuanian and Polish neighbours.

No doubt, the implosion of the political system and the fall of the Iron Curtain opened completely new perspectives for dismantling mistrust and other psychological barriers established at frontiers by negative historical experience.

When the Heads of State and Government of the Council of Europe's member States met in October 1993 at the Vienna Summit Conference, they solemnly declared that the end of the division of Europe offered an historic opportunity to consolidate peace and stability on the continent. With all member countries firmly committed to pluralist and parliamentary democracy, the indivisibility and universality of human rights, the rule of law, and a common cultural heritage enriched by its diversity, Europe could become a vast area of democratic security.

Europe is a source of immense hope, said the Vienna Declaration. But it also pointed out the imminent dangers. The newfound unity must not be destroyed by territorial ambitions, the resurgence of aggressive nationalism, the perpetuation of spheres of influence, intolerance or totalitarian ideologies.

In Vienna, the Heads of State clearly admitted that the creation of a tolerant and prosperous Europe cannot depend solely on co-operation between states. It also requires transfrontier co-operation between local and regional authorities without prejudice to the constitution and the territorial integrity of each state. They therefore urged the Council of Europe to pursue its work in this field and even to extend it to co-operation between non-adjacent regions.

The time is past when cooperation across borders was only a concern for capitals. In the recognition of local and regional self-government and vigorous voluntary associations as vital preconditions for pluralist democracy, there is also a recognition of their importance for European construction. And in this context, transfrontier cooperation has an important role to play as an antidote to territorial ambitions, aggressive nationalism, and other intolerant and totalitarian aberrations.

The political significance of this development was confirmed when, in adopting the Pact on Stability in Europe in March 1995 in Paris, the Ministers of Foreign Affairs of the 52 member States of the Organisation for Security and Co-operation in Europe (OSCE) underlined the importance of goodneighbourly relations. They emphasised the need "to promote regional economic development, in order to reduce the economic and social inequalities which create tensions, as well transborder co-operation, which should enable, in the economic, cultural, administrative and human spheres the development of the free movement of persons, ideas, goods and services".

This is well in line with the traditional mission of the Council of Europe. In his opening address to this Conference, the French Prime Minister paid particular tribute to its historical significance as the guardian of common values and its role in creating a climate of dialogue and mutual confidence.

The ultimate goal of this cooperation is to make our borders ever more permeable, ever easier to pass. In our own century, millions of people have been killed and maimed in wars intended to move borders a few miles this way or that way. How tragic and how futile! And how much more sensible it is to make borders ever more irrelevant, ever less of a barrier for economic and human relations.

So far, I have spoken only of the borders that we see on the map and on the ground around our customs stations, the physical borders separating our states. But there are also other borders too dividing Europe, mental and cognitive barriers, cleavages between national traditions and ideas. To build a united Europe, we need a better understanding both of the common elements in European culture and of its magnificent diversity.

This was clearly admitted at the Vienna Summit, where protection of our common heritage was singled out as one of the necessary preconditions for realising "democratic security" in Europe.

Some people have been a bit puzzled about this. What link is there between heritage preservation and security? The splendid castle of Bran, to take one example, was certainly built to provide protection at one time, but I doubt whether the Ministry of Defence has cared much about it in recent years. So is it not a bit far-fetched to link the protection of the cultural heritage to the pursuit of security?

At first glance: yes. But on second thoughts I do not think so. Let me go back a bit in time in order to justify that conclusion.

The rediscovery of our cultural heritage and the awakening of an interest in its preservation in the 19th century was inextricably linked to certain ideological trends, to Romanticism at first but later also to the many nationalist aspirations that emerged in different parts of our continent. It was also connected with the process of state-building and the emergence of nationwide educational systems.

For a very long time the cultivation and celebration of our cultural legacy in its widest sense - not only the buildings but also the spiritual heritage, arts and letters, customs and traditions - have been very closely related to the consolidation of the modern nation-state. By making generation after generation aware of this common heritage, we have fostered both national consciousness and a measure of social cohesion. And just as the emblematic qualities of cultural heritage have been widely exploited to establish the legitimacy and the identity of the national state, they have also been mobilised at provincial and local level to develop a sense of community in regions, provinces, and local municipalities.

In this way, an awareness of the cultural heritage has developed into a kind of mortar that holds our societies together. And whatever the political intentions of the many political bodies that have found it important to support the preservation and the cultivation of the cultural heritage, there is no reason to deny that very much that is useful and valuable has come out of this close relationship.

That being said, we also know that a too exclusive conception of history in terms of national heritage can lead to very dangerous results: to intolerance, to denial of minority rights and to outright aggression. Many armed conflicts, some in the very recent past, have involved not only accidental damage and looting of the cultural heritage but also its systematic destruction, horrors of ethnic cleansing combined with a blind hatred directed also against the religious and architectural legacy.

These risks of exaggerating the national reading of our history and taking it to dangerous extremes underline the need for broader perspectives on the cultural heritage, the need for a European reading of our history.

In the European reading of our history, there is emphasis on the cross-fertilization between different cultures, on the manifold contacts between different countries, on the enrichment of our heritage through contributions from various sources.

In the European reading of our history, we pay particular attention to the common roots of our civilisation, its links to Antiquity and to the Biblical tradition, its dependence on common myths and on the most important masterpieces of European literature, music, art and architecture.

In the European reading of our history, we take pride in the diversity of our heritage and accept as an asset that many different peoples have contributed to the civilisation of every single corner of our continent.

And with a European reading of our history, it follows clearly that the preservation of the whole of that legacy is our common responsibility.

Over the last few decades, experts working within the Council of Europe have moved a long way towards this European reading of our history, and it is quite clear that the intergovernmental programme of the Council of Europe in the fields of culture and education has contributed quite significantly towards this objective.

Indeed, the European Cultural Convention, dating back to 1955, now comprises 44 members, soon to be 47 with the three Caucasian States which have been invited to join. The impact of this common European action is undeniable, including as it does history teaching, programmes of European cultural routes or European heritage classes, as well as the regular Council of Europe Art Exhibitions which deal with different periods of our common history, such as recently "Art and Power" or "The art of historicism in Europe" which was opened last month in Vienna.

The South Eastern part of Europe, which has suffered a great deal from chauvinistic perspectives on history, has much to benefit from a European reading of its history. If applied widely, such a shift could help solve several remaining problems in the area and thus contribute in a quite tangible way to the pursuit of "democratic security".

Listening to the debate on European cooperation and integration, you can easily get the idea that everything that counts is trade and military defence. These are indeed of vital importance. But if we ask ourselves what it is that in the long run can create genuine cohesion between Europeans, I am convinced that it is neither military guarantees nor economic subsidies. It is rather the sense of belonging to a common culture and a common frame of reference, of sharing a common heritage and a common destiny.

This awareness of Europe's common roots gave birth to the concept of European integration. It can neither be understood nor realised without reference to our system of values. It is based on the uniqueness of the human being, on respect for life, human dignity, civil rights and liberties.

For more than four decades, the Council of Europe remained essentially a West European organisation. Spain and Portugal joined as soon as their democratic systems had been established. But only with the great transition in Central and Eastern Europe has it at long last been possible to respond to the pan European intentions of its founders.

This political transformation is unprecedented in history. Never before have there been such rapid gains for democracy. The dark spots are still there, the mental patterns of the past still endure, but they do not dominate the picture.

As an organisation of European democracies, the Council of Europe has a particular responsibility to support the reform process and to involve the new democracies in its many structures of European co-operation, intergovernmental, interparliamentary and also between local and regional authorities.

This orientation was clearly stated in the Vienna Declaration of the Heads of State and Government in 1993, where it was said that "the Council of Europe is the pre-eminent European political institution capable of welcoming on an equal footing and in permanent structures, the democracies of Europe freed from communist oppression. For that reason the accession of those countries to the Council of Europe is a central factor in the process of European construction based on our Organisation's values".

Full membership for the new democracies often takes longer to achieve than is expected by the applicant states; in most cases a couple of years. However the Council of Europe has beaten all European records as far as enlargement is concerned. In just six years, its membership has risen from 23 to 40 States including Croatia which is scheduled to join on November 6th.

Many problems were solved prior to membership. Others were jointly identified and commitments made for further reforms.

Sometimes we hear that this expansion has been too quick. Has it meant a lowering of the Council of Europe's standards, a sacrifice of its basic principles?

As I see it, not at all. Indeed, quite the reverse. It is by reaching out to the new democracies as members and integrating them into the many structures of the Council of Europe that the Organisation can best serve its fundamental objectives.

Of course, there is a great need for the new member States to adjust to the common European standards. Though much of this adaptation is achieved in the preparatory period, more remains to be done after accession.

In recommending the membership of a country, the Parliamentary Assembly of the Council of Europe always takes great care to identify remaining problems and obtain clear undertakings. There are also mechanisms for follow-up.

Monitoring - for all member States, old as well as new - has become one of the key functions of the Council of Europe. It is closely linked to various support activities. Condemnation alone leads nowhere. Instead we see mutual supervision and mutual help as two sides of the same coin.

With 40 member States, the whole of Europe will soon be covered. Another five countries have special guest status in the Parliamentary Assembly: Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina and Georgia.

Can all of this area become a vast zone of "democratic security"? That should be the objective. In the Paris Charter for a New Europe of 1990 all member States of the then Conference on Security and Co-operation in Europe (CSCE) gave most emphatic support to the principles of pluralist democracy, the rule of law and respect for human rights.

This was a solemn confirmation, for the whole of the European geographic area, of the Council of Europe's basic democratic ideology dating back to 1949.

Living up to such principles is, of course, much more difficult than making solemn pledges. But that is no reason for wavering.

Quite the opposite. If there is one lesson to be drawn from the Helsinki process started in 1975, it is that governments must always be reminded of their pledges and principles. Another lesson that can be drawn from the experience of the Council of Europe is that mutual efforts help us to approach and achieve these goals.

So how far have we got with the consolidation of democracy in Eastern Europe? To me, the glass is at least half-full. The achievements of the last few years have been tremendous.

If there are shortcomings in some countries - as there are - that is not only *their* problem, but also *our* problem.

Why is that so? Solidarity is one good reason, but enlightened self-interest is another one, just as important and as respectable. Unruly neighbourhoods get on your nerves. Living with decent and civilised neighbours is both more pleasant and less dangerous.

That is why "democratic security" is so important throughout the continent. Without pluralist democracy, respect for human rights and the rule of law in *all* parts of Europe, there will always be a risk of new confrontations.

Averting such perils requires generous minds, an open dialogue and active support for the reform process. This remains one of the many good reasons for stronger European co-operation.

Almost six years ago, Romania chose to take part in this common process. Still very vivid in my memory are the flags with holes in them that you waved in the streets. Similar flags were waved in East Germany and other places in Eastern Europe.

The hole was a symbol of liberation, of oppression cast off, of lies and hypocrisy rejected. It was a determined farewell to subjection and submissiveness.

But after the necessary negation, there followed also the positive steps. By joining the family of democratic nations, Romania aligned itself with the building of a new united Europe.

And so did the Romanians.

For let us not forget that this great project is much more than a *political* enterprise. Actions by our states may be important, but Europe does not grow so much by governmental decrees as it grows in the minds of the citizens.

So let us not forget what Winston Churchill said fifty years ago: "The peoples have only to will it, and all will achieve their hearts' desire".

ON UNIVERSITIES, GLOBALISATION AND THE EU

HANS VAN GINKEL

Rector ANDREI MARGA dear colleagues and ladies and gentlemen,

It really is a great honour to be here; this is a day my wife and I enjoy tremendously and will never forget. Your friendliness, your warmth is overwhelming and we really appreciate this. I feel encouraged and inspired by your presence here and your kind words, the honour bestowed upon me.

In our country it is not a custom to have a lecture from the one you have given a honorary degree. Maybe this is because we are a little afraid that we would be disappointed. But you're more brave academics than we are you take the risk.

For me it is an excellent opportunity to tell you about what has been on my mind for many, many years already and what symbolizes for me, and I hope for many of you too, this very moment: it is the issue of the relations between universities and academics inside the European Union with those in other parts of the world, Central and Eastern Europe in particular.

As you all know by now, I'm a geographer by training and before I was appointed at the university, I had been a schoolteacher in a period when the most severe cold war was unfreezing and in a time when many countries on other continents gained their independence. A glorious time for geographers, one could say. I myself looked at these developments a bit different than most of us in the West. Not irrational for a man born in our former colony Indonesia and who did his thesis on cities in South-East Asia. For me, a new world opened, and I became most interested in particular in relations with former Eastern Germany. At the university I was in the position to organize yearly study visits with groups of students to Eastern Germany and not only did I meet a lot of inspiring young students, but also many enthusiastic and capable colleagues.

Real internationalization. From person to person. People.

This, ladies and gentlemen, is the starting point of my modest lecture. Modest in comparison to the honour you gave me and modest in comparison to the time and interest one could and in fact, should give to this topic. But I still hope to give you some idea of the interest Utrecht University has in the relations with other universities, with other academic communities and with other colleagues.

outline:

- 1- Up-scaling process & development of a knowledge intensive society
- 2- networking & different levels of intensity
- 3- mission of universities & interest of society
- 4- European Community & beyond
- 5- Utrecht University: policy & networks

This is what you could call the outline of my lecture. As you can see, I like to present my ideas from general to more specific, from society to university. And as you can see, I say: upscaling development; networking different levels; mission of university, etc. This is a way to emphasize the dynamics in these processes. It never is only one aspect, there are always more aspects, more developments involved and we should not try to freeze only one aspect. Always a more dimensional look. Always seeing that a situation is growing to the next situation, or better, situations are always challenged by other developments, dynamics.

As a geographer I like to look at maps, old and new, and compare them. It is a way of looking at developments. When I was a schoolteacher there were many countries on any map in different colours. More and more countries were later added. Forty years ago the United Nations counted 60 members, now there are almost 200. However, in the same period Western Europe experienced a move towards greater unity.

Up-sealing process & development of a knowledge intensive society

- global village
- integration of paces
- more and more knowledge available
- knowledge intensive production
- level of education

This process has become more widespread: in Asia, Latin America, Africa. In fact the colours on the map are becoming vague, even mixed up. The world as a community is nothing new, but integration is strongly increasing at a higher pace. In fact the world now is divided in disappearing three major blocks according to economics, but also social, cultural and financial development:

- East Asia, with ASEAN and Tokyo as its financial centre;
- Europe, with the European Community and London as its financial capital;
- North and South America, with NAFTA and New York as its financial centre, still the most important in the world.

Behind this development there is a historical process. In his magnificent work *La Méditerranée et Le Monde à L'Époque de Philippe II* historian Fernand Braudel is one of the first people to pay specific attention to "the measure of the century". All sorts of points, such as the size of the world's population, or the time it took to send a letter, are described in order to give a picture of both the economic level and the general unity of the world. For instance it then took a few weeks to send a letter from London to Venice. Braudel's pupil, Immanuel Wallerstein, has gone a few stages further, and described the development of the world economy and the associated integration of the world. "*In the late fifteenth and early sixteenth century, there came into existence what we call a European world-economy. (...) It is a world system, not because it encompasses the whole world, but because it is larger than any juridically-defined political unit. And it is a world-economy because the basic linkage between the parts of the system is economic.*" This process is still going on.

The second process dominant in the long term is that of the increasing knowledge intensiveness of society and science. Roughly speaking it means that more and more knowledge will be produced; we even estimate that it doubles every five years. It also means a growing level of education and learning throughout life. This is of enormous importance for the universities as you can well imagine. Whole new groups of students are entering university, to call one example. But another is of more importance; how can universities keep up with this growing need of knowledge? Universities don't have a monopoly on research and higher education. Most research is done in other institutes than universities; in my country it is not so, but in countries such as USA and Japan, the percentage is about 20% to 80% (in favor of the other institutes).

What is also increasingly becoming knowledge intensive, is science and scholarship themselves. The development of new knowledge demands more and more knowledge, while at the same time the lifetime of knowledge declines. That contributes clearly to a raise of costs for development of new knowledge and therefore for concentration on some disciplines. Up-scaling and increasing knowledge-intensiveness go hand in hand with specialisation and selection.

SHEET 3

- mission of universities & interest of society
- creative
- capable
- critical
- professional
- centres of creativity and innovation
- educated and professional people
- research and scholars
- social and cultural interests
- economic interest

It is difficult to give a definition of a university, however, to quote the former publicist of Times Higher Education, Peter Scott: "*The university is a powerful intellectual idea but it is not a consistent institutional category. In most countries the title <university> is identified with the highest, or at any rate most prestigious, levels of postsecondary education (..) But it is only a loose identification. (..) Consequently, a distinction has to be made between the university tradition and those institutions which are labelled universities.*"

Universities do research and give lectures. They have also a task in the social processes in society. These are the traditional tasks of the universities as wished by the society. They want to train and educate professionals and scholars, they want to contribute to knowledge, they want to pass on their academic values. But more and more, the society is thinking in terms of 'fitness for use, for a purpose'. What is the value of a study for the society, for the individual, etc. You all know this debate, mostly ending in arrangements for quality assessment and a lower budget coming from the state.

Universities are going through a period of change, not just an evolutionary change, but a revolutionary one too. Scholars like the American Etzkowitz even speak of an academic revolution. There is growing inside man universities, a new organisation, and as a rector, I think, my highest concern lies with the academic values.

But what I see as the most important and permanent task of universities is being a centre of creativity and innovation, a centre in which people learn to learn, learn critical thinking to the benefit of the society as well as learn to be professional. In this, our academic values can be combined with the wishes of the society.

SHEET 4

- networking & different levels of intensity
- specialisation
- growing diversity
- profile and networking
- a world of cities

In the wave of upscaling and increasing knowledge intensiveness, diversity is increasing. Not on the level of the national state, which phenomenon is disappearing, but on the level of cities or on the level of universities. I spoke of the growing costs of research and the tendency to specialise. Even in a rich country as the Netherlands, we have to acknowledge that we will not be able to join the international research frontier in all disciplines. That is not only a financial matter, but also because talent and human resources are by definition limited, scarce even. This tendency is contrary to the increasing need for more inter- and multidisciplinary research and education. We all know that innovations in science are mostly made at the interface of disciplines. And we all know that society's

demands for research, think of health or environmental questions, are not disciplinary oriented.

Therefore, universities must make their choice, sometimes their bet. Universities will develop different profiles and when doing so, they choose for networks. Their profile will be related to the networks they are participating in. Networks of all kinds and at all levels. Networks expressing their academic values, missions, relations to society, disciplines, interest, policies, and so on.

For those who do not yet agree with the idea that there will be more diversity between universities, one more remark. There are also many universities: In Europe there are about 500 universities and about 7 mln. students in Higher Education in general. In the whole world there are 5.500 universities and 5.500 other institutes for Higher Education with in total 70 mln. students. This number is still growing and a 100 mln. are expected beginning next century (10 years from now!).

What I said before on upscaling and increasing knowledge intensity, also leads to more diversity between universities. More and more differences will be shown. Of course there are many differences. There always have been. To give an example: in the attempt of the European Commission to improve the international student exchange in Europe they started a study to harmonize the periods of semesters. It was established that throughout Europe there were only two periods in which all universities did function at the same time; had lessons. Only two weeks in autumn and two weeks in March as I remember well. You understand that the harmonization of semesters proved to be a mission impossible.

Back to the maps. What always strikes me is that there is a paradox of a still fastly growing world population at one hand, and a process of shrinking of the space we use and inhabit at the other hand. People are constantly and in large numbers moving to the cities, feeling that their changes are better in a city, then in the poverty of the villages, Or better, feeling that the chances for their children are better in cities, as research repeatedly confirms. The growth of the big cities is one of the major topics of any world organization. Here, I would just like to refer to the Habitat 2 Conference just held not so far from this place. It is expected that within the next half century the world population will be doubled and will exceed the ten billion. The burden of this growth will almost totally fall on countries outside Europe and North-America. This is an overwhelming thought if one thinks of the consequences: environmental pressure, food security, but also social aspects. At this moment about half the world's population lives in urban areas, twenty-five years ago that was only about one-third.

But, this development also emphasizes that borders between countries are disappearing; the national state will soon be a ripple in history, as the "national university" will be seen as an anomaly. Only a past geographical expression of the industrial nation and its specific political institutions. The world will show us dots and spots of peoples. Cities will be the centres, foci of development and communication. Centres of economical and financial activities, and in some order they will relate to each other. The world is becoming like the maps often showed at travel agencies, the whole world connected by tiny lines of the airlines companies.

Cities will be the centres of the world in every aspect. They were before, they are now, but they will be even more in the future. We are heading for an urban future. Even in a world in which communications are possible from every point. You surely must have heard of the Australian mountain climber who died at the Mount Everest, he could call his wife from the summit of the mountain before going into his last and gruesome night. But even with all these possibilities, cities will be the focus of society and in cities will be the universities. They are part of a city-orientated society, many studies confirm the strong links between cities and universities.

To sum up:

1. Society is getting globalized and is depending more and more on knowledge.
2. Society is becoming organized in new networks on different scale levels and with different levels of intensities.
3. Traditional academic values can be modernized to fit in new interests of society.

SHEET 5

European Community & beyond
TEMPUS/TACIS
TEMPUS/PHARE
SOCRATES/ERASMUS
LEONARDO (COMETT)
COPERNICUS
MED-CAMPUS
NORDPLUS
ALFA/COLUMBUS

Upscaling is also the background of the European Community. Forty years ago it started as an association for coal and steel production and distribution. Now it even has some competence in the field of Higher Education and R&D. It is not yet a strong political union, as we can see in the quarrels during the last weeks between Europe and the UK. But it is strong in its Potentials and its will to survive. Most attention goes to political problems, but the real new Europe is developing along lines of infrastructure. Jacques Delors already started an immense program for renovation and renewal of our infrastructure: trams, electricity, airports, communication highways, traditional highways. Billions and billions of dollars, ECU, are put in. The 'bone structure' is developing rapidly. And there is, too, a very strong emphasis on the importance of R&D and on education, especially lifelong learning.

But what I myself found most encouraging, is that the attention is switching from building up the community, to open it up to the world outside the community. Take Higher Education. There was no interest in it for long times, only for the

research, for R&D. It was only in 1971 when the ministers of education met for the first time, only in 1973 there was created a department for education for the European Commission. Till 1986 there was a strict separation between education and research and education was for a long period connected to social affairs and employment. But after 1987, new developments started, with the most remarkable, the programmes for student exchange. It was a reflection of the growing interest in instruments to strengthen social cohesion in Europe, for real Europeanisation. There were highmarked goals, 10 percent of all students should go abroad for some time. Of course, this was not reality, could not even be, but it made things moving. After that, in recent years, the emphasis was laid on relations between universities as such and on young academic talent. Young researchers. But also on networking with the universities in countries just over the border of Europe. With Eastern Europe of course, but also with the countries around the Mediterranean and some countries farther away. This global orientation is an official policy since the Commission published its White Paper on Higher Education in 1991.

SHEET 6

Utrecht University: policy & networks

UTRECHT-Network

UNITWIN

Central-America

South-East Asia

European networks as Copernicus CRE, IAU, UN.

leading principle:

long term commitment

development of sustainable educational and research capacity of partner-universities

clustering of problem oriented perspective:

- health
- environmental
- science and mathematics education
- university infrastructure.

All the years I have been Rector of the Utrecht University, I have always advocated a university policy of shifting boundaries. There is always a geographer in my view of the world. My university devoted much energy in becoming an active member of a global academic village, not for the sake of international contacts as

such, but in order to be able to shift the scientific boundaries which is the heart of a university. We have also embarked upon a process of selection and prioritization in our research, just to anticipate the processes of increasing knowledge-intensity and up-scaling.

We have and will continue to do, put much energy in our networks. There is of course the Utrecht Network, especially for student exchange throughout Europe with connections to the USA; there is the UNITWIN network with a UNESCO chair, with universities in the southern part of Africa and beside ourselves, Lund, Oporto and Bochum universities. There is a comparable network with some universities in Central America. And we are developing a network with South East Asia. And in the recent years we were able to participate in growing relations with your and other countries in this part of Europe. Not only scientific relations or exchange of students. But also of university administrators, Or librarians. Regularly we have the honour to be host for visiting rectors, of administrators of government. Utrecht University believes in the importance of international organizations as the CRE, as the IAU and as the UN. And we actively participate in their activities.

The purpose is to strengthen the relations between academic communities, to strengthen our common academic activities. To be of more importance for society by having international quality standards. To be of more importance for society by concentrating on research that is relevant for scientific - purposes and for society. Think of research in the field of health and demographic developments, research in the field of a sustainable society, research in the field of ethics, and so on. We do that in cooperation with many other universities, we do that with motivated students and we hope to continue this for many more years.

Ladies and gentlemen, I hoped to seize the opportunity to lecture you on a topic that is very close to my heart. The international relations of universities and academic communities. It is always a question of what is the worth of looking ahead. What is the time of analyzing the future. The future can wait, as Enisteni said "*I never think of the future, it comes soon enough*". I always think that we should help history a bit in shaping itself. I hope that I gave you some thoughts on this and I hope that you will not hesitate to react to these later on this day. Because that is the deepest nature of our common activities; critical thinking. I wish you and your fine university many, many years of critical thinking and prosperity. Thank you.

TULIPS FROM AMSTERDAM ?

THE CENTRAL AND EASTERN EUROPEAN POLICY OF THE EUROPEAN UNION: ASSUMPTIONS, PROBLEMS, EXPLANATIONS

REINHARD MEYERS

ABSTRACT. Contrary to the richness of explanations covering the historical genesis of European integration, contrary also to the vast body of theories interpreting the internal qualitative structural and procedural development of European supranational actors from the Coal and Steel Community of the early 1950s to the European Union of the early 1990s¹, the process of enlarging the EEC/ EC/ EU has always been problematic for social scientists². Why is it that more and more states are willing to give up much of their otherwise dearly loved, and in the case of Eastern European transition economies just recently - and with no mean sacrifices - regained sovereignty by climbing aboard a rolling mystery train? A mystery train which, in the language of constitutional lawyers, is less than a federal state and more than a federation of states? Or which, in the language of modern-day social science, is less than a polity and more than a regime³?

It would be futile to expect ready-made, clear-cut, and cogently argued answers to these questions from integration theory. The main reason for this sorry admission is that in the matter of EU enlargement integration theory, so to speak, is still mesmerised by the epistemological equivalent of a political maxim. A political maxim which is often attributed to that Iron Lady - Margret Thatcher - who, during her reign over Britain in the 1980s, held Brussels decision-makers and bureaucrats alike at bay by swinging her handbag at them and snarling: "There is no such thing as a free lunch!" Now, quite evidently, I am not Mrs. T.! And very far be it from me to swing handbags at you at this solemn occasion. However, my message is similar: there is no such thing as a theory of EEC/ EC/ EU enlargement⁴! Why?

¹ Cf. Appendix, figs. 3 - 9, for a sketchy overview of the main body of integration theories.

² Gerda Falkner, *Enlarging the European Union*, in: Jeremy Richardson (ed.): *European Union. Power and Policy-Making*. London: Routledge 1996, pp 233 - 246, here p. 233.

³ Helen Wallace, *Politics and Policy in the EU: The Challenge of Governance*, in Hellen Wallace/ William Wallace (eds.): *Policy-Making in the European Union*. 3rd ed. Oxford: Oxford U.P. 1996, pp 3 - 36, here p. 4.

⁴ Cf. e.g. Michael Kreile (ed.), *Die Integration Europas. Politische Vierteljahresschrift, Sonderheft 1992*; Markus Jachtenfuchs/ Beate Kohler-Koch (eds.): *Europäische Integration*. Opladen: Leske und Budrich 1996; both volumes aptly portray the state of the art in integration theory formulation, but are more or less completely blank on the aspect of widening (in contrast to the aspect of deepening) the EU.

The answer is relatively simple: Traditionally, integration theory has concentrated on the internal development of the EEC/ EC/ EU rather than on the attraction of the Community for new member states. This applies particularly to the by now classical mainstream of theoretical approaches to European integration - Functionalism and Neo-Functionalism as well as Federalism and Intergovernmentalism (cf. Appendix, Fig. 4, 6). They either focussed analysis on functional spill-over, i.e. the process of internal extension of integration to ever more policy areas, or on the series of "grand bargains" on constitutional reform, such as the original Rome Treaties, the Single European Act, the Maastricht Treaty on European Union, and in future perhaps also the Treaty of Amsterdam.

However, our contention concerning the lack of theoretical interest in enlargement matters also applies to the more recent debates in integration theory. On the one hand, they follow a track of arguments borrowed from International Relations in general and Neoliberal Institutionalism in particular (cf. Appendix fig. 9); On the other hand, they pursue a chain of reasoning mainly attributable to the comparative analysis of political systems⁵.

In the first case, the Community is characterized as neither an international regime nor an emerging state but as an organizational network endowed with executive capacities, legal powers, and independent financial resources. A network that involves the pooling and sharing of members' sovereignty rather than the transfer of that sovereignty to a higher level. Sources of change and of institutional development respectively

- a) are located in the institutions and supranational processes of the Community, reflecting the traditional spill-over hypothesis;
- b) are seen as a form of reaction and adaption to pressures emanating from the world political economy, reflecting the traditional assumptions of Functionalism and Neo-Functionalism: The form of the EC/ EU follows the functions it must perform to keep its economic actors and national economies competitive in a rapidly changing world economy;
- c) are interpreted as a result of the convergence of governments' preferences about communitized policies - be they economic, agricultural, social, regional or structural, furthermore, be they part and parcel of a Common Foreign and Security Policy or constituents of cooperation on justice and home affairs.

The convergence of governments' preferences, the development, in other words, of shared solutions to shared policy problems, is seen as a necessary condition for new Community-wide policies or more centralized decision-making procedures⁶.

⁵ Cf. Wolfgang Schumann, *Neue Wege in der Integrationstheorie. Ein policy-analytisches Modell zur Interpretation des politischen Systems der EU*. Opladen: Leske und Budrich 1996.

⁶ Cf. Robert O. Keohane/ Stanley Hoffman, *Institutional Change in Europe in the 1980s*, in: Robert O. Keohane/ Stanley Hoffman (eds.): *The New European Community. Decisionmaking and Institutional Change*. Boulder, Colorado: Westview Press 1991, pp 1 - 40, here pp 18 et seq.

All three hypotheses concerning the sources of Community change, however - the spill-over, the political economy, and the preference- convergence hypothesis respectively - do not explain why outside actors should wish to join the EU, nor why the EU should take in outside applicants. In principle, the political economy hypothesis could be made to serve such a purpose, of course. However, the evidence that the first EEC enlargement was mainly forced by developments in the international political economy is scant. And the three Southern applicants in the second enlargement round desired - and the EC was prepared to offer - membership for more overtly political reasons, namely to support the transition from authoritarian to democratic rule.

The second, policy-analytic avenue of debate in recent integration theory-making offers even lesser explanatory power in enlargement matters. Its perspective is exclusively internal, characterizing the existing EU as an emerging single, multi-level polity moved on by the interaction of sub-national, national and supranational governmental and non-governmental actors which bargain for policy outcomes within diverse policy networks across overlapping spheres of competences and regional, national, and supranational levels of governance⁷. The importance of this approach lies in the fact that it overcomes the traditional state-centrist view of the constitutional lawyer and the comparative government specialist - a view according to which the EC/ EU comprises a set of institutions the main task of which is to facilitate collective action among national states. States, one would have to add, which remain the commanding political actors in the integrated system by virtue of their control of the European Council and the Council of Ministers. States which relegate supranational institutions such as the European Commission, the European Court of Justice, and the European Parliament either to the position of states' agents or even to an only symbolic role centring on the task of providing additional public legitimacy for inter-state bargaining and law-making.

Against this, the multi-level politics approach assumes the process of European governance to represent a new form of political interest aggregation and decision-making encompassing not only governmental, but also non-governmental cooperative actors and policy networks. Gone is the conception of European politics as a two-level game, in the context of which member states' decision-makers and executives bargain with each other at the European level about policy outcomes and institutional, structural, and procedural change, while domestic interests can only indirectly try to influence what happens on the EC/ EU level within each member state by lobbying their respective national governments. Instead, member states' decision-makers and officials are seen as only one - albeit still powerful - set among a variety of European actors. Competences have slipped away, as it were, from the central state level both up to the supra-national and down to the sub-national level. States provide no longer the exclusive link between domestic politics, domestic representatives of organized interests and the bargaining process on the European level: supranational actors can contact sub-

⁷ For a good example of the multi-level politics approach, cf. Gary Marks et al *Governance in the European Union*. London: Sage 1996.

national actors directly (and vice versa). Consequently, the structure of political control is no longer constant; quality and extension of participation in European decision-making vary across policy areas and multi-level policy networks. The once rigid power structure has softened: political influence over the outcomes of bargaining moves is dispersed among competing sub-national, national, and supra-national actors none of which has exclusive *de facto* jurisdiction over a particular policy. Supranational institutions gain influence and power, and domestic actors become directly mobilizable exercisers of pressure, by virtue of coalition building, package dealing, log-rolling, interest optimizing under quid-pro-quo conditions etc. All this state-centrist approaches cannot explain - and it would be a most interesting proposal indeed to apply the multi-level policy approach not only to the deepening of the institutions and the cooperative compression of bargaining and decision-making procedures of the European Union, but also to its enlargement policy.

Unfortunately, due to the inside (and perhaps also insiders') view bias of the formulation process of integration theories (and the debate amongst integration theorists), this exercise will still be a lengthy undertaking. What I suggest to do on the following pages is of more modest character: an effort to create a number of building blocs which might help in the construction of a more ample EU enlargement theory. In particular, I shall deal with the following questions:

- 1) Is the EU's methodical approach to enlargement governed by an incrementalist policy recycling syndrome or by some form of situation-adequate policy optimization?
- 2) Is there a two-level game, a dialectic of declaratory and factually effective politics in EU enlargement policy?
- 3) Is log-rolling and package dealing the prevalent mode of operation of the EU's "Ostpolitik"? Or is it following a rationally conceived, publicly debated, parliamentarily legitimized Master Plan which represents a balanced political compromise not only between the EU and the potential new members, but also between the diverse vested interests inside and across the present and the potential new member states ?

I. The Policy of CEEC Association: A case of conceptional recycling?

Until the mid-1980s, relations between the European Community and Eastern Europe were cool. The Cold War context in which the idea of (West)European integration was conceived and developed subjected any dreams of overcoming the East-West divide in Europe to the harsh realities of systemic antagonism. Inter-bloc politics were governed by the rules of a zero-sum game: within the context of an evolving Atlantic security and value community, the EEC at first, and the EC subsequently played two major roles:

- 1) that of a socioeconomic bulwark containing the expansionism of an adversarial system of rule and its concomitant ideology;
- 2) that of a shop window demonstrating - on the basis of welfare gains produced by economic integration - the superiority of a capitalist liberal market economy vis-à-vis its centrally planned socialist competitor⁸.

If discord and collaboration, following for once Arnold Wolfers⁹, are the perennial features of international politics, then this situation could be characterized as one of intra-bloc collaboration versus inter-bloc discord, based on and supported by a social psychological phenomenon: the mirror-image effect describing a situation of polarized conflict between groups which each attribute exactly the same diabolical characteristics and intentions to their respective opponents¹⁰. In my reading of contemporary European history, this situation had a number of effects:

- 1) That of a virtual non-communication between the European Community on the one hand and the Council for Mutual Economic Assistance on the other: up to and including the Brezhnev era, the USSR refused to recognize the EC officially, and the other CMEA countries - with the notable exception of Romania - followed suit, while Brussels was at least reluctant to develop trade links with the CMEA for fear of thus effectively recognising Soviet hegemony over Eastern Europe.
- 2) That of intensifying the inward-looking perspective of the Community: its self-image of being sharply distinct in political values, form of rule and socioeconomic aims from the countries of Central and Eastern Europe "... made redundant any mental or substantive preparation for a dramatic change in the relationship ..." ¹¹. The question whether West European integration could serve as an example for transnational integration on a broader European scale thus was not a practical point on the political agenda until the end of the 1980s.
- 3) That of rationalising the process of European integration by two *internal* logics (cf. Appendix fig. 2) - a functional one interpreting integration as a necessary boundary condition for the management of international economic interdependence and/ or for the shielding of comparatively small West European national economies from the adverse effects of an increasingly interdependent world economy dominated by the USA and Japan; and a

⁸ For a general overview of respective developments, cf. Curt Gasteyger, *Europa zwischen Spaltung und Einigung 1945 - 1993. Darstellung und Dokumentation*. New rev. and enlarged ed. Bonn: Bundeszentrale für politische Bildung 1994; also Peter van Ham: *The EC, Eastern Europe and European Unity. Discord, Collaboration and Integration since 1947*. London: Pinter 1995.

⁹ Arnold Wolfers, *Discord and Collaboration. Essays on International Politics*, 3rd ed. Baltimore: Johns Hopkins U.P. 1971.

¹⁰ Cf. Uri Bronfenbrenner, *The Mirror-Image in Soviet-American Relations: A Psychologist's Report*, in: *Journal of Social Issues* 17 (3), 1961, pp 45 - 57.

¹¹ Ulrich Sedelmeier/ Helen Wallace, *Policies toward Central and Eastern Europe*, in: Helen Wallace/ William Wallace (eds): *Policy-Making in the European Union* (fn. 3), pp. 353 - 385, quote p. 354.

political one interpreting integration as a pre-condition of West European security production: Under the heading of "Peace by Cooperation" integration was regarded as necessary means of conflict management and conflict avoidance by embedding - and thus controlling - the German potential in a supranational governance structure based on a settlement of Franco-German differences.

Consequently, for quite some time overall EC-CMEA relations were blocked by the overarching coordinates of systemic antagonism and geopolitical differences; what trade relations there were, suffered from various forms of protectionism and mistrust. Mistrust, by the way, on both sides of the East-West-divide: While some of the EEC/ EC members at times tended to look askance at the Protocol on German internal trade, under which goods from the GDR could be imported tariff-free into the Federal Republic, Moscow smelled more than one rat in the EC trade arrangements with Yugoslavia (March 1970) and Romania (July 1980): they were loosely seen as serving the political objective of encouraging those countries' policy of independence from the Soviet Union.

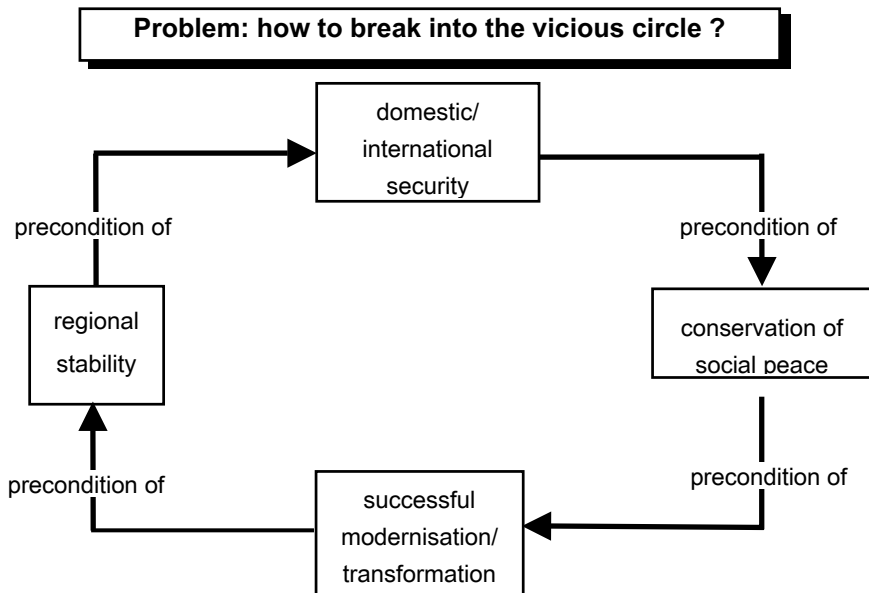
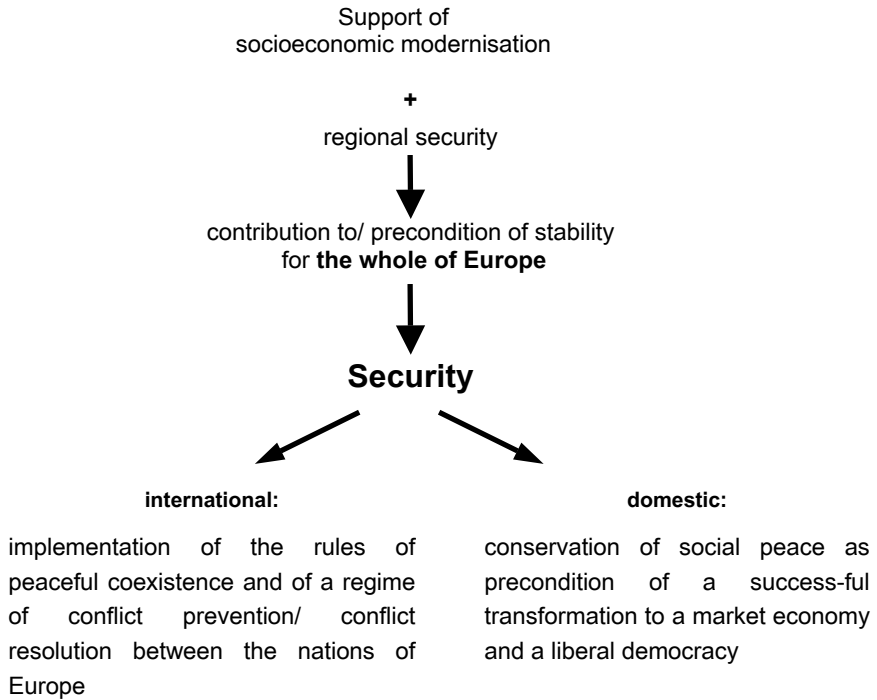
We could leave to the field of speculation at present the question whether the CSCE process in the later 1970s and 1980s already led to a certain atmospheric de-icing of EC-CMEA relations. In my opinion, the first major change only occurred with Gorbachev's perestroika politics and his acceptance that CMEA members should be able to sign their own trade agreements with the EC. A joint EC-CMEA declaration embodying mutual recognition was signed, in consequence, after two years of negotiation in June 1988, to be followed by Trade and Cooperation Agreements under Article 113 of the Treaty of Rome with Hungary in 1988, Poland and the USSR in 1989, Czechoslovakia, Bulgaria and Romania in 1990.

Yet, while even the last of these agreements were still negotiated, that old-times important catalyst for Western European integration - the Cold War - finally ended. The unexpected breakdown or implosion of the Communist order in Central and Eastern Europe and the Soviet Union not only created a new configuration of regional powers and political forces. It also caught - most likely as a result of its inward-looking perspective sketched out earlier - the EC and its member countries totally unprepared¹². The coincidence of both political and economic transformation processes indeed was without historical precedent. They involved an almost complete reshaping of the politico-economic landscape¹³. If the EC/ EU wanted to support the CEEC transformation process in the interest of stability in Europe predicated on the achievement of international security between, and domestic and societal security inside the transformation societies (cf. Fig. 1), they would immediately be vexed by a vicious circle: which form of security is the necessary precondition of the other?

¹² Louka Tsoukalis, *The New European Economy Revisited*, Oxford: Oxford U.P. 1997, pp 248 et seq.

¹³ For a brief, but brilliant overview, cf. Christopher M. Dent, *The European Economy. The Global Context*, London: Routledge 1997, pp 111 et seq.

FIG. 1 EU "Ostpolitik": Aims



Small wonder then that one had to gain the impression that in 1989/ 90 EC decision-makers and European political scientists alike felt exasperated:

"The EC's immediate responses had ... to be invented without benefit of experience, reflection, or any standard procedures. There was no choice possible other than hyperactivity and speed and no opportunity to relate short-term action to crafted future goals. Policy-makers had to work from imperfect analogues and from more or less good intention. The result was a curious mix of tradition and innovation¹⁴".

Was it indeed?

It is my contention here that the Community's first response to the problems of the CEE transition process was to employ the policy instruments with which it had been already most familiar in a different context: that of its development policy. These instruments were trade and aid respectively; others followed later. To be more precise: the Community's response to the momentous changes occurring in Eastern Europe in the late 1980s and early 1990s took three specific dimensions:

- 1) an aid response addressed to the urgent needs of CEE countries affected by profound economic crises;
- 2) complementary action in the field of trade, intending to improve access to the Common Market of CEE countries' exports;
- 3) development of institutional frameworks within which differentiation of economic and political relations between Eastern and Western Europe could take place.

The basic content of this response - a fuller overview of which is given in Figure 2 - was in fact traditional in nature, "... being akin to much of the Community's previous development cooperation efforts ..."¹⁵. What was perhaps new was the speed with which the response was put into operation: The principles governing the Lomé III and even more so the Lomé IV Conventions, however - Money, Market Access, Dialogue - seem to be the very ones which also inform the early stages of the EC/ EU "Ostpolitik".

In order to substantiate my argument, I shall have to take you on a brief excursion to the realm of EC - Third World relations on the one hand, and to the more general field of the Community's external relations on the other. Within that context, attention will have to be drawn to a number of characteristic parallels between EC-ACP and EC-CEEC relations. Finally, a number of problem areas will have to be lined out which seem to be common to both fields: can any inferences be drawn from the course and the result of EC-ACP relations to the possible development of the EC/ EU-CEEC nexus?

¹⁴ Sedelmeier/ Wallace (cf. fn. 11), p. 355.

¹⁵ Enzo R. Grilli, *The European Community and the Developing Countries*, Cambridge: Cambridge U.P. 1993, p. 309.

Fig. 2. EU 'Ostpolitik': the development of initiatives towards Central and Eastern Europe

'First generation' bilateral Trade and Co-operation Agreements

EC and the CEE countries arrange a series of bilateral agreements covering trade and cooperative measures starting in the late 1980s as a consequence of Gorbachev's Glasnost and Perestroika politics. Hungary signs first (September 1988), then Czechoslovakia (December 1988), Poland (September 1989), the Soviet Union (December 1989), the GDR and Bulgaria (both May 1990), Romania (March 1991), Albania, the Baltic Republics, and Slovenia (1992).

GSP membership

Extended to the Visegrad countries from 1990-92, Bulgaria and Romania from 1990-93, the Baltic states from 1992-94 and the CIS and Georgia from 1993 onwards.

PHARE programme

Established at the June 1989 G24 meeting to support Poland and Hungary in their early reform process. Initial programme measures consisted of finance to help restructure and modernise industry, widen market access to Western markets, the setting up of the EBRD, funds to relieve pressing environmental problems and vocational training for managers, executives and students in key roles. Other nations applied for the PHARE programme assistance in 1990 as the market reforms spread to other parts of the CEECs. By the mid-1990s, PHARE had become the EU's main instrument for economic and technical assistance under the Europe Agreements and was extended in 1995 to allow more funding for infrastructure in a multinational financial framework.

European Bank for Reconstruction and Development (EBRD)

Principal role to co-ordinate financial assistance to CEECs and former Soviet Union republics for infrastructure projects and technology transfers. Operates as part of the PHARE programme framework. Established in 1990 with a share capital of ECU 10bn (the EU has a share holding of 51 per cent) with 40 country representatives plus the EIB and Commission as members.

Europe Agreements

Ten-year timetable for asymmetrically phasing out trade barriers in industrial goods between the EU and CEEC countries. Tariffs and other protectionist measures still applied by EU on a variety of 'sensitive' industrial products (i.e. steel, textiles, chemicals). Agreements include technical and financial assistance, a more developed framework for political dialogue, compliance with some aspects of the *acquis communautaire*, information exchange and cultural cooperation. Operated since 1992 for Visegrad countries, since 1993 for Bulgaria and Romania and since 1995 for the Baltic states. Russia and Ukraine signed Partnership and Co-operation Agreements with the EU in 1994. Builds on the 'first generation' agreements made at the start of the transformation process with the intention of creating a European political area within which CEE countries can be eventually absorbed into EU membership.

The 1995 White Paper

Identified key measures required in each sector to prepare the CEE countries for integration into the Single European Market. Suggested a sequence in which the approximation of national legislation to EU law should be introduced. To complement this the Paper laid out plans to establish the adequate structures required to facilitate integration and ensure future compliance with and enforcement of the *acquis communautaire*. Provisions on social, environmental, and other policy fields were also included.

The 1997 Agenda 2000

Formal opinion of the European Commission on CEE countries' applications for membership, suggesting EU enlargement in stages, the first round of negotiations to begin in 1998 with Poland, Hungary, the Czech Republic, Slovenia and Estonia subject to approval of the European Council in December 1997. Also contains proposals for radical changes to the CAP and the regional and structural funds, of which some 30 per cent should go to the new entrants (with transfers to be capped at the maximum of 4 per cent of entrants' GDPs). Entry negotiations are still regarded as part of the pre-accession strategy formulated by the Essen summit in December 1994.

* * *

Next to the Common Commercial Policy (CCP), the Policy of Association represents one of the main instruments by which the EC/ EU is conducting its external relations. According to Article 238 of the Treaty establishing the European Community (TEC), the Community may conclude "... agreements establishing an association involving reciprocal rights and obligations, common action and special procedure ..." with other states and international organizations. This option, though not originally provided for in the Spaak Committee Report of 1956, was a constituent element of the original Treaty of Rome setting up the EEC in 1957. In conjunction with Art. 237 of that Treaty, it opened an avenue to preparation for possible Community membership to third countries¹⁶. Another form of association - not to be regarded as a prelude to later membership - found its way into Art. 227 of the Treaty of Rome on French insistence: It provided near-equal legal status for Algeria and the French Overseas Départements ("constitutional association") and, as a principle, governed the association of member states' non-European countries and territories as regulated by Art. 131 - 136 of the Treaty of Rome. As a consequence of decolonization in the 1960s, Part IV of that treaty materialized in the Agreements of Jaundé I (1964) and Jaundé II (1971), and - after Britain became a member of the EEC - in the various Lomé agreements from 1976 onwards. The purpose of this form of association was (and still is) "... to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole ..." (Art. 131 TEC). The Lomé Conventions extend selected preferential trade and aid terms to a group of (now) 70 African, Caribbean and Pacific Countries (ACP), buttressed by an integrated development cooperation policy to assist the economic development of ACP members through structural adjustments and trade promotion.

Expressing the joint principle of "trade and aid", these have broadly manifested themselves in preferential trade terms within the Common Commercial Policy, concessions on Common Agricultural Policy import levies, the STABEX and SYSMIN funds stabilizing income from the marketing of primary products and minerals, and investment aid provided by the European Development Fund. Non-ACP Third World countries of mainly Latin American and Asian origin are offered, in their trade relations with the Community, a series of concessions under the EC/ EU's Generalized System of Preferences (GSP); of that, the Mediterranean Basin and the CEECs have become beneficiaries more recently too. The GSP operates as an instrument of the Common Commercial Policy: its main objective is the facilitation of industrial development in developing countries through tariff reductions on industrial goods. The constraints of the CAP imply that agricultural products from temperate zones are excluded from, and only a limited range of tropical agricultural products has been eligible for tariff concessions¹⁷.

¹⁶ As in the case of Greece, perhaps also Cyprus and other Mediterranean countries, which have association agreements dating back to the 1960s and early 1970s; cf. William Nicoll/ Trevor S. Salmon: *Understanding the European Communities*. London: Philip Allan 1990, pp 33 et seq.

¹⁷ Good overview in Christopher M. Dent: *The European Economy* (cf. fn. 13), pp. 188 et seq.

Over time, the number of states linked to the EC/ EU by association agreements has grown, as has the diversity of agreement types. A present-day typology would distinguish between

- the original association agreements preparing for membership (Greece, Turkey, Malta, Cyprus), also called accession or free trade agreements,
- the more recent agreements embodying a pre-accession strategy (Poland, Hungary, Czech Republic, Slovak Republic, Romania, Bulgaria, Slovenia, Baltic States), also called Europe Agreements,
- association agreements with the EFTA states leading to an European Economic Area,
- development association agreements (ACP and Mediterranean Basin), and
- partnership association agreements (concluded recently with the C.I.S.)

All these agreements can be interpreted as qualitatively different building blocs in a pyramidal hierarchy of preferential trade arrangements which changes over time, mirroring the changes in the EC/ EU's relations to the outside world. For the sake of brevity and conciseness, I present the main forms of development of the EC's preference pyramid graphically (cf. Figs. 3-5). What the graphics clearly show is the fact that the CEECs have replaced the ACP countries as a focal point of the EC's external relations - to the considerable concern of the latter!

Of course, this roughly hewn pyramidal structure could still be refined and debated. There are at least some voices who would give preference to the Mediterranean, Maghreb and Mashreq countries over the ACP in the EU's league table of importance¹⁸, let alone to those successor states to the former USSR whose political and economic stability is critical to an Eastern enlargement of the Union. However, this hardly changes, perhaps even enhances the original argument: those countries for the benefit of which the policy of association was formulated in the first place, have lost much of their attraction to the Community in the face of new competitors¹⁹.

¹⁸ Cf. Christopher Preston, *Enlargement and Integration in the European Union*, London: Routledge 1997, pp 160 et seq.

¹⁹ This may be exemplified by the fact that at present it is seriously debated in Western Europe whether there will be a Lomé V after all; for a critical overview of the results and failings of Lomé and the present debate Robert Kappel, *Europäische Entwicklungspolitik im Wandel. Perspektiven der Kooperation zwischen der Europäischen Union und den AKP-Ländern*. INEF-Report 17 (1996). Duisburg: Gerhard-Mercator-Universität 1996.

Fig. 3. Policy of Association (I)
Entry to the EC for Commercial Products:
The Preference Pyramid

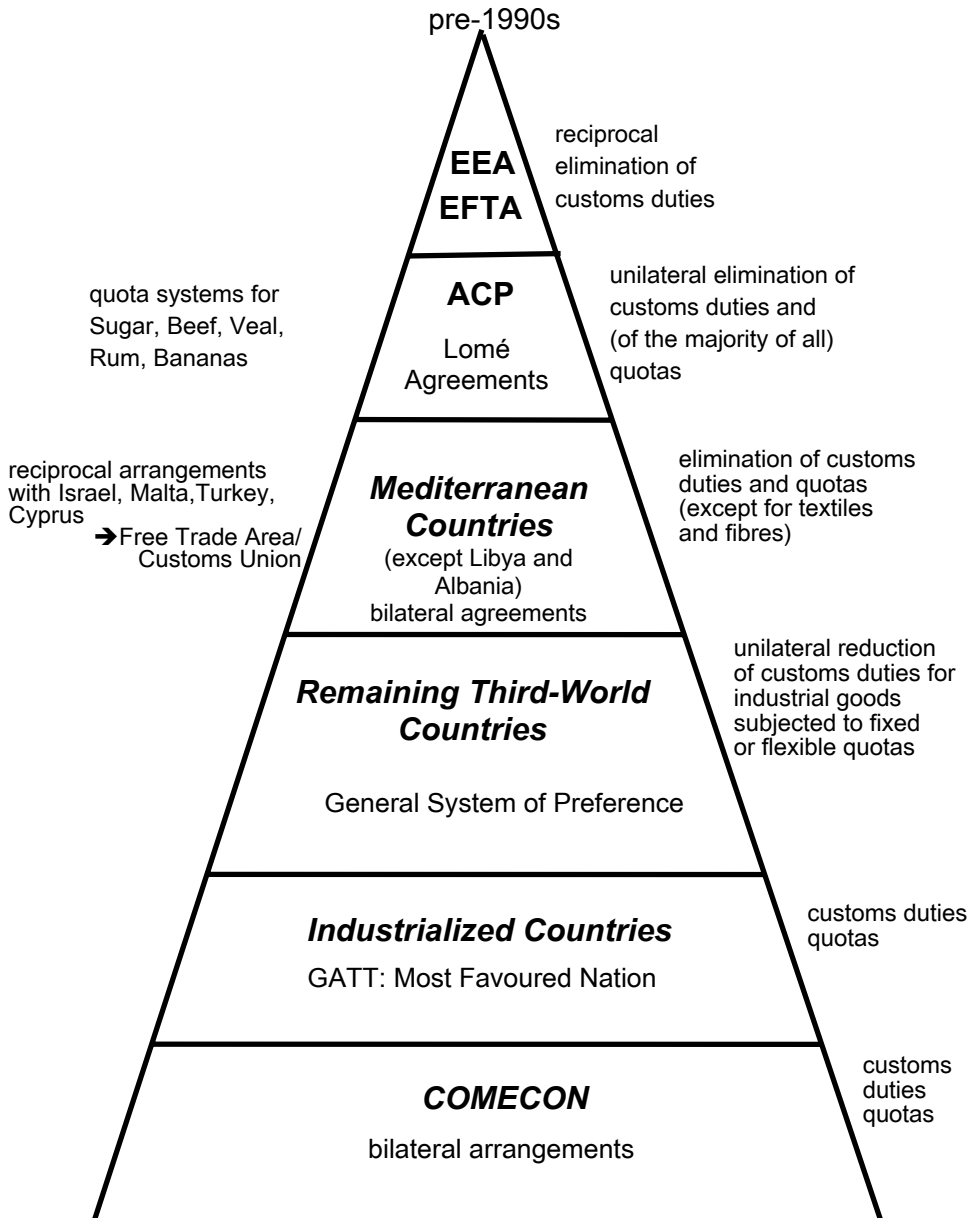


Fig. 4. Policy of Association (II)

Entry to the EC for Commercial Products:
The Changing Preference Pyramid early 1990s

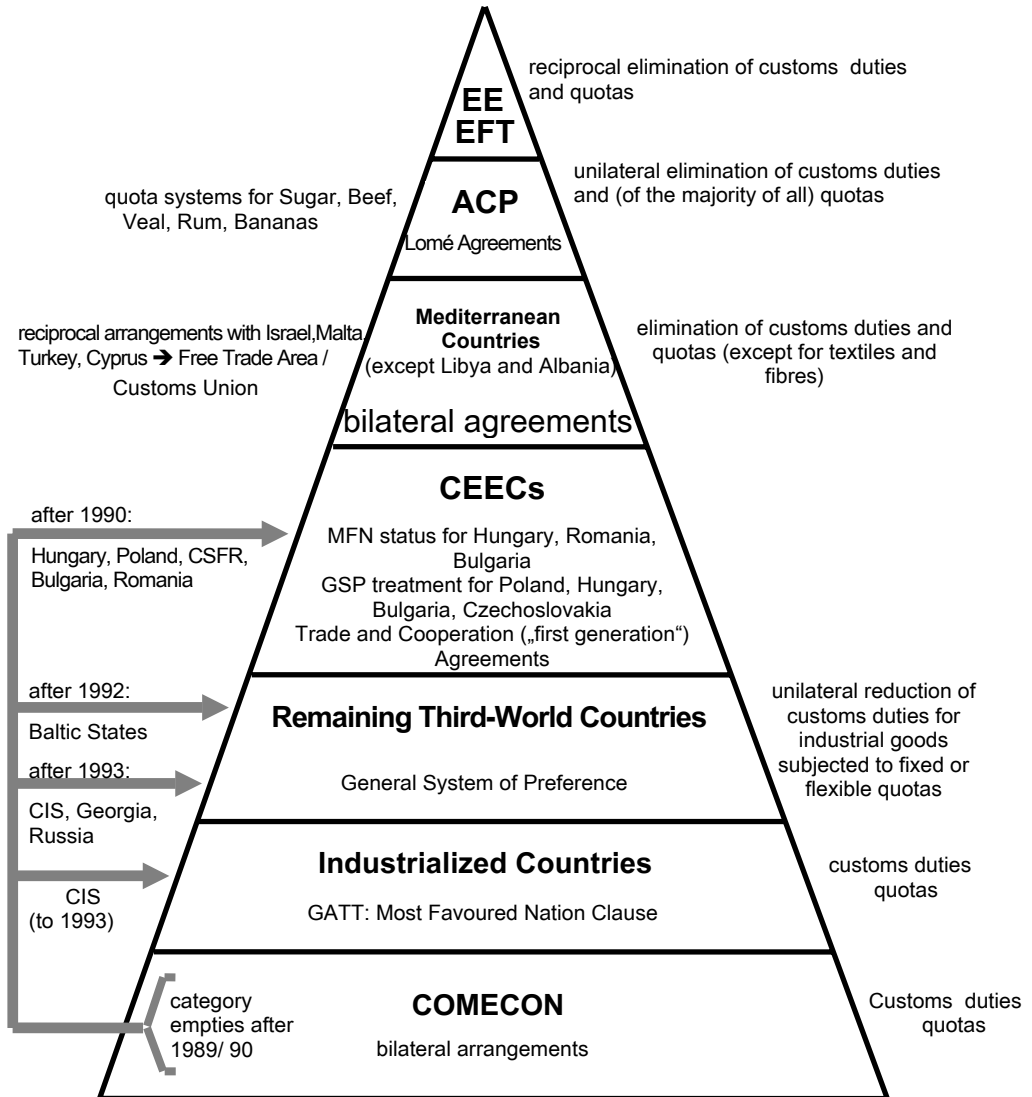
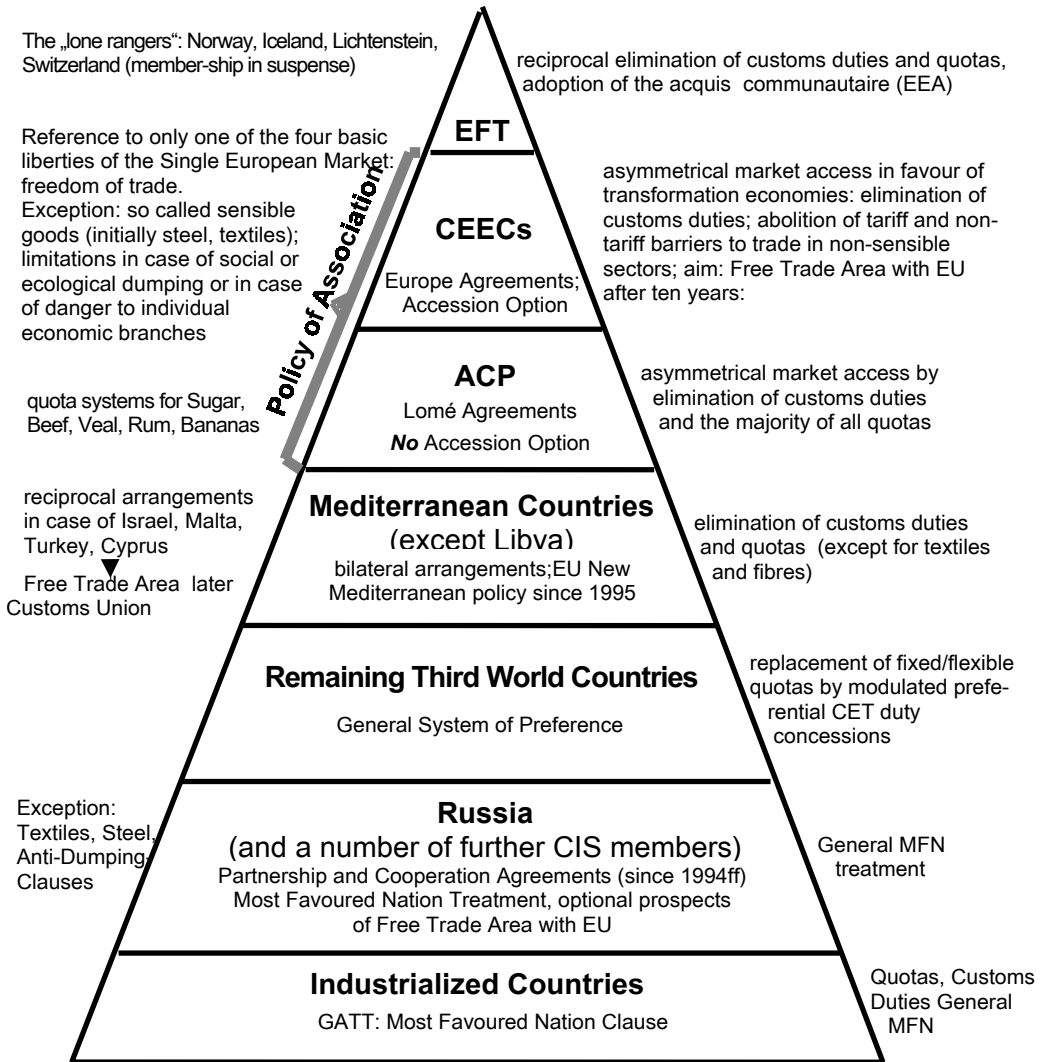


Fig. 5. Policy of Association (III)

Entry to the EC for Commercial Products: The Reconstituted Preference Pyramid mid-1990s



What then are the parallels between the EU's Third World and Eastern European policies? Superficially, the principle of trade and aid is exemplified both by the Lomé Conventions and the GSP scheme on the one hand, and the first generation trade and cooperation agreements with their program of trade liberalisation, gradual reduction of quotas and application of GSP or even MFN treatment on the other. Superficially also, there are functional similarities in the work of the European Investment Bank (EIB) and the work of the Bank for European Reconstruction and Development (EBRD) as well as in some of the aims, tasks, instruments, procedures and the financing system of the European Development Fund (EDF) and the PHARE programme. Superficially finally, there is a distinct likeness of the central assumptions of both the EU's Third World and CEEC policies: namely, that greater access to the EU markets will provide the essential incentives for the respective national economies to re-orientate their industries to export-led growth strategies, exploit the trade-growth potential inherent in a deeper integration into the international division of labour, and utilize the welfare gains thus produced - on top of direct financial and technical assistance - to set in motion and keep going a policy of modernization and development.

Thus, what can be seen at work here is the time-honoured principle of incremental change, of compromise, and systemic conservatism informing, as Christopher Preston has shown in a recent study²⁰, the sum total of EEC/ EC/ EU enlargement policies. "The problems arising from the increased diversity of an enlarged Community are addressed by creating new policy instruments overlaid on existing ones, rather than by fundamental reform of the latter's inadequacies"²¹. Perhaps even more so, in the EU's 'Ostpolitik' we can detect the force of conceptual recycling! This applies to three fields in particular: 1) The institutional response to the changes occurring in the political and socioeconomic conditions of Central and Eastern Europe in the early 1990s, 2) the make-up and effects of the trade provisions contained in the first generation trade and cooperation agreements as well as in the second generation Europe Agreements, 3) the element of political conditionality already attached to Operation PHARE, and subsequently to the Association Agreements with the CEE countries. We shall deal with each of these fields in turn.

ad 1) The Community's institutional responses to the aspirations and needs of the transformation economies - Operation PHARE and the EBRD - did not represent a new departure in the use of instruments of assistance²². Aid coordination groups had long existed under the multinational stewardship of the World Bank and the OECD; regional development banks not only operated already for Africa, Latin America, and Asia, but in the form of the EIB within the EC-ACP nexus proper. The open question is why the activities of the EIB were not permanently extended to Central and Eastern Europe. A tentative answer might point out that the EBRD was very much François Mitterand's brainchild, who not only succeeded to get his protégé, Jaques Attali, appointed as its first president, but also hoped to utilize it as an instrument to counter what was perceived as

²⁰ Christopher Preston, *Enlargement and Integration in the European Union* (fn. 18).

²¹ *Ibid.*, p. 229.

²² Grilli, *The European Community and the Developing Countries* (fn. 15), p. 315.

growing German economic influence in Central Europe²³. In that respect, the early history of the EBRD not only offers proof for Preston's contention quoted above, but also for a further general observation: namely, that existing member states use the enlargement process to pursue their own interests²⁴.

ad 2) My contention that the EU's 'Ostpolitik' is characterized by conceptional recycling is borne out further by an examination of the make-up and the effects of the trade provisions contained in the first and the second generation of EU-CEEC agreements. As in the Case of EC-ACP relations, the trade regime is not as liberal as it is sometimes portrayed²⁵. Admittedly, the Commission itself defined the major objectives of what it saw as a new partnership by association with Central and Eastern Europe in August 1990²⁶ as

- help in the creation of a climate of confidence and stability needed to ensure the success of political and economic reforms (Community as *partner in reforms*);
- support for the foundation of the new European architecture (*anchor role of the Community*)
- encouragement of trade and investment, especially in the private sector ("*integration into the European Community*")
- facilitation of a better management of the transition from a planned to a market economy (*partner in transformation*).

To implement these objectives, it developed - covered by conclusions of the Strasbourg European Council of December 1989 - proposals to substitute the first-generation agreements by association-type ones. Core instruments for the shaping of the new European architecture after the end of the East-West division, the second-generation Europe Agreements are the EU's most far-reaching response to the changes in the CEE area so far. Making allowance for the desire of the CEECs to associate themselves with nearly all fields of activity of the EU and its member states, their scope is as large as possible. It remains to be seen, however, whether they do indeed offer "something special" (Lippert), whether they are "... major steps toward a real partnership on ... (sc. the) ... way to membership ..."²⁷. For one, in comparison to other association agreements, they include neither the option of a customs union nor

²³ Cf. Keith Middlemas, *Orchestrating Europe. The Informal Politics of the European Union 1973-1995*. London, Fontana Press 1995, p. 643; on the EBRD also John McCormick: *The European Union. Politics and Policies*. Boulder, Colorado, Westview Press 1996, p. 195.

²⁴ Preston (fn. 18), pp 21 et seq., 230 et seq.

²⁵ Marjorie Lister, *The European Union and the South. Relations with developing countries*. London, Routledge 1997, pp 28 et seq.

²⁶ On the whole complex genesis of the Europe Agreements, cf. Barbara Lippert: *Shaping and Evaluating the Europe Agreements - The Community Side*, in: Barbara Lippert/ Heinrich Schneider (eds.): *Monitoring Association and Beyond. The European Union and the Visegrad States*. Bonn: Europa Union Verlag 1995, pp 217-247, here p. 224.

²⁷ *Ibid.*, p. 233.

binding financial commitments contained in a Financial Protocol on the Lomé example. Furthermore, they do not hold out definite promises of EU accession in the form of a timetable legally binding on the signatories. Rather, article 1 somewhat cryptically defines as one of the agreement's aims the provision of a suitable framework for the CEE signatory's step-by-step integration into the Community. For brevity's sake again, the main provisions are enumerated in an abstract (cf. Fig. 6).

Given the near collapse of the CEE countries' domestic and CMEA markets in the early 1990s, the economic anchor role of the Community became of crucial importance for the transition economies. Four areas of potential EC/ EU action were particularly critical:

1. The provision of market access for traditional CEEC industries.
2. The transitional protection of CEE domestic markets from import surges and the avoidance of further calls on strained foreign currency reserves.
3. Tackling the debt and fiscal problems by means of grant and loan aid and a measure of debt relief or debt waiver.
4. Creation of favourable conditions for large inward flows of investment to the CEE economies.

With these requirements in mind, the Association Agreements are usually presented

- as instruments providing favourable terms for EC market access while allowing the transition economies a period of respite in the form of higher tariff barriers to imports on an asymmetric principle by fixing the period of transition to free trade in industrial goods to five years for the EC and 10 years for the CEE economies;
- as valuable efforts in creating favourable conditions for foreign direct investment in order to stimulate a policy of modernisation in CEE economies;
- as prerequisites of generous aid programs.

Closer inspection, however, reveals that these aims have hardly been realised and that the Community's claims for the agreements do not accurately reflect their substance. This contention particularly applies to asymmetrical market access: it was not so much the level of tariffs - to be halved by the Uruguay round's package of tariff reforms anyway - which proved a bone of contention, but the existence and application of non-tariff barriers (NTBs). Here, the EC virtually stood the asymmetry principle on its head: while it insisted on the dismantling of NTBs applied by the CMEA to west-east trade, it was hardly willing to do away with its own NTBs, though it considered changing their forms more often. Barriers to CEE-EC exports remained notably strong in the so-called sensitive sectors in which the transition economies still enjoyed a modicum of comparative advantage: agricultural goods, textiles, chemicals, iron and steel, coal. Here, the Europe Agreements envisaged a slower and more limited liberalisation of access to the Single European Market; in the case of products covered by the Common Agricultural Policy, eventual free trade status was not even thought of²⁸. Equally, as in the case of EC-ACP relations, strict rules of origin for CEE products definitely hampered CEE-EC trade.

²⁸ *Instead, the EC offered a consolidation of existing preferential concessions subject to a temporary suspension clause in the case of severe market disturbances; cf. e.g. Art. 21 of the Europe Agreements with Poland and Hungary respectively.*

FIG. 6. Europe Agreements

GENERAL CHARACTER

based on Art. 238 EEC Treaty ; unlimited duration; preferential agreements; mixed competences (pending ratification of Europe Agreements, entry into force of trade provisions via Interim Agreements);

Modified by

- added clause on respect for democratic principles, human rights, and principles of market economy as the rule for all new agreements (Council statement, 11.5.1992)
- conditional acceptance of eventual membership (Copenhagen European Council June 1993)

POLITICAL DIALOGUE

regular bilateral meetings and consultations on all topics of common interest, at highest political level (Heads of State/ Heads of Government) and at ministerial level (in Association Council); to promote convergence on foreign policy matters

Modified by the decision of the Copenhagen European Council on 'reinforced extended multilateral dialogue', Council conclusion on reinforcement of the political dialogues (of 7 March 1994); decision by the Essen European Council on a 'structured relationship' (December 1994)

PROVISIONS FOR THE FREE MOVEMENT OF GOODS

- progressive establishment of free trade in industrial goods (transition period for EC 5 years, for CEEC 10 years):
 - (a) tariffs: immediate elimination for some products, 1-5 years for most others (according to their sensitivity)
 - (b) quantitative restrictions: immediate elimination, with exceptions for sensitive sectors: (i) ECSC products (coal, quotas after 1 year and tariffs after 4 years, with special derogations for Germany and Spain; steel: quotas immediately and tariffs gradually within 5 years); (ii) textile products (quotas within less than 5 years and tariffs gradually within 6 years)
- agricultural products: consolidation of previous concessions and some reciprocal concessions
- special provisions for rules of origin (requirement of at least 60% 'local content')
- safeguards: anti-dumping provisions; special and general safeguard clauses; unilateral measures possible
- consolidation of GSP benefits (and withdrawal of CEE signatories from list of GSP beneficiaries normally reserved for developing countries)
- removal of restrictions applied to state-trading countries since early 1980s

Modified by decision to accelerate market access by the Copenhagen European Council

PROVISIONS ON THE OTHER FREEDOMS OF MOVEMENT

- free movement of persons: subject to national legislation, equal treatment accorded to employees with respect to contract and working conditions and social security benefits
- *right of establishment*: establishment and operation of business and professional activities not less favourable than for national citizens; transitional periods for application by the associates; restriction of freedom of movement through limitation to 'key personnel'
- *supply of services*: progressive allowance of cross-border supply of services; special rules for transport
- *payments and movement of capital*: freedom of financial transfers for commercial transactions, provision of services and investment operations; repatriation of capital gains or investment benefits

APPROXIMATION OF LEGISLATION

Associates make existing and future legislation compatible with EC *acquis communautaire* with EC technical assistance; identification of priority areas; competition policy: associates adapt their legislation to EC rules within 3 years; non-discriminatory public procurement; protection of intellectual, industrial and commercial property similar to that in the EC by associates within 5 years

Modified by decisions for the preparation of the CEECs for integration into the Single European Market (Essen European Council; Cannes European Council)

DIMENSIONS OF COOPERATION

- *economic cooperation*: economic and political measures to support the long term sustainable economic and social development of associates
- *cultural cooperation*: extending existing cultural cooperation programmes to associates, with additional activities of mutual interest and identification of priorities
- *financial cooperation*: eligibility for grants under Phare and loans from EIB; possibility of assistance for economic restructuring and support of currency convertibility through G 24; no financial protocol

INSTITUTIONS

- Association Council: meets on ministerial level at least once a year, supervises the agreement's implementation; possibility of binding decisions and dispute settlement
- Association Committee: assists the Association Council
- Parliamentary Committee: advisory role

Source: adapted from Sedelmeier/ Wallace: Policies Towards Central and Eastern Europe (cf. note 11)

There seems to be widespread agreement in the expert literature that the concessions offered by the EC/ EU under the Europe Agreements eliminated barriers on marginal exports from the transition economies while maintaining crucial restriction on all their major exports²⁹. The special protocols and annexes to the Agreements covering "sensitive" sectors do indeed account for the bulk of CEE export trade. Thus, the CEE countries "... were dismayed of the EC's miserly trade concessions ..." during the negotiations for their respective Europe Agreements; the "... EC's inability to deliver more comprehensive or predictable market access ..." greatly reduced the Agreement's effectiveness and potential³⁰.

This conclusion brings me to a wider point: namely the question whether a policy of trade preferences - or aid by trade - does indeed favour the modernising, developing partner in the equation. A look at the effects of the two Jaundé and four Lomé Conventions drastically demonstrates that they have failed to leave any marked impact on ACP aggregate exports³¹. On the contrary: as a percentage of overall trade, the share of EC imports from the ACP fell both relative to the imports from other developing countries and relative to total imports - from 9,7% in 1960 to 3,1% in 1993, while similarly the share of EC exports to the ACP fell from 9,4% in 1960 to 3,4% in 1993³². On present trends, predictions are that ACP trade will account for less than 2% of EU trade in 2000. Preferentialized trade with the EU has thus not been the engine of growth leading the ACP countries to the wealth and self-sustaining economic development one hoped for.

It is of course always dangerous to draw inferences from one case to another one which might not be comparable to the first one at all. However, the wisdom of putting too much trust in the effects of trade preferentialization in the case of EC/ EU-EEC relations may indeed be questioned. Time is probably too short to come to an empirically founded judgment already. Suffice it to say that, all good intentions notwithstanding, since the start of the transformation process the growth of trade between the EU and the CEE economies has been somewhat disappointing³³. The region's share of total EU imports rose from 6,3% in 1990 to 7,0% in 1994, while the transition economies' share of EU exports has risen from 5,6% to 7,7% over the same period. In other words: the Community is profiting from the Europe Agreements with regard to the intensification of Community-CEEC trade about three times as much as its associates! And the longer term trend seems to be that the Community is going to strengthen its position even further: the consistent surplus the CMEA members have maintained in their trade relations with the EC in the 1980s has been gradually eroded, and since 1991 the balance has been reversed in favour of the EC (cf. Fig. 8).

To cut a long argument short: the principle of asymmetric trade liberalisation seems to have led to a protection of the Single European Market from Central and

²⁹ For a much more extensive treatment of the failings of the Europe Agreements, cf. Peter Gowan, *EU Policy towards the Visegrad States*, London: University of North London Press 1993, esp. pp 13 et seq.

³⁰ Sedelmeier/ Wallace, *Policies Towards Central and Eastern Europe* (fn. 11), p. 371.

³¹ Grilli, *The European Community and the Developing Countries* (fn. 15), pp 161 et seq.

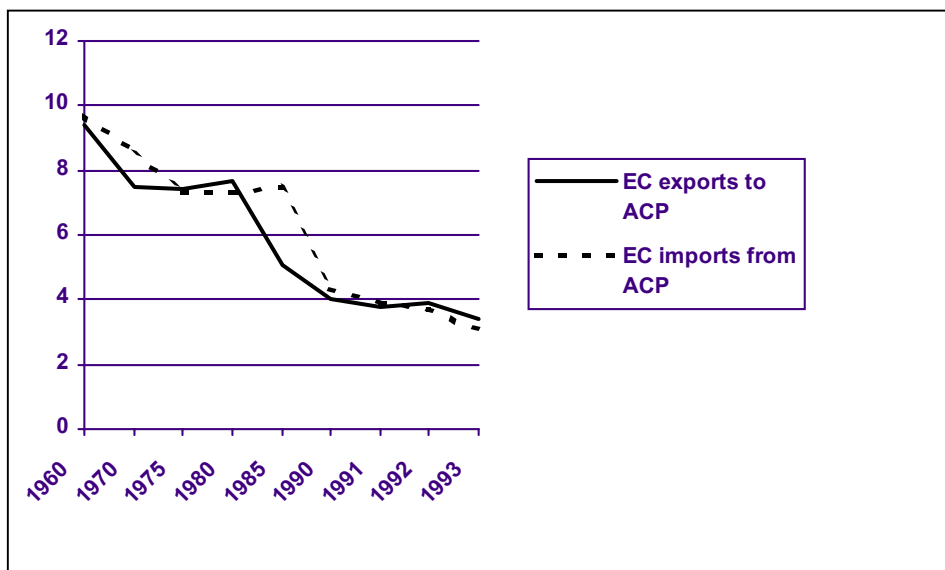
³² Lister, *The European Union and the South* (fn. 25), pp 122 et seq., and Kappel: *Europäische Entwicklungspolitik im Wandel* (fn. 19), pp 9 et seq.

³³ Cf. Dent, *The European Economy* (fn. 13), pp 171 et seq.

Eastern European imports rather than vice versa³⁴ - and this of course poses the question whether there is a rational economic explanation for the Community's sensitivity in respect to trade with the CEE economies. The answer is no. The explanation lies elsewhere - but we shall reach it only at the end of this paper.

ad 3) In the meantime, let me draw your attention to a further parallel of the Community's Development and Central and Eastern European policies: the instrument of political conditionality.

Fig. 7. EC-ACP / ACP-EC trade (in %)

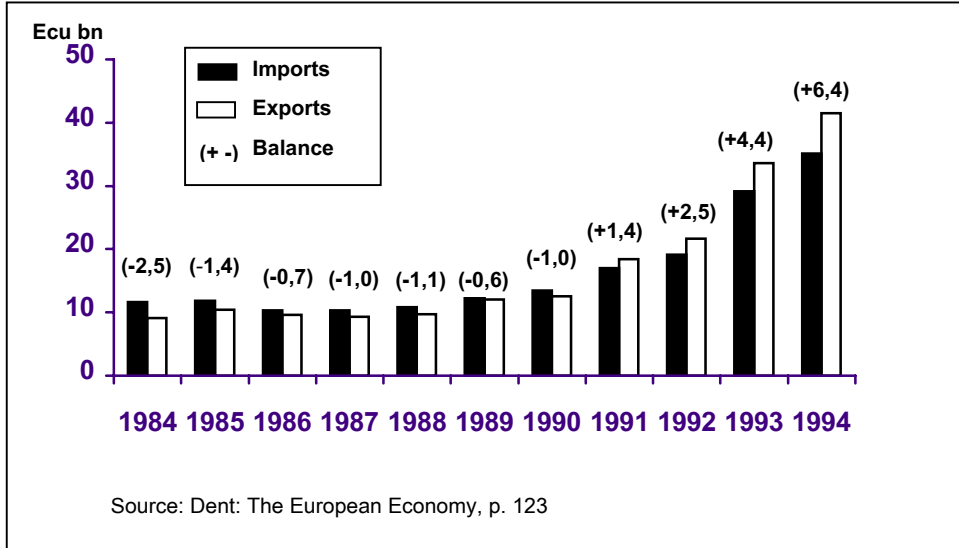


	196	197	197	198	198	199	199	199	199
EC exports to ACP	9,4	7,5	7,4	7,7	5,1	4,0	3,8	3,9	3,4
EC imports from ACP	9,7	8,6	7,3	7,3	7,5	4,3	3,9	3,7	3,1

Source: Eurostat: External Trade Statistical Yearbook. Recapitulation 1958-1989, Brussels 1990, and Statistical Yearbook 1995, Brussels 1995

³⁴ Cf. also Gunther Tichy, *Integrationstheorie und Osterweiterung*, in: Otto G. Mayer/ Hans-Ehrhart Scharer (eds.): *Osterweiterung der Europäischen Union. Sind die mittel- und osteuropäischen Länder und die EU reif für eine Erweiterung ?*. Baden-Baden: Nomos 1997, pp 11 - 56, here p. 34.

Fig. 8. EU trade and trade balance with CEE countries, 1984-94



In development politics, the concept of political conditionality refers to specific conditions a recipient of development aid has to fulfill in order to enjoy aid donors' assistance:

- the guarantee of human rights and the rule of law
- democratic reforms leading to the participation of a country's citizens in the political decision-making process via free elections, unhindered formation of political parties, trade unions and NGOs
- a liberal market-orientated economic order (including deregulation of the economy and liberalisation of foreign trade) offering at least a modicum of social security protection
- development orientation of government policies including the improvement of the economic and social conditions of the poorer sections of society, the protection of the environment, good governance (i.e. fight against corruption and rent-seeking behaviour of public elites), and limitation of military spending³⁵.

³⁵ Cf. the contributions in Rainer Tetzlaff (ed.): Menschenrechte und Entwicklung. Deutsche und internationale Kommentare und Dokumente. Bonn: Stiftung Entwicklung und Frieden 1993, pp 13 et seq.

This catalogue of aims - which e.g. informs the principles of the development policy of the Government of the Federal Republic of Germany as formulated in October 1991³⁶ - is the original brainchild of the World Bank. It used it systematically from 1989 onwards in order to attach political strings to development loans having realised that much of international indebtedness, poverty and mass destitution was a consequence of bad government in the Third World. The political conditioning of development credits and technical assistance became standard practice of Western donor organisations from the early 1990s onwards: the Development Assistance Committee of the OECD issued a respective declaration in December 1991, the Community inserted relevant provisions in the Lomé IV Convention's Article 5 of December 1989, and the United Nations' Second World Conference on Human Rights stipulated similar principles both in its Declaration and its Action Programme passed in Vienna in June 1993³⁷.

In fact, what we have in development policies since the early 1990s is a system of double conditionality: Economic and structural adjustment conditionalities have already been imposed by the International Monetary Fund on loan seekers since the early 1980s³⁸ particularly in the context of lending to poor nations under its Structural Adjustment Facilities. These usually comprize a stabilization programme that typically results in economic compression - a fact which has led to widespread criticism from the borrowers and development economists alike³⁹. Political conditionality is superimposed on economic conditionality - thereby giving rise to a pincer movement overriding, as it is claimed by Third World decision-makers, their national political sovereignty as well as their freedom of manoeuvre in the economic field⁴⁰. In my opinion, this system of double conditionality is an immediate consequence of the shift in the international allocation of economic power following the end of the Cold War and the implosion of the CMEA system. Whereas previous to that Third World borrowers could use a form of blackmail in convincing Western donors not to pry too nosily into their domestic arrangements - the threat to switch adherence from the First to the Second World - there now no longer is a freely-giving Second World to switch to. The foreclosure of that particular policy option left Western aid institutions as the only donors and lenders realistically to be approached - and he who pays the piper, as we all know, usually also calls the tune.

³⁶ Cf. Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (ed.): Journalisten-Handbuch Entwicklungspolitik 1996. Bonn 1996, pp 13 et seq.

³⁷ Cf. Manfred Nowak: Menschenrecht auf Entwicklung versus menschenrechtliche Entwicklungszusammenarbeit, in: Tetzlaff: Menschenrechte und Entwicklung (fn. 35), pp 215 - 226.

³⁸ For a brief overview of standard IMF practices cf. James M. Cypher/ James L. Dietz: The Process of Economic Development. London: Routledge 1997, ch. 18.

³⁹ For further discussion, cf. Gerald M. Meier: Leading Issues in Economic Development. 5th ed. New York: Oxford U.P. 1989, p. 252.

⁴⁰ Notwithstanding the fact that *de jure* sovereignty of recipients is guarded by most international aid agreements: cf. e.g. Lomé IV, Art. 3, according to which the ACP states determine the principles, strategies, and models of the development of their economies and societies in a sovereign manner.

Why this argumentative excursion to development policies? The answer is quite simply that the Community is following a fairly similar approach on its CEE policy. As we can glean from its communication to the Council and the Parliament on the Development of the Community's Relations with the Countries of Central and Eastern Europe of February 1, 1990⁴¹, Operation PHARE was from the very beginning anchored the establishment of "... the rule of law, the respect of human rights, the establishment of multi-party systems, the holding of free and fair elections and economic liberalization with a view to introducing market economies..." in the CEECs. Also, the task of EBRD was a bit of a novel one: it was not only to foster the market orientation of the borrowing countries, but also multi-party democracy - which is indeed not one of the standard services the banking community, as a general rule, provides⁴².

The Europe Agreements themselves are not as explicit on political conditionality as the critic - in order to illustrate his argument that much better - may wish. They do however contain references to economic conditionality in the field of financial cooperation for exchange rate stabilization and economic restructuring, subjecting both, if necessary, to programs agreed by the IMF. I would like to draw your attention to Article 99, para. 2 of the Association Agreement with Poland, and Article 101, para. 2, of the Association Agreement with Hungary respectively.

Where, however, we do find a hefty moment of political conditionality indeed is in the Conclusions of the Presidency of the European Council of Copenhagen, June 1993: the option of EU membership offered to CEE associates in conclusion 7 is attached to the fulfillment not only of economic, but also of political conditions, to wit

- institutional stability as a guarantee of a democratic order and the rule of law, of the observance of human rights and the respect for and protection of minorities;
- acceptance of the *acquis communautaire* including the provisions not only for Economic and Monetary Union, but also for a Common Foreign and Security Policy⁴³.

It would be interesting to see whether, at some future point, this sort of conditionality draws the same sort of criticism than its equivalents in the field of development politics: that its conditions are too severe, protect the interests of the Community as a whole rather than those of the Associates, and impose on these a burden which they realistically cannot shoulder. Of course, one does not expect food riots in the streets of Warsaw, Budapest or Bukarest on the lines of Lusaka, Daressalam, or Khartoum. But that the fulfillment of EU conditionality will exact considerable sacrifices - that every West-East traveller can see with his own eyes.

⁴¹ Doc. SEC (90) 196 final, p. 3.

⁴² Cf. Grilli: *The European Community and the Developing Countries* (fn. 15), pp 315 et seq.

⁴³ Europäischer Rat in Kopenhagen. *Schlusfolgerungen des Vorsitizes*, in: *Presse- und Informationsamt der Bundesregierung* (ed.): *Bulletin Nr. 60*, Bonn, 8 July 1993, pp 629-640, here p. 632.

II Multi-level games and the dialectic of symbols and substance: the case of EU-CEEC Political Dialogue

The criticism levelled at the EU's Central and Eastern European policy on the preceding pages of this paper was perhaps somewhat harsh. Does it deserve some modification? In order to answer that question, we should look at an element of the European Agreements, which in its formalized politico-legal character and its sophisticated multi-level structure is a novel development in the practice of the Community's association policy: the chapter on the institutionalized political dialogue as exemplified by Title I of the Europe Agreements. Variousy described as one of the unique features or the "... main added value ..." ⁴⁴ of the Europe Agreements, its function is to enhance and complete association by a regular exchange of views on bilateral and international issues of mutual interest. Thus, it should accompany and consolidate the rapprochement between the EU and its CEE partners, undergird the transformation to a new political order, and contribute to the establishment of lasting links of solidarity and cooperation. Based on shared values and aspirations, it recalls the political conditions and objects of association, i.e.

- the full integration of the associated country into the community of democratic nations
- its progressive approximation not only to the *acquis communautaire*, but also to the *acquis politique*
- the support of the CEECs' political and socioeconomic transformation process by stressing the interdependence and mutual reinforcement of political convergence and economic rapprochement.

The main active element of this institutionalized political dialogue is perhaps not so much the ministerial Association Council (due to the infrequency of its meetings) and certainly not the Parliamentary Association Committee. It is the Association Committee, emanating from a formalization of the hitherto informal practice of meetings between officials of the Associate and the Presidency of the Council and the Commission at the political director level. The Association Committee assists the work of the Association Council and, in particular, prepares its meetings: the Association Council can delegate any of its powers to the Association Committee - including the power to make decisions binding on all contracting parties on matters relating to the execution of the provisions of the respective Europe Agreement. This legal construction,

⁴⁴ Cf. Barbara Lippert/ Heinrich Schneider: Association and Beyond: The European Union and the Visegrad States, in: Lippert/ Schneider: Association and Beyond (cf. fn. 26), pp 25 - 45, here p. 29.

incidentally, is of much more far-reaching character than the equivalent Lomé IV Convention provisions (cf. Title 5): there, we have only a Committee of Ambassadors with purely executive functions, while full decisional authority rests with the EU - ACP Council of Ministers. To that extent, in the field of political dialogue with the CEECs the Community has certainly left behind past association policy precedents and ventured for something afresh. However, whether the eating of this novel constitutional pudding also supplies proof of its value, remains to be seen. Sceptics have already claimed that "... the Community understands political dialogue as a channel to transmit its common positions and interests to like-minded third countries, rather than to initiate a real two-way dialogue on a jointly set agenda..."⁴⁵.

Be this as it may - the value of the institutionalized political dialogue cannot be judged on its own. Rather, it has to be perceived as part and parcel of that framework for reinforced and extended multilateral dialogue offered by the Copenhagen European Council (cf. Fig. 9) - a framework the novelty of which remained largely unnoticed by the wider European public due to its preoccupation with the fate of the Maastricht Treaty on European Union⁴⁶.

And the actual working of the political dialogue has also to be seen in the context of the pre-accession strategy formulated by the Essen European Council in December 1994 (cf. Fig. 10).

As a result of these Council decisions, EU - CEEC relations are embedded in a rather complex structure comprising

- a system of relations governed by the respective Europe Agreements on the basis of Art. 238 TEC; this system resembles a wheel the hub of which is occupied by the Community and the individual spokes of which lead to the respective Association Agreement signatories;
- a system of *multilateral* consultations in policy areas covered by the first pillar of Maastricht, supplemented by a number of dimensions referring to the second and third Maastricht pillars;
- the system of political dialogue addressing itself to "... bilateral or international questions of mutual interest ..." ⁴⁷. The dividing line is a politico-legal one: within the hub- and - spoke system of association, EU and CEEC political decision-makers have powers to formulate decisions binding on the contracting parties; within the Structured Dialogue, views can be exchanged,

⁴⁵ Ibid.

⁴⁶ On this, cf. Elfriede Regelsberger: Political Dialogue with the Visegrad Group: Only Business As Usual At High Speed?, in: Lippert/ Schneider: Monitoring Association and Beyond (cf. fn. 26), pp 251 - 273.

⁴⁷ Cf. e.g. Association Agreement with Poland, Article 102; Association Agreement with Hungary, Article 104.

recommendations hammered out, common positions taken of intrinsically symbolic value. Since Essen, the Structured Dialogue takes part within the time-context of corresponding Council meetings - usually over lunch of the EU signitaries with their CEEC counterparts⁴⁸.

Notwithstanding the complexity of the arrangements described - what is their effect and practical value? Do they really contribute to the production of new relations of solidarity, do they indeed cement the rapprochement between the EU and the CEEC Associates? Superficially, a conclusion could be based on the fact that meetings within the Structured Dialogue context tend to assume a relatively high frequency: for instance, in 1995 and the first half of the 1996 there were 15 ministerial Councils on first pillar matters, three on third pillar questions, and three in CFSP ones, supported by another three on the political director level and 12 expert working parties⁴⁹.

If we take that venerable criterion of a pluralistic security community formulated by Karl Deutsch in 1957 at face value - multiplicity of ranges of social and political communication and transaction, the rapid adding of new ranges of communications and transactions to already existing ones, and a balance of flows of transactions and communications between the different units of the community⁵⁰ - there the EU - CEEC nexus with its structured and extended dialogue framework seems to be well on the road to integration. However, what the quantitative approach of Karl Deutsch could not tell us was the importance of the content of individual items in the communication and transaction flow: one declaration of war surely levers out the effects of 100 prior protestation of friendship.

⁴⁸ For penetrating analysis of the whole complex, cf. Barbara Lippert/ Peter Becker: Bilanz und Zukunft des Strukturierten Dialogs, in: *Integration*, Vol 20, 2 (1997), pp 56 - 71.

⁴⁹ Barabra Lippert: Mittel- und Osteuropa, in: Werner Weidenfeld/ Wolfgang Wessels (eds.): *Jahrbuch der Europäischen Integration 1995/96*. Bonn: Europa Union Verlag 1996, pp 227-234, here p. 231.

⁵⁰ Cf. Karl W. Deutsch et al.: *Political Community and the North Atlantic Area*, in: *International Political Communities. An Anthology*. Garden City, New York: Anchor Books 1966, pp. 1-92, here pp 37 et seq.

Fig.9. Decisions of the Copenhagen European Council

CONDITIONAL ACCEPTANCE BY THE EU OF EVENTUAL MEMBERSHIP OF THE CEECs

provided that the *CEECs* have:

- stable institutions (guarantee of democracy, rule of law, human rights, minority rights)
- a functioning market economy
- the capacity to cope with competitive market pressures inside the EC
- the ability to adopt the *acquis communautaire*; acceptance of the aims of political, economic, and monetary union

and provided that *EU* has:

- the capacity to absorb new members without endangering the quality and the momentum of European integration

ACCELERATION OF MARKET ACCESS TO THE EC

more rapid (than originally envisaged in the EAs) opening of access to the Single European Market across the range of industrial products, including (although to a more limited degree) the sensitive sectors

FRAMEWORK FOR REINFORCED AND EXTENDED MULTILATERAL

greater frequency; additional levels; additional forms of consultation; shift from bilateral towards multilateral dialogue

REORIENTATION OF PHARE ASSISTANCE

up to 15 % of Phare budget available for infrastructure projects

FIG.10. The "pre-accession" strategy (Essen European Council)

STRUCTURED RELATIONSHIP

Promotion of mutual confidence and consideration of issues of common interest

- reaffirmation of Copenhagen decision to create a multilateral framework to complement bilateral dialogue of EAs
- concrete decisions on issue areas and frequency meetings connected to corresponding Council (General affairs: semi-annual; Internal Market, Ecofin, Agriculture: annual; Transport, Telecommunications, Research, Environment: annual; JHA: semi-annual; Culture, Education: annual); annual meetings on the margins of European Council (stronger emphasis on meetings of 'the Fifteen' with CEEC counterparts, rather than Troika/ Commission format)
- schedule for joint meetings at the beginning of each year in agreement between the two presidencies (more systematic framework than previous *ad hoc* meetings)

PREPARATION OF THE CEECS FOR INTEGRATION INTO THE INTERNAL MARKET

Creation of conditions to allow the internal market to function after eastern enlargement

EU action:

- identification of key *acquis* essential for the creation and maintenance of the internal market in each sector; inclusion of parts of legislation on competition; social and environmental measures 'for balanced approach'
- suggested sequencing for legal approximation; priority measures to be tackled first (but not priorities between sectors)
- specification of administrative and organizational structures for effective implementation and enforcement (formal transposition of legislation insufficient)
- suggested adoption of Phare assistance for pre-accession strategy
- 'technical assistance information exchange office' (database on alignment with internal market; clearing house to match requests for assistance with expertise available in Commission, member states and private bodies)
- monitoring of implementation of recommendations

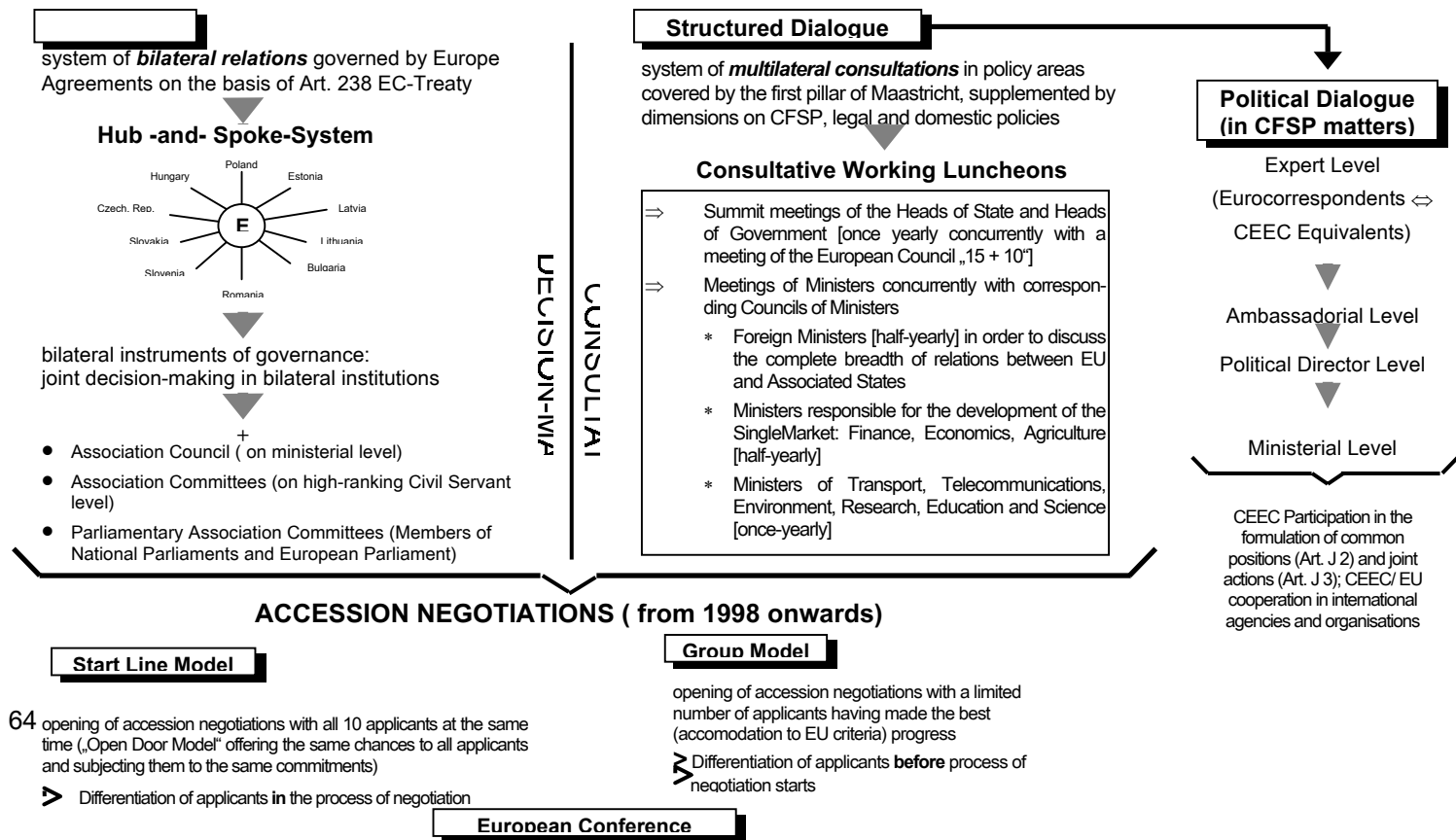
EC action:

- phased adoption of legislation and regulatory systems, standards, and certification methods compatible with EU
- establish national work programmes to identify sectoral priorities and timetables for alignment

SUPPORTING POLICIES TO PROMOTE INTEGRATION

Development of infrastructure; cooperation in TENs; intraregional cooperation; environmental cooperation; CFSP; cooperation in JHA, culture, education, and training; supported through PHARE

Fig. 11 Association, Structured Dialogue, and EU Enlargement. Structural Elements in EU - CEEC Relations



64 opening of accession negotiations with all 10 applicants at the same time („Open Door Model“ offering the same chances to all applicants and subjecting them to the same commitments)

➤ Differentiation of applicants in the process of negotiation

opening of accession negotiations with a limited number of applicants having made the best (accomodation to EU criteria) progress

➤ Differentiation of applicants **before** process of negotiation starts

Lacking the faculty of a *passe-muraille*, I must make do with what published evidence we have on the workings of the EU - CEEC dialogue in its various forms. We know that there was notorious dissatisfaction with the system of Consultative Working Lunches following its inception⁵¹: CEEC participants complained that it resembled more an opportunity for the handing-out of information - albeit in a classy style - by the Community and not a real exchange of views. Consultation in advance on the subjects to be dealt with - let alone some access to the prior process of agenda decision-making inside Brussels - there was little⁵². Good intentions - poor performance - this is how the Economist characterized the situation in April, 1993. And even a few years later there don't seem to be any basic changes: Particularly in first and third pillar matters, CEEC representatives complain about tendencies on the EU side to treat the Structured Dialogue as a Structured Monologue - with an unmanageable agenda of too many and too widely-rambling items, an inconclusive outcome of meetings, and a lack of operative conclusions. On the other hand, the Community complains about the sluggish ritual of many of the Dialogue meetings which it adduces to lack of prior consultation and cooperative preparation among the CEEC participants⁵³. What explanations can Social Science offer for this sorry state of affairs? In my opinion, there are two avenues which we could follow: 1) a structural one referring to characteristics of the Community's decision-making process in the context of its CEE policy, and 2) a qualitative one referring to what I would describe as the dialectics of political symbolism and political substance.

* * *

ad 1) The structural explanation first and foremost would have to look at the roles of the Association Council and the Association Committee as basic institutional pillars of the Association Agreements. The Council's role is that of a watchdog over the execution of the Agreement, of a steering organ dealing with ongoing problems, of a court of adjudication engaging, if needs be, in the management and resolution of conflicts between the contracting parties - and ideally also of the purveyor of new ideas and concepts referring to particular fields of the association nexus as well as of the instigator of incremental change. With all these roles in mind, it is perhaps astonishing that the Council, on a regular basis, is supposed to meet only once a year. This leaves gaps in time between the individual meetings which might attract the more informal kind of decision-making agent dealing with his likes in Brussels on a more surreptitious plane. The Association Committee is of no great help in this context: it addresses itself to the day-to-day running of the Association relationship, and unless decision-makers have made use of the Treaty clause empowering them to delegate part of their powers to the Committee, the political ball will remain firmly in their own

⁵¹ Cf. Barbara Lippert: Relations with Central and Eastern European Countries: The Anchor Role of the European Union, in: Elfriede Regelsberger et al. (eds.): Foreign Policy of the European Union. From EPC to CFSP and Beyond. Boulder, Colorado: Lynne Rienner 1997, pp 197 - 217, here p. 210.

⁵² Cf. also Regelsberger: Political Dialogue with the Visegrad Group (fn. 46), pp 260 et seq.

⁵³ Lippert (fn. 51), p. 232.

court. More important perhaps - there are no voting rules for EU representatives in the Council - and that implies as a general rule a recourse to the consensus principle in the elaboration of a common EU position before any Council meeting. That consensus takes time to reach, is cumbersome to construct, usually embodies either the lowest common denominator of the EU side or some package deal between EU members, and, once agreed upon, is most difficult to change. Associates' decision-makers and/or officials have no overt influence on the internal formulation of the EU position (provided they get to know that such an agenda-setting process is on the move in Brussels in the first place). In consequence, the Association Council indeed tends to become "... a body which informs the partners about decisions already taken by the EU ..." ⁵⁴. And - any request by the Associates for more formalized access to and advance consultation in the EU-internal decision-making process must needs meet with a polite, but firm refusal. EU negotiators must watch for cracks in the brittle construction of their internal position's coherence. And they can hardly afford to set any precedent: other dialogue partners would be quick to claim similar privileged access.

This is the simple - perhaps also simplistic - explanation looking at the *realpolitik* of EU decision-making. On top of that, the agenda-setting and decision-making process in the Community could also be regarded as at least a two-level, if not a multi-level game. In this, EU decision-makers must win ratification and formal or at least tacit legitimation for the agreements they conclude and the policy options they choose a) from their respective constituents at home, b) from their colleagues in Brussels. Thus, their negotiating behavior reflects the simultaneous imperatives of both a domestic political game - selling what has been achieved or is in the pipeline at Brussels to the electorate (and perhaps even more difficult: to the representatives of organised interests) at home - and a European political game: gaining the support of their colleagues for the ratification of policy options which reflect the decision-makers domestic preferences. It goes without saying that those colleagues whose support one seeks for one's own moves are stuck in similar domestic preference straitjackets: the lowest common denominator or the quid-pro-quo package deal is perhaps not an optimal, but certainly the easiest way out ⁵⁵. Add to this the fact that the EU level is not necessarily the one where - pace President Truman - the buck stops, that the European level in terms of *international* negotiations (like the Uruguay round) could itself be constituted as a quasi-domestic one - then one can quite well imagine how laborious, time-consuming, messy, and subject to domestic, European, and international cross-pressures such a simple decision like increasing the quota of Polish steel exports to the Single European Market can become. The same mechanism, of course, also works in the other direction. I need only refer you to the EU's insistence on minority recognition and protection agreements as part and parcel of the Copenhagen entry conditions. In short, much of EU decision-making in 4its internal as well as in its association policy

⁵⁴ Lippert (fn. 26), p. 240.

⁵⁵ The concept of two-level games has originally been developed by Robert D. Putnam; cf. his: *Diplomacy and domestic politics: the logic of two-level games*, in: *International Organization*, Vol. 42, 3 (1988), pp. 427 - 460; for a further discussion Michael Zürn: *Interessen und Institutionen in der internationalen Politik. Grundlegung und Anwendungen des situationsstrukturellen Ansatzes*. Opladen: Leske und Budrich 1992, pp. 225 et seq.

context furnishes prime examples for what David Braybrooke and Charles E. Lindblom⁵⁶ already in the early 1960s characterised as "the science of muddling through".

ad 2) My qualitative explanation of the sometimes rather limited progress in EU policy making is based on a suspicion I developed in the late 1980s when running a number of seminars on German and EC development policy. Could it not be that, as a general rule there are two levels on which the process of politics moves - a symbolic and a substantial one?

The symbolic level has much to do with what, after Pierre Bourdieu's *Distinction*⁵⁷, could be called the application of cultural capital to the business of achieving, securing, augmenting and legitimizing social and/or political power. More precisely: the ability to make something explicitly public by a process of categorization, explication, classification, the capability of giving existence to something by denomination or designation confers exceptional social power - the power to constitute a group by means of constituting its common sense, by determining the categories through the lenses of which this group perceives the world, by the production of sense/ consciousness/ meaning which produce the symbolic space, the symbolic system within which a social group acts, which defines its aims and legitimizes its policy options. Heiner Geissler - one of the few intellectuals in the leading circles of West German Christian Democratic politicians - must have meant something similar when he formulated, in the early 1980s, that he who occupies the concepts also occupies political power. Or, in the formulation of Bourdieu:

"Denn Erkenntnis von sozialer Welt und, genauer, der sie ermöglichenden Kategorien: darum geht es letztlich im politischen Kampf, einem untrennbar theoretisch und praktisch geführten Kampf um die Macht zum Erhalt oder zur Veränderung der herrschenden sozialen Welt durch Erhalt oder Veränderung der herrschenden Kategorien zur Wahrnehmung dieser Welt"⁵⁸.

What is at stake on the symbolic level of politics, in other words, is reputation and make-belief: the generation of legitimacy for the solution of substantial problems. Ideally, this would be the task of a well-informed, argumentative, methodically reflected dialogue or public discourse not susceptible

⁵⁶ David Braybrooke/ Charles E. Lindblom: *A Strategy of Decision*. New York: Free Press 1963. For an overview of the context, cf. my: *Entscheidungstheoretische Ansätze*, in: *Lexikon der Politik*. Vol. 6: *Internationale Beziehungen*. Ed. Andreas Boeckh. München: C.H. Beck 1994, pp 103 - 108; for a substantial treatment of approaches to decision-making, cf. Paul R. Kleindorfer et al.: *Decision Sciences. An Integrative Perspective*. Cambridge: Cambridge U.P. 1993. Finally, for an analysis transcending the intellectual boundaries which for long have hindered a more thorough understanding of how politics between nations have affected politics within nations and vice versa, cf. Peter B. Evans et al. (eds.) *Double-Edged Diplomacy. International Bargaining and Domestic Politics*. Berkeley: University of California Press 1993.

⁵⁷ Pierre Bourdieu: *Distinction. A social critique of the judgement of taste*. London: Routledge 1984.

⁵⁸ Pierre Bourdieu: *Sozialer Raum und "Klassen"*. *Leçon sur la leçon. Zwei Vorlesungen*. 3rd ed. Frankfurt/ Main: Suhrkamp 1995, pp 18 et seq.

to partisan domination. In reality, much of this discourse is indeed occupied by partisan groups and associations, taken into the service of party political views, institutionalised representations of aggregate social interests, or profit-maximizing selfishness of economic estates. This connects the symbolic level of politics to the substantial: the level on which political parties jockey for positions in the electoral race, social, economic, and political power is aggregated and distributed as a means to secure tangible benefits, material outcomes, positions of domination and rule. The classical description of the political process as a struggle of power on the substantial level in Harold Lasswell's "Politics is about who gets what, when, and how" - or, perhaps even more briefly, but nevertheless to the very point, Lenin's question "Who -Whom?".

This idea of a substantial and of a symbolic level of politics of course conjures up the familiar Marxian image of base and superstructure as lined out in the Preface to: *A Contribution to the Critique of Political Economy*⁵⁹. I will leave aside for a moment the question of economic reductionism - i.e. the simplistic view according to which the economy - or better: the economic structure of society - *determines*, in the causal fashion of mechanics, the existence and forms of the state and of social consciousness: Marx and Engels held very differentiated views on that⁶⁰, and we probably owe the reductionist version to the kind authors of Histomat primers who could not follow the complexity of their Masters' argument to the last fine point.

My point here is a different one: what I think one can observe in the relationship between symbolic and material politics as of late is an increasing virtualisation of the symbolic level (and of the actions taking place on it) and a decoupling of the symbolic from the material. Political discourse on the symbolic level becomes more and more void, less and less empirically meaningful. While e.g. on the material level of politics - to use the familiar metaphors for once for the sake of brevity - changes in the mode of production and distribution contingent upon the continuous development of the forces of production have resulted in the phenomenon of globalisation, and while globalisation is biting dangerously into the sum total of productive jobs in Western Europe, overarching, undermining, or simply ignoring traditional national actors and their historically overcome spheres of competence⁶¹, on the symbolic level the German public for a considerable length of the early 1990s was treated to a running soap opera called "We deregulate shop closing times". In this, a Government egged on by some adventerous Liberals working hand in glove with large

⁵⁹ "In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite terms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. Or is not the consciousness of men, which determines their being, but on the contrary their social being, which determines their consciousness".

⁶⁰ Cf. Engels' letter to J. Block of 21.9. 1890, MEW 37, p. 463: if somebody claims that "... the economic factor is the only determining one, he transforms that proposition into a meaningless, abstract, absurd phrase ...".

⁶¹ In lieu of a vast body of literature, cf. Susan Strange: *The Retreat of the State. The Diffusion of Power in the World Economy*. Cambridge: Cambridge U.P. 1996.

department store chains on the one hand and braked out by the small shopkeepers and retailers association allied to that likely partner of free enterprise, the Unions, on the other nearly froze stiff in selfinflicted horror of its own daring resolve and keenness; By hair's breadth, the outcome of this deregulatory merry-go-round might well have been 30 minutes of extra opening time on Thursdays and Fridays with the exception of nights before public holidays, Labour and Constitution day and the full moon!

What has all this got to do with EU policy making? My hunch is that much of discourse and dialogue - structured, extended, or otherwise - in the fields of development and CEE policies moves on the symbolic level of politics only. The well-meaning preambles of the Europe Agreements, the high-sounding principles of sovereignty and autonomy in choosing one's development model embodied in Articles 2 and 3 of the Lomé IV Convention only hide one nasty material fact: that of an "... underlying rivalry of nation states extended beyond control of prestige institutions to the question of which member state would be able most effectively to use EU programmes and instruments to establish national advantage for its own industrial and financial players ..." ⁶². The development and fate of the EU Structural Fund and of the EU Cohesion Fund are further good examples in question ⁶³.

All my contentions, of course, are provisional and preemptive in character. They would need - rather like the political system to which they are addressed - further qualitative deepening and extensional widening. What this process should achieve in the end, would be a marriage of the multi-level and the symbolic/material level approaches to policy analysis. In the first place, this could offer a classificatory matrix for the ordering of aims, aspirations, preferences, means, processes, and outcomes of actors' policy moves in the field (cf. Fig. 12). At a later stage, this might result in more formalized causal explanations. Whether I shall follow Putnam's example, however - who approvingly quotes Max Black's dictum: "... every science must start with metaphor and with algebra; and perhaps without the metaphor there would never have been any algebra ..." ⁶⁴ - remains to be seen. The development of suitable algebra for the analysts of multi-level games permeated by the symbolic/material distinction I would rather like to leave to my mathematical colleagues: for Maths, I must confess coyly, was the only subject I nearly failed at grammar school!

FIG.12.

Multi-level games and the symbolic/ material divide

Levels	Political Process	
	symbolic	material
International		
European¹		
Domestic²		

¹Subdivisions: Council, Commission, Parliament, Aggregate Interest Representatives

²Subdivisions: Government, Parliament, Aggregate Interest Representatives

⁶² Middelmas; Orchestrating Europe (fn. 23), p. 643.

⁶³ Cf. Preston: Enlargement and Integration in the European Union (fn. 18), ch. 7 passim.

⁶⁴ Putnam: Diplomacy and domestic politics (fn. 55), p. 435.

III. Conclusion: Further explanations for EU systemic conservatism: system overload and pork-barrel politics - or the art of the package deal

Two questions with regard to the preconditions and the character of the EU's CEE policy remain to be answered:

1. Was there, if not a political masterplan, then at least a commonly agreed upon, rational and coherent approach to the formulation of the Community's 'Ostpolitik'? And:
2. is there a plausible explanation for the Community's sensitivity in respect to trade with the CEE countries as sketched out in Chapter I?

The answer to the first question is no, to the second yes.

ad 1) Throughout the process of development of the EC/ EU position towards Central and Eastern Europe, there never was a special EC/ EU summit devoted exclusively to a Community debate on the future directions of its 'Ostpolitik' and the changes in Western Europe's neighbourhood which made a fresh political start seem adamant. The EC/ EU "... never really seriously discussed the options of a detailed, comprehensive, and mid-term oriented common policy towards the former socialist countries ..." ⁶⁵. The first impression of their reaction was more that of a loose conglomeration of individual, discrete activities than some form of strategic planning: the Community adopted a step-by-step approach not based on a global design, but made up incrementally, extended and refashioned as things went on.

The explanation I would offer for this is systemic overload: outside time pressures and internal complications - as enumerated in Fig. 13 - let the Giant Tortoise of Brussels withdraw into the protective orbit of its shell where it can go on with business as usual in established routine. And - from a more charitable point of view: this routine did comprise all the efforts put into the negotiation of the Treaty of European Union, the reform of the Common Agricultural Policy initiated by Commissioner Ray MacSharry, the conclusions of the Uruguay round of world trade talks with the particular thorny side-show of the Blair House agreement, and last, but certainly not least, the preparatory work involved in defining the EC's position on the Northern Enlargement - an ample plateful of problems which must have looked daunting at times even to the more resolute and resilient!

ad 2) With respect to the overcautious approach of the Community to the opening of the Single European Market for CEE goods, finally, there is agreement in the literature that traditional interest patterns of member states widely determined the selective protectionism of the EU during the negotiations of the Europe Agreements and their implementation thereafter ⁶⁶. Or, to be more precise: it were the narrow economic interests of some domestic sectors of the EC economies which were able to turn the tables on a more generous approach to the CEECs: traditional industries like mining, steel production, and textiles, which once had been the driving forces of the first industrial

⁶⁵ Heinz Kramer: The European Community's response to the 'New Eastern Europe', in: Journal of Common Market Studies 2 (1993), pp 213 - 244, here p. 222.

⁶⁶ Lippert (fn. 28), pp. 229 et seq.; Sedelmeier/ Wallace (fn. 11), pp. 571 et seq.

Revolution, but had gone into decline themselves long ago. One only has to look at the Agreements and their Protocols defining the sensitive sectors in order to gain a mirror image helping in the identification of the apprehensive and the timid, the tight-fisted sectoral interests and the economic structural conservatives set against any change at all. In lieu of further supportive evidence let me quote at length from an eminent and learned source:

"The definition of EC preferences on the question of market access fell victim to a narrow sectoral logic. Considerations of broader economic opportunities, as well as the political reasons for trade concessions, seem to have been subordinated. The outcome seriously contradicted the ambitious political goals of the Germans, but also the more modest aims of other member governments. The British, for example, were in principle favourable to a generous agreement, but wary of making concessions on migration and financial transfers. The French caused problems in agricultural products, as indeed did the Germans on coal and steel. The bias towards the particularist economic preferences became magnified in the process of joint decision-making at the EC level. For an individual state the weight of a problem sector might be limited (textiles for Portugal are perhaps the outstanding exception), but aggregated in a Council meeting the sectoral objections accumulated. This narrowed scope for compromise and amplified the voices of the reluctant liberalizers over the smaller number of protagonists of politically inspired concessions. The Commission's capacity to address problems of broader European interest was thus severely limited, as it had to rely on the individual member states to keep the pressure from their respective industries in check"⁶⁷.

Thus, what can be our conclusion? At the moment, the biggest obstacle to enlargement are the existing 15 members. Some are not keen at all. Some see EMU as the only project that matters. Some - as Mrs. T. of yore - simply want their money back or at least their net contribution reduced. Amsterdam found them in a crabby mood - unwilling to make the structural and political changes necessary to cope with a Union of 20 or 25 members, be they in the area of further CAP reforms by a cut in farm prices or in the redistribution of regional and structural aid that the Commission suggested as part of its Agenda 2000.

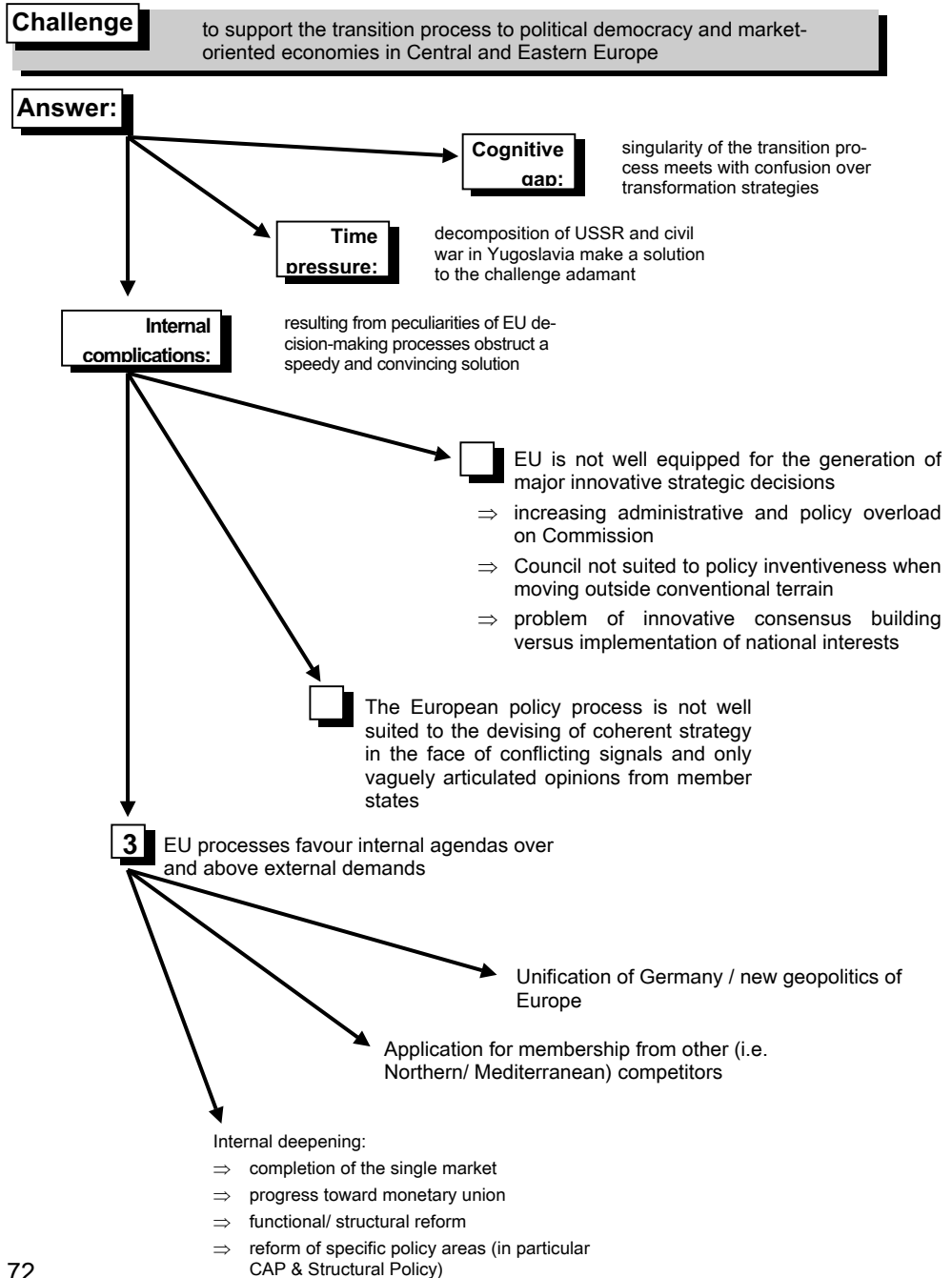
All this looks faintly familiar: "Each time enlargement approaches to the top of the EC's agenda, there is a debate about how far the EC can adopt a more 'strategic' approach, and recast its policies and institutions in a more rational framework, appropriate to the goals of its wider membership. Yet the pressures of incrementalism are formidable. Over nearly forty years it has proved impossible to recast fundamentally the shape of the EC as defined in the 1957 Treaty of Rome"⁶⁸.

So, if we do not succeed this time within the context of a generous EU Central and Eastern European enlargement, the Dutch might as well change the words of that song which has become their second national anthem: from "Tulips from Amsterdam" to "Cacti from Amsterdam"...

⁶⁷ Sedelmeier/ Wallace, p. 372.

⁶⁸ Preston (fn. 18), p. 22.

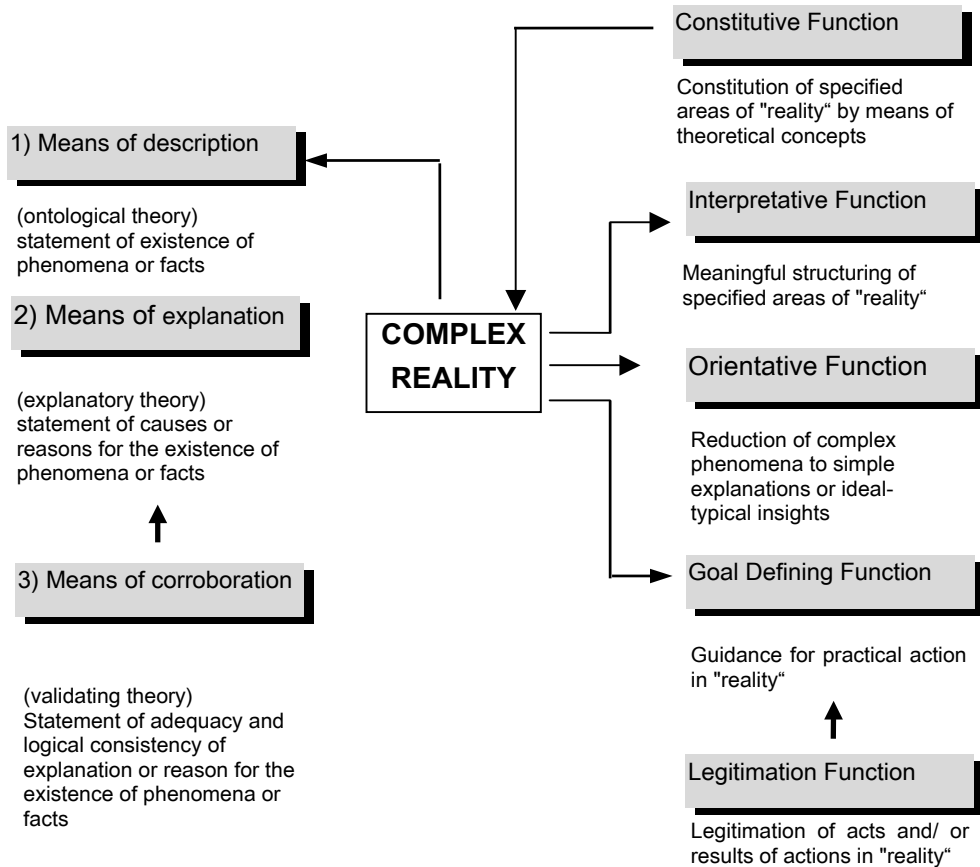
Fig. 13. The EU and Central and Eastern Europe - Problems on the Road to Copenhagen



Tulips from Amsterdam ?

Apendix: Main developments in integration theory

Fig. 1.THEORY: TYPICAL FUNCTIONS



Theories are mental constructs enabling us to deal with the welter of information about „reality“ by which we are confronted. They help us to structure/ reduce to manageable portions/ impose a conceptual and systematic order on the mass of information about „reality“. They also enable us to explain individual phenomena by describin7g the place of these phenomena in a larger context of information and/ or by formulating causal or genetic-temporal relationships between individual phenomena and other phenomena/ sets of phenomena.

Fig. 2. The two Logics of the Integration Process

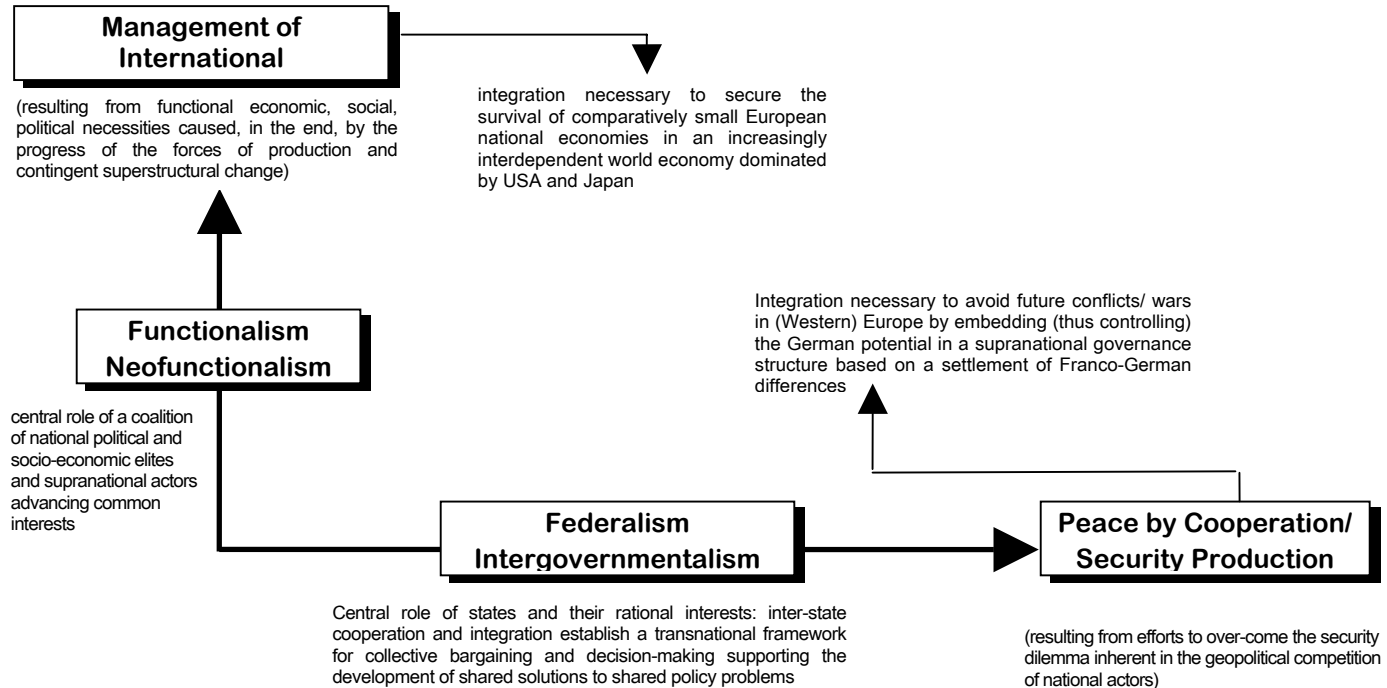


Fig. 3. Theories of international Integration and Cooperation

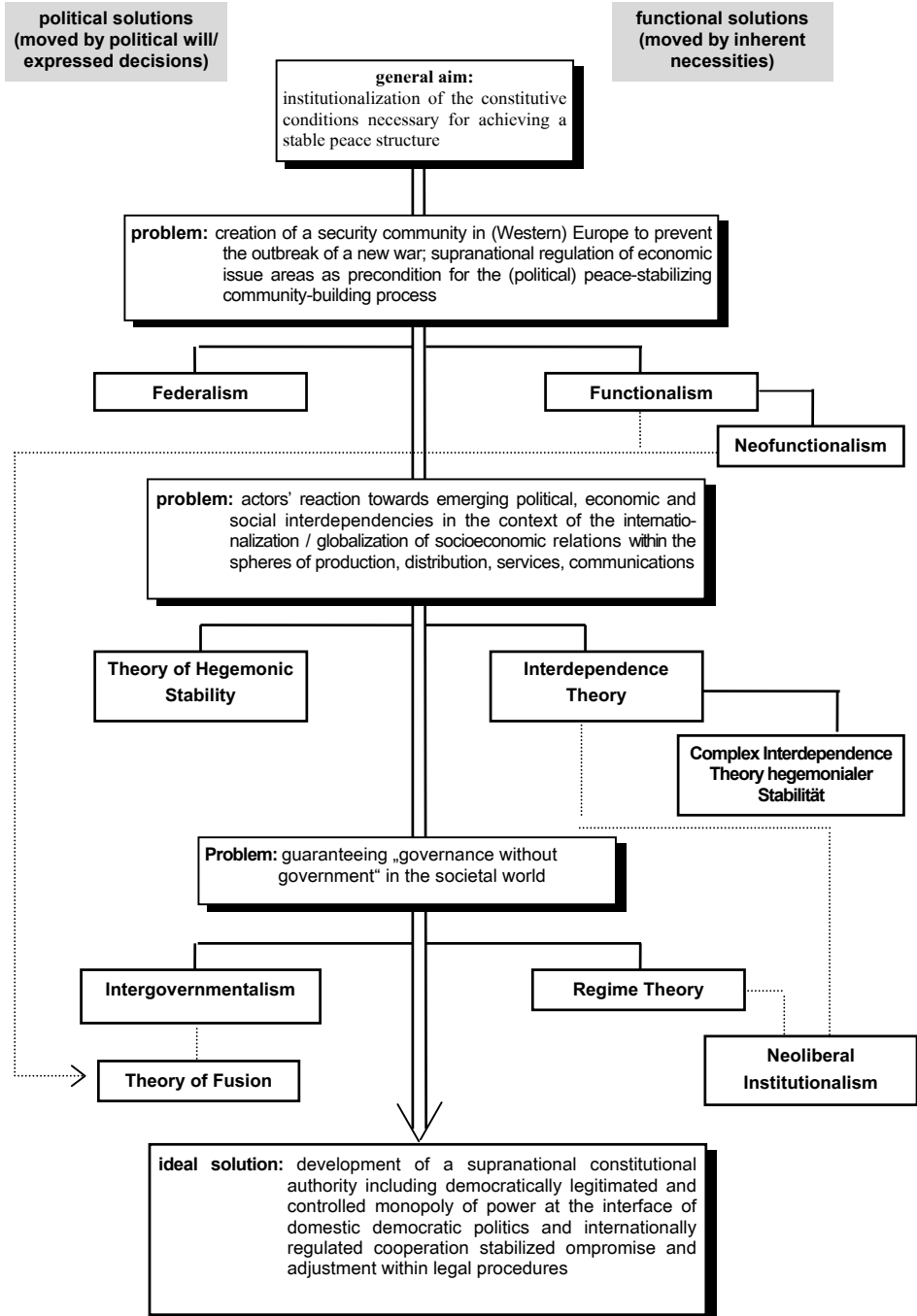
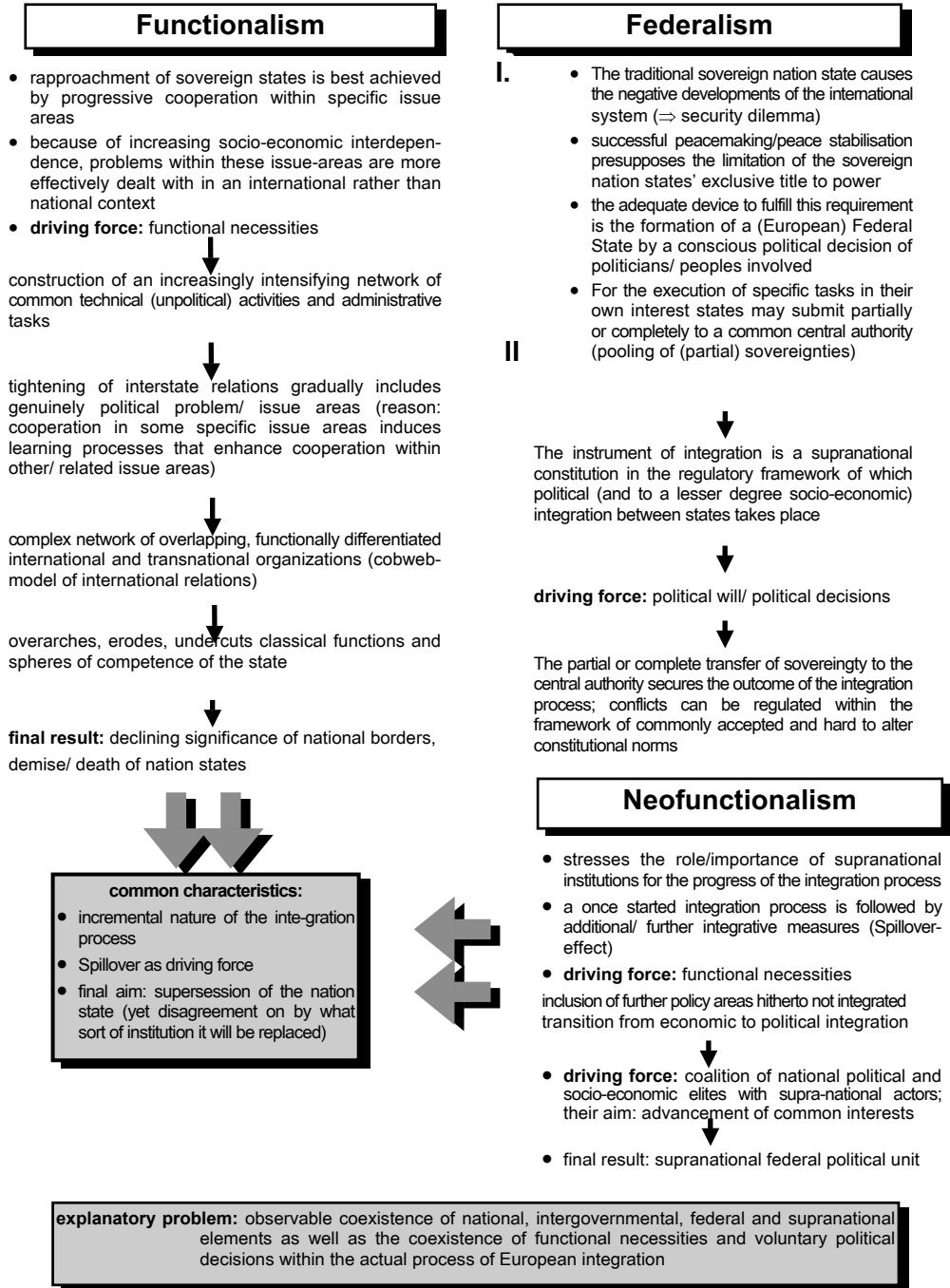


Fig. 4. Functionalism - Federalism - Neofunctionalism



Federalism

The integration of several national actors takes place as a consequence of wilful political decisions taken by politicians and nations and based on common political and socio-economic norms and objectives. At the beginning of the integration process a common constitution for the newly integrated actor will be formulated. This actor usually takes the form of a federal state with horizontal and vertical separation of powers; the formerly autonomous units give up their claim to sovereignty and submit to a common will.

Distinctive feature: Solutions of economic and social problems fill a previously established (institutional) framework; pooling of sovereignty of individual actors.

Catchword: Function follows form

Functionalism

Emergence and growth of international organization is a consequence of the autonomy of industrial societies, characterized by the progress of the forces of production, and the internationalization of socio-economic problem complexes, which can only be resolved by means of inter-state or supra-state cooperation. Thus, international organizations can be compared to administrative/ executive unions, active in primarily technical political issue-areas. They simultaneously relieve states of some of their tasks and deprive them of some of their power without incorporating them in a superior political entity. The internationalization of problem complexes is governed by the logic of functional necessity; functional necessities thus produce on the international level mechanisms of collective problem resolution and the concomitant adequate organisational forms.

Distinctive feature: Economic and social problems produce their own respective (framework of) solutions; international cooperation is legitimized by the usefulness and efficiency of concrete, issue-specific (technical) cooperation and its outcomes.

Catchword: Form follows function.

Neofunctionalism

As socioeconomic problems of highly industrialized societies, due to their border-transgressing causes and consequences, cannot be resolved any longer by individual state action but require comprehensive solutions that encompass all actors, the integration of several actors arises out of purely functional necessities.

At the beginning of the integration process actors formally agree (contractual arrangements) to solve problems within technical, functional, non-political and small sector-based issue areas (low politics) in a technocratic and non-ideological way. As cooperative management and problem solving approaches prove to be successful, they expand to other related functional task-areas and will finally *spill over* into genuinely political (high politics) issue areas, where they also initiate a gradual process of integration (*logic of integration by sectors*: supranational communitization of state functions in a succession of neighbouring policy areas produces quasi-automatic integration by means of spillover effects)

Distinctive feature: Political actors play a decisive role in the process of combining the requirements of problem solutions and adequate institutional provisions; they transfer their loyalties and benefit expectations in an ever-intensifying manner to the supranational level, thereby legitimizing and stimulating the integration process.

Hegemonic Stability Theory

The free-rider problem inherent in the management of the global economy requires a hegemonic power capable of providing collective/public goods. Motivated by its own (enlightened) self-interest, the most powerful state existing in an international system in a given period in time creates specific international regimes in order to defend / pursue its self-interest throughout the system. Though set up by a hegemonic power, these regimes occasionally continue to exist even after the decline of the hegemon, because nation states assumed to be rational, egoistic utility-maximisers develop an interest in the regime's persistence.

Interdependence Theory

Within the context of growing interdependence and integration, the modernization/ industrialization/ internationalization of the exchange of commodities and services does increase the sensitivity of actors to developments within other actors. Mutual interdependence and changes in the interdependence structure entail - often unequally distributed - costs and benefits. Whereas *sensitivity* describes the costs of the actor's reaction towards changes within the system, the term *vulnerability* denotes the costliness of a substantial change within the system structure.

=> cobweb model of international politics (John Burton)

Complex Interdependence

International relations are characterized by a complex conglomerate system of inter- and transnational interrelationships between a wide range of governmental and nongovernmental national as well as international actors. The traditionally given hierarchy of security issues over welfare/ socio-economic issues is replaced by variable sets of themes and preferences depending on the specific policy area. As national actors are integrated into a complex network of mutual interdependencies, the importance of the resort to force/organized violence as an instrument of foreign/ state policy is likely to be diminished.

Intergovernmentalism

The horizontal coordination of government policies and the vertical coordination of policies of governments and supranational institutions characterizes e.g. the EU as a co-operative communal project of nation states. Within a common institutional framework that improves the conditions for cooperative action, nation states are striving

- for the reduction of transaction costs;
- for the achievement of gains/ avoidance of losses from cooperation;
- for the increase of the efficiency of intergovernmental negotiation and bargaining processes;
- for the effectivisation of governmental instruments and means of action.

Within a framework of a complex multi-layered institutional structure horizontal decision-making networks are dominating over hierarchically organized decision-making structures. They are, however, frequently characterized by multi-level policy interlocking (or even interblocking) and by possible suboptimal outcomes of problem solutions („Politikverflechtungsfalle“ (interlocking policy trap): multi-level decision networks generate inadequate decisions/ solutions, while simultaneously being unable to change the institutional conditions underlying their decisional logic).

Instead of being conceived of as a goal, the transfer of sovereign power is turned into a calculated instrument that serves a specific purpose: to further cooperation between states within a protected institutional framework, thus removing it from the realm of international anarchy and its hostile effects on cooperative endeavours.

Regime Theory

Factual and empirical problems lead to the formation of *informal* networks of agreements, principles, rules, norms and decision-making procedures that enhance the institutionalization of the political management of conflicts and interdependence problems and mitigate conflicts through means of (legal) regulation and control. Thus, they contribute to the civilization of the relations among the actors and stabilize the predictability of the actors' decisions/ actions. Regimes support, supplement, undercut or overarch the spheres of competence of the traditional society of states and integrate the cooperation of actors into a complex multi-level system of political or socio-economic decision-making processes that do account for the actors' regulatory interests in each particular issue area.

Within that context, the EU could be conceived of as a relatively effective international regime constructed for the management of problems of *economic* interdependence by means of negotiated *political* coordination processes.

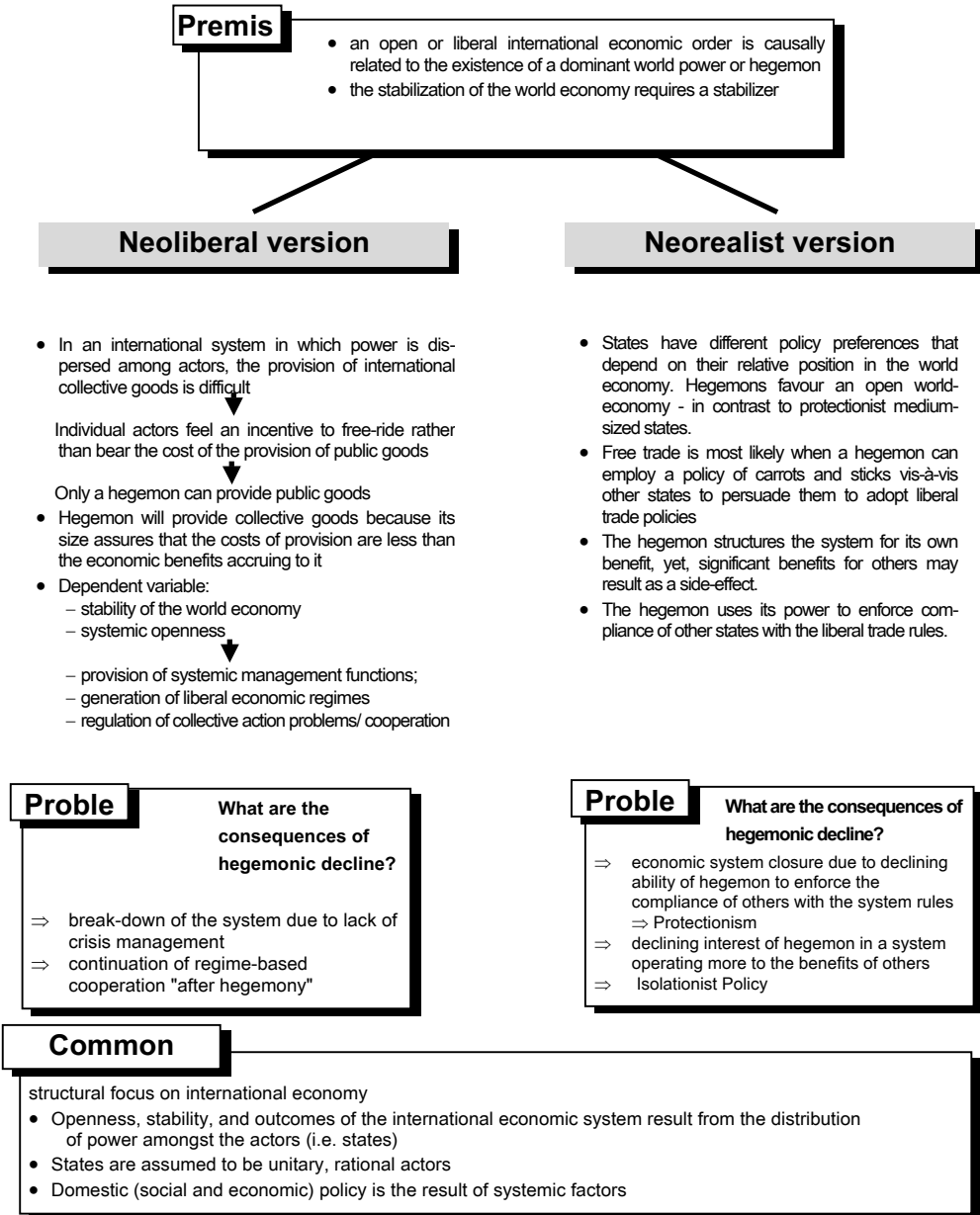
Neoliberal Institutionalism

Drawing on Interdependence Theory, Neoliberal Institutionalism identifies tendencies towards the institutionalization and normative regulation of conflict and cooperation. While accepting the neorealist image of the international system as regulated anarchy in which a central authority is absent, it rejects the idea that the system structure does exclusively determine the politics/ behaviour of states. It rather insists on the importance of institutions, regimes, IGOs/INGOs within the structure of the international system and their influence on the behaviour of various actors. Credo: „Institutions matter“. System and structure of international relations constrain the behaviour of states, but states, in turn, can exert influence on those structures by building up institutions. Cooperative structures are able to persist in a multipolar system without a hegemonic power because

- they enhance the actors' knowledge and information about other actors' intentions;
- their demise or break-down would induce costs on those no longer willing to cooperate;
- they foster linkages across issue/ problem areas by negotiating package solutions, facilitate arrangements and reduce the transaction costs for the negotiation of international agreements;
- they affect the actor's definition of its self-interest and fundamental preferences.

The emergence/ extension of cooperative networks does neither reflect a harmony of interests nor economic interdependence, but rather indicates the actors' national self-interest in easing processes of interstate negotiation and collaborative action.

Fig. 5. Hegemonic Stability Theory



The need to solve factual, empirical problems leads to the formation of *informal* networks of agreements, principles, rules, norms, and decision-making procedures in particular policy areas (called regimes), which support/ supplement/ undercut/ overarch the spheres of competence of the traditional society of states

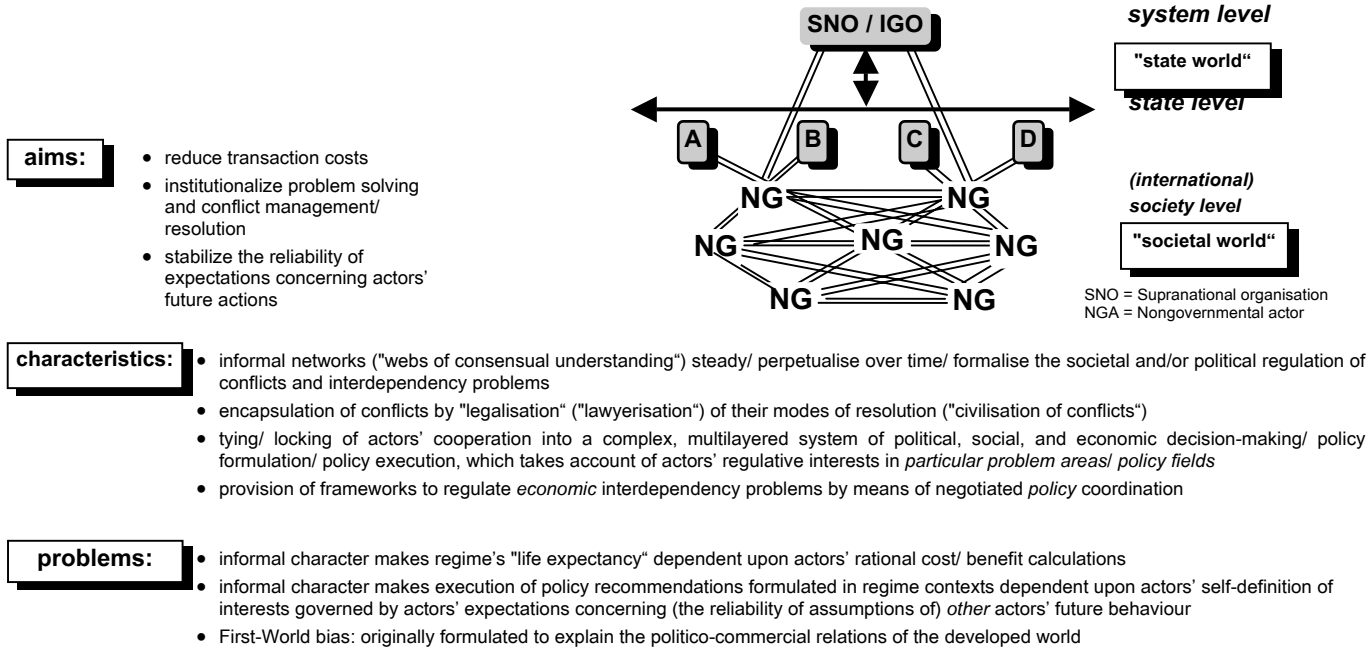
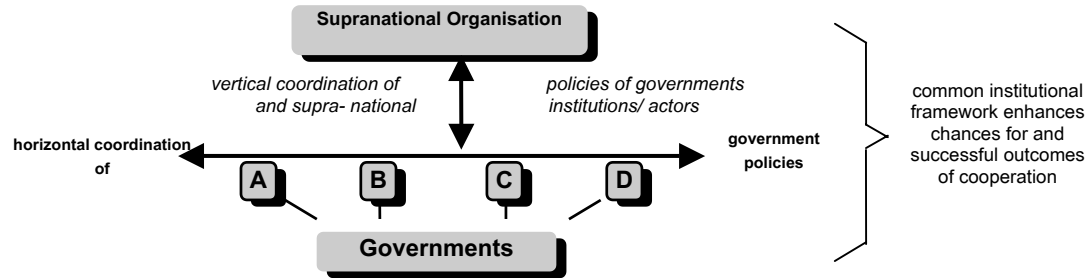


FIG. 6. REGIME THEORY

The need to regulate/ solve (political) problems affecting more than one state leads to the setting up of *formalized* co-operation structures/ international/ supranational institutions which serve as a „Zweckverband“ (administration union/ executive association) to pool states' problem-solving capabilities and executive resources



aims:

- reduction of transaction costs
- achievement of cooperation gains
- avoidance of cooperation losses
- increase in efficiency of intergovernmental negotiation and bargaining processes
- effectivisation of governmental instruments and means for action

characteristics:

- horizontal decision-making networks within a complex multi-layered institutional framework dominate/ overcome hierarchical decision-making structures
- the limited transfer of sovereignty from states to a supranational actor serves to protect intergovernmental cooperation from the negative effects of international an-archy

problems:

- the trap of interlocking (interlocking ??) decision-making levels and procedures slows down the policy-making process and/ or produces sub-optimal policy outcomes; at the same time, actors are unable to change the institutional framework and the logic of their decision-making procedures

Fig. 7. INTERGOVERNMENTALISM

Fig. 8. Theory of Fusion

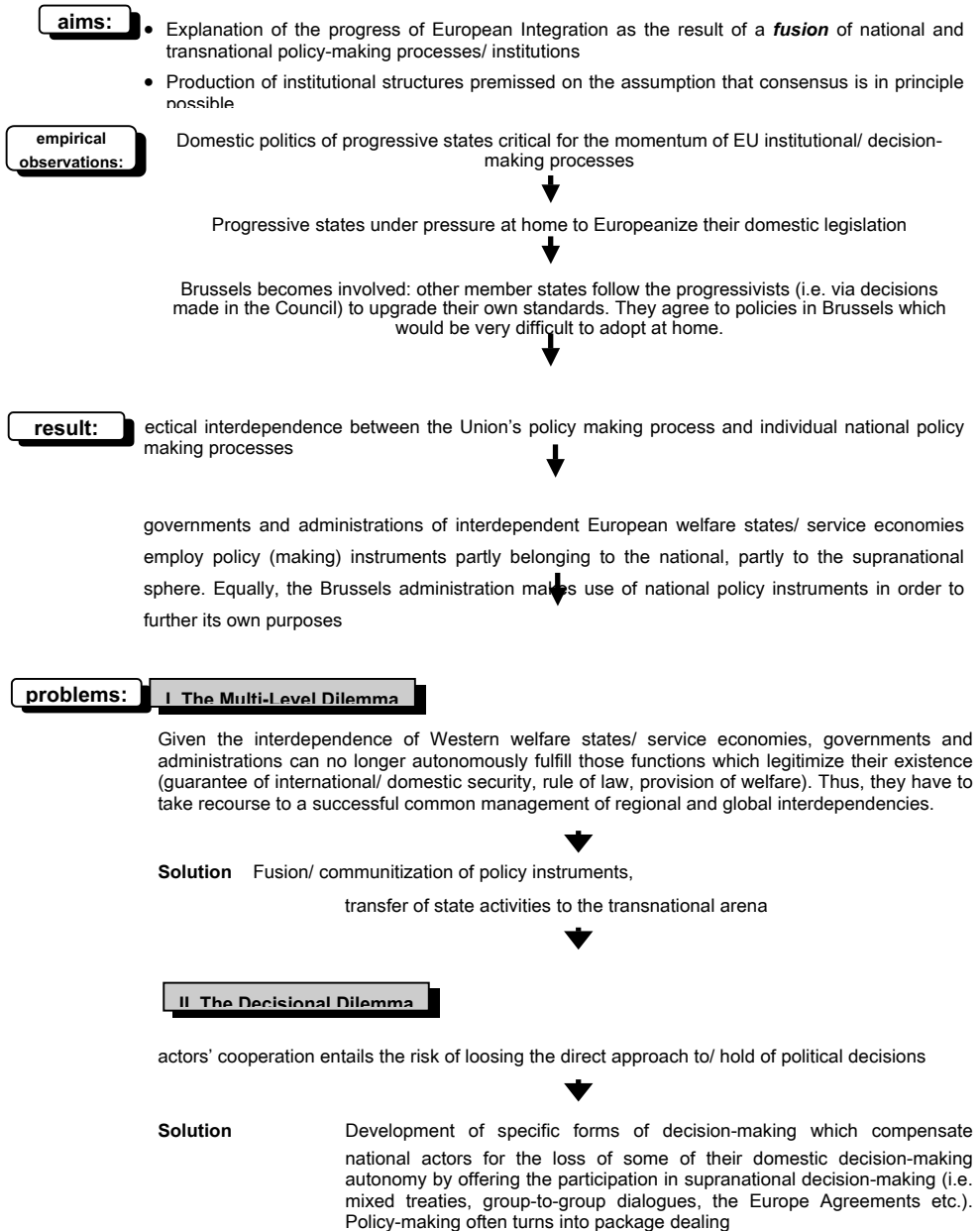


Fig.9. Neoliberal Institutionalism

In an increasingly interdependent world political economy political institutions (and regimes) become more and more useful for governments that wish to solve common problems and pursue complementary purposes. Institutions matter and are necessary to achieve state purposes by providing frameworks for cooperation.

aims:

to prevent / overcome discords and conflict by the creation, maintenance, and extension of cooperative frameworks facilitating collective action and interstate bargaining

characteristics

Institutional frameworks are not based on a (classical liberal) harmony of interests, but on the (enlightened) rational egoism of state actors; cooperation is not automatic, but requires planning and negotiation. Actors will enter into cooperative relations even if other actors will gain more from the interaction. Actors' absolute gains are more important than their relative gains; shared interests can lead to the creation of institutions, which, once in existence, are less difficult to maintain than to set up.

There are four main reasons why structures of cooperation can survive (even under conditions of multipolarity): Institutions

1. increase the level of information (and limit asymmetries in information) among states which reduces uncertainty about states' intentions;
2. increase the costs of abandonment of cooperative behaviour, since they will have installed mechanisms and procedures for punishing defectors;
3. encourage issue-linkage, log-rolling and the making of side-payments by states since they facilitate arrangements and reduce the transaction costs of the negotiation of international agreements;
4. affect states' definition of their own interests. In other words, institutions not only change the context within which states make their self-interested decisions; under a number of circumstances, they might even be necessary to the effective pursuit of a state's policy.

problems:

1. Non-governmental actors play a decidedly secondary role to state actors in international relations.
2. The definition of state actors' rational interest is very much predicated on economic variables and utilitarian discourse, devoid of much normative concern.
3. The anarchy of the international system is accepted as given; the analytical focus is on the initiation and maintenance of cooperation under anarchy rather than on the overcoming of anarchy itself. Or: institutions *regulate* interests rather than transform them; their ideal orientation is the protection of the status quo, at best perhaps the tentative support for incremental change.

LIBÉRALISME ET AUTORITARISME - DE LA RELATION ÉTAT-ÉCONOMIE

NICOLAE PĂ UN

ABSTRACT. The text analyses the beginning and the evolution of the political liberalism in economy during the 18th and 19th centuries, the modernisations and the neoliberalisms of our century; the dialogue between liberalism and other political and economical contemporary movements, as well as liberalisms.

La vie économique l'époque moderne présente l'attribut de la mobilité, de la modernisation et des changements des agents économiques à la différence de la place occupée dans l'immobilisme des structures antérieures, moyenâgeuses.

Au XVIII^{ème} siècle, le berceau où s'est édifié le nouveau monde, la dynamique de l'économie ne pouvait pas être expliquée seulement par elle-même, mais bien en rapport avec la dynamique de tous les segments de la société - le politique, le social et le culturel.

La pensée économique et social-politique a tracé les points de contact, pas toujours continues, entre les sphères impliquées dans le jeu de la société moderne. L'une de ces sphères nous offre l'identité de la liaison entre l'économique et le politique. La démarche scientifique de l'époque a essayé d'établir les confins entre l'individu et l'État dans l'activité économique. Les Physiocrates -sont considérés par l'historiographie économique les premiers penseurs du monde moderne. Dupont de Nemours, Mercier de la Rivière ont commencé leur discours à partir de l'existence "d'un monde social" naturel, d'un ordre essentiel en justice, d'une véritable harmonie pré-établie entre tous les intérêts des gouvernants et des gouvernés. Ils ont evidencié, par leurs oeuvres, le droit de propriété, la liberté du commerce et de l'échange. Poursuivant cette logique, ils ont considéré que le principe de l' "ordre essentiel" pouvait être résolu, dans le plan politique, par un "despotisme lumineux".

Pendant la deuxième moitié du XVIII^{ème} siècle, lorsque les oeuvres de grands esprits pensifs, réunis autour de l'Encyclopédie des Physiocrates ou isolés comme Montesquieu et Voltaire-commencent à pénétrer dans la mentalité collective, on peut parler de la naissance de la doctrine libérale. Seulement maintenant, les principes répandus dans de nombreuses oeuvres eclectiques se rangent dans des théories comprehensives, capables de surprendre l'entier domain social.

C'est l'époque où les Physiocrates atteignent leur maturité doctrinaire sous l'influence de deux courants de pensée - l'un empirique, utilitariste fondé sur la méthode psychologique et venu par la filière anglaise (Hobbes, David Hume, Adam Smith) et le second, rationaliste, en principale, ôiste d'origine française (par la contribution de Dr Quesnay et de ses collaborateurs).

La doctrine libérale, ainsi constituée, a exercité une influence majeure sur l'idéologie du siècle suivant - le XIX^{ème}. La doctrine a évolué, sur le plan politique, des idées des "despotes luminés" aux celles qui se trouvent à la base de la "Déclaration des Droits de l'Homme et du Citoyen": On ne s'est pas proposé dans ce chapitre une analyse de tous les éléments économiques qui donnent la définition du libéralisme. On souligne, seulement, les concepts de propriété et de liberté vus comme des institutions fondamentales qui, à partir de ce moment, seront le fondement du monde moderne. Les doctrinaires de la période de constitution économique et politique, ont réussi à synthétiser comme principe fondamental -l'individualisme.

En Angleterre Adam Smith a découvert le mobile d'action de l'individualisme - l'intérêt personnel. Vue notre intention de s'occuper seulement du problème libéralisme - interventionnisme on souligne que Smith est le premier à recommander à l'Etat une totale non ingérence dans les affaires économiques, parceque "toute son ingérence est couteuse et se tourne contre la prospérité et le progres des citoyens". Adam Smith a consacré par sa position anti-interventionniste - un autre élément déterminant de la doctrine libérale qui sera au centre de ce mouvement le siècle suivant.

Pour les doctrinaires du libéralisme l'action de l'Etat devait se limiter à assurer la sécurité de l'individu et la sécurité nationale.

David Ricardo, le descendant et continuateur d'Adam Smith, rend un cadre conceptuel aux intérêts du capital immobilier en s'éloignant de l'ancienne priorité agraire des Physiocrates. Il analyse aussi des notions de capitalisme industriel, les théories de la rente foncière et du valeur. Il met les bases de la fameuse Ecole liberale classique de Manchester.

L'école libérale française reçoit une consistance particulière, par la contribution de Friedric Bastrat qui, plusqui Adam Smith, semble d'être ostile à toute intervention de l'Etat dans la vie économique. Il a été un adversaire intransigeant du protectionnisme et du socialisme. La pensée a beaucoup influencé la mentalité d'une Europe, qui jusqu'au milieu du XIX^{ème} siècle, a souhaité avoir comme idéale libéralisme classique.

Pendant la seconde moitié du XIX^{ème}, siècle on assiste à la naissance de plusieurs écoles de pensée-nommées aussi eclectiques par ce qu'elles offraient des alternatives aux deux tendances polaires-le libéralisme et le marxisme. Les deux mouvements, on peut le dire, ont eu comme précurseur l'économiste français Sismondi. On peut aussi classifier ces écoles en 4 catégories:

- a) le socialisme d'Etat
- b) le socialisme chrétien
- c) L'Ecole de Le Play
- d) l'Ecole Solidariste ou coopératiste.

a) Le socialisme d'Etat, nommé aussi "de chaire" parce que plusieurs de ses représentants ont été professeurs des Universités allemandes. Ils ont tous soutenu le régime de la libre concurrence en se détachant de l'Ecole libérale par la modération en ce qui concerne le bon fonctionnement de ce principe. Le socialisme d'Etat s'appuie sur la justice pour régler les rapports entre les individus, pour améliorer l'état social de ceux moins favorisés. Pour accomplir ce but, l'intervention de l'Etat sur la forme des monopoles publics devait atténuer l'activité sociale, non toujours bénéfique, de grands monopoles privés. Cette école a reçu le nom d'interventionnisme.

Dans plusieurs pays européens les idées du Socialisme d'Etat ont inspiré la politique des gouvernements. Parmi ceux qui ont eu une grande contribution à ce mouvement on peut mentionner: Schmoller, A Wagner, Anton Menger in Allemagne, Sismondi, Dupont White et Michel Chevalier en France, Renard et Cesare de Poepe en Belgique, Sidney Weben Angleterre.

b) Le Socialisme chrétien ou le christianisme social a argumenté la nécessité de la propriété privée. De même que les économistes libéraux, les représentants de ce nouveau mouvement ont admis l'existence d'un ordre naturel des faits économiques d'origine providentielle. La nouvelle doctrine ne sympathise pas la formule "laissez-faire". On considère que la paix sociale ne peut pas être réalisée grâce à "l'intérêt individuel". On rejette aussi la concurrence en préconisant l'interventionnisme de l'Etat dans les rapports économiques entre les individus à condition que l'autorité aussi soit pénétré par les principes de la morale chrétienne. Le Pape Léon XIII (1878-1903), le cardinal Manning en Angleterre, le Monseigneur Ketteler, le prêtre Stocker en Allemagne, Vileneuve de Bargemont, de Mun, Boissard et Max Saynier en France voilà quelques noms de ceux qui ont formulé les principes de cette doctrine.

c) La doctrine de l'Ecole de Le Play est dans son entier une désidence de l'Ecole libérale. Elle s'en distingue par l'importance accordée aux facteurs d'ordre moral, religieux. Ce mouvement admet la nécessité de l'intervention de l'Etat dans des situations spéciales vu le respect particulier accordé au principe de l'autorité.

d) L'Ecole solidariste met dans le centre de sa doctrine la théorie selon laquelle l'homme est le bénéficiaire des réalisations de ses semblables. Dans cette situation il devient un débiteur pour la civilisation obligé de créditer par son travail les réalisations des générations à venir. Du point de vue économique les solidaristes plaident pour l'union des individus, la seule modalité de s'assurer les avantages communs. L'expression institutionnelle de l'aide devait être les syndicats ou les associations coopératives. C'est une Ecole de pensée individualiste, proche du socialisme d'Etat, par l'appel adressé au pouvoir public ayant comme but la solidarité humaine. On est hostile au principe de la libre concurrence. Les coopératives sont vues comme un instrument utile pour organiser la société. Les représentants de cette Ecole ont été en Angleterre-Vansistasst, en Allemagne Wilbrant, en France Ch. Gide.

Le système doctrinaire libéral présidera le XIX^{ème} siècle. Il a été fondé sur 3 idées majeures: la première - l'existence d'une harmonie pré-établie d'ordre naturel dans le domaine économique. La seconde -les intérêts individuels ne sont pas antagonistes dans leur ensemble, au contraire l'opposition entre les agents économiques réalise l'harmonie économique. La troisième met l'accent sur le moment où les individus n'ont pas besoin de l'aide de l'Etat qui les laisse se manifester librement en vue de réaliser l'ordre et l'harmonie économiques.

L'axe du libéralisme avait dans son centre l'individu, vu comme le principal agent économique qui disposait et devait disposer d'une totale liberté d'initiative. La formule "Laissez passer" signifiait pour le libéralisme classique le vote de confiance accordé au jeu libre des forces économiques. L'Etat pouvait être seulement le cadre où allait se dérouler cette action.

Par conséquent le système économique libérale s'est cristallisé et fondé sur le respect de la liberté du choix, sur la promotion de l'intérêt individuel comme moyen, but et mobile pour exercer cette liberté. L'Etat dans la pratique social-économique ne s'est pas limité seulement au rôle périphérique que la doctrine lui a préservé. On considère que le système économique capitaliste a fonctionné avec efficacité pendant le XIX^{ème} siècle. Avant justifié l'optimisme doctrinaire il s'est répandu dans toute l'Europe. On doit mentionner que les premières contradictions du système ont eu comme conséquence les alternatives théoriques-interventionnistes.

Les représentants de cette Ecole ont fait opposition à la doctrine libérale classique; ils ont contesté les dogmes des lois économiques naturelles, les vertus du libre échange et de la concurrence, en même temps ils ont revendiqué l'intervention plus ou moins énergique de l'Etat dans l'économie en arrivant souvent à transformer en propriété publique les biens appartenant à la propriété privée.

La pensée économique européenne du XX^{ème} siècle a repris le dialogue libéralisme-interventionnisme mais fortement marquée par les changements nationaux, social-économiques et politiques d'après la première guerre mondiale. Après la guerre on s'est créé une mentalité collectiviste. La vie devait être conçue dans une nouvelle perspective, non plus individualiste, et la société revendiquaient son besoin d'être analysée comme un organisme unitaire. Le problème central vis-à-vis de l'organisation économique rapportait la production aux besoins de la société. La relation-production, répartition et consommation, une fois économique, devient une relation avec de profondes implications politiques.

Par conséquent la pensée économique commence à favoriser de plus en plus l'interventionnisme. On ne s'est proposé pas de faire les hiérarchies des écoles, des modèles et des doctrines interventionnistes d'ailleurs nombreuses, mais on peut mentionner en particulier la grande contribution de Lord Keynes.

Par son oeuvre-Conséquences économiques de la paix (1919); "Essai sur la réforme monétaire" (1923); "Traité de la monnaie" (1930); "Théorie générale de l'emploi, de l'intérêt et de la monnaie" (1936), Keynes a mis les bases du système Keynesien. Il met l'analyse au niveau de grands équilibres globales et du revenu

national et analyse l'intervention active de l'Etat au niveau de la demande et de l'offre.

Plusieurs économistes, commençant avec Keynes, ont fait appel à l'intervention de l'Etat dans le système économique capitaliste. La nouvelle pensée économique des années'40 nous propose de nombreux modèles doctrinaires-néolibéraux. Le group des modèles théoriques-nommés dirigisme, ou planisme suggère que:

1. L'Etat organise la production, controle l'échange et protège la consommation

2. L'Etat détermine les échanges avec la société, l'approvisionnement du marché, il place les excédents en but d'assurer le bon fonctionnement des mécanismes nécessaires pour liquider les créances internationales

3. L'Etat réalise le bon fonctionnement des prix, du regime fiscal, douanier, monetaire

4. L'Etat doit réglementes les rapports entre les patrons et les employés

5. L'Etat doit équilibrer la vie économique, éviter les crises.

Ces quelques aspects de l'interventionnisme de l'Etat n'ont pas une hierarchie particulière mais ils doivent être analysés en ensemble. En effect le dialogue entre le libéralisme et l'interventionnisme doit être apprécié comme un moyen d'impliquer l'Etat dans les structures et les mécanismes de l'économie capitaliste.

Pendant les premières années de notre siècle de nouveaux éléments interventionnistes sont apparu sur la scène économique européenne. Le protectionnisme économique s'est amplifié dans tous les secteurs de la vie des lois ouvrières, le **contrôle** sur la **situatiôn démographique** (immigration, émigration) les restrictions sur le droit de propriétés. Compttenu de tous ces changements la doctrine libérale continue à gouverner la vie politique, sociale-économique.

On revient sur l'aspect de la politique de l'Etat pendant la premiere guerre mondiale, une querre des industries, des économies. L'intervention ferme de l'Etat et les mesures prises entre 1914-1918 ont été largement justifiées.

La grande crise économique de sur production (1929-1933) et ses conséquences ont impulsonné l'Etat á promouvoir une politique interventioniste au niveau des salaires, des prix at des bénéfices. Mais il á exercé son pouvoir au-de lá des limites raisonnables-au niveau des capitaux, des devises et des avantages créés pour les privés par la clause de la nation la plus favorisée". On assiste en Allemagne et en Italie au dirigisme économique, aux politiques autarchiques. En Angleterre l'Etat prend l'initiative de la politique monétaire et aux Etats-Unis on assiste a une politique pragmatique - "New-Deal".

L'intervention directe de l'Etat dans l'économie a profondément changé l'ordre capitaliste en lui donnant de nouvelles structures, les unes differentes de celles d'avant la crise. Les stratégies gouvernementales ont contribué á l'issue de la crise au relancement et au développement des économies en cause.

Dans les pays totalitaires ont été affectées la propriété individuelle et la liberté personnelle. On a créé des industries de substitution. En Alemagne les éléments autarchiques ont été promus dés le siècle antérieur pas Friedrick List.

Mais les événements de ce siècle n'ont fait que les amplifier: la grande crise (29-31); le protectionisme américain d'après 1930 la dévaluation de Livre sterling (1931); la politique des contingents en France (1933). En Italie, dans le même contexte économique international l'Etat a mis en pratique (après Novembre 1935), les sanctions économiques imposées pas la Société des Nations à la suite de la guerre italo-abissinienne. Le grand problème de ces économies antarchiques consiste en trouver une autorité capable de s'assumer, en conditions de crise, le **rôle** directif. En Italie ce **rôle** a été accordé aux corporations. En Allemagne la pensée économique a proposé la mise en pratique de l'autorité des espaces économiques" (Wirtschaftsraume) plus vastes que les espaces politiques, nationaux (Staatsräume). La même pensée a essayé de justifier la nécessité d'un espace vital (Lebensraum) plus grand.

Dans les économies de l'Italie et de l'Allemagne l'impacte de l'interventionnisme a été si fort qu'il a généré des restrictions en ce qui concerne la libre initiative et le droit de propriété. On a introduit des programmes obligatoires de culture économique, de Standardisation des produits. Les agents économiques ont été subordonnés à l'Etat. Dans le commerce extérieur on parle d'une politique protectionniste (contingents, prohibitions et compensations). Quant à la politique monétaire et de crédit l'Etat **contrôle** forcément les devises et limite le mouvements des capitaux. On a institué la rationalisation dans la consommation, les salaires maximes et minimes et les mesures fiscales se sont amplifiées. On a interdit le droit à la grève, à l'association, et on a imposé la naissance des corporations, des associations professionnelles avec monopole de représentation. L'Etat totalitaire a promu aussi une politique rigide au niveau des prix.

La pensée économique, mais aussi la démocratie parlementaire occidentale a rejeté la conception de cette politique économique. L'économiste et l'homme politique Valere Fallon a synthétisé dans un ouvrage ses réserves et celles de contemporaines vis-à-vis d'un interventionnisme trop actif. Il a démontré que l'Etat était un entreprenant moins-éfficent que l'initiative privée. Ensuite il a souligné qui dans ce type d'économie manquait l'intérêt personnel, que les méthodes de **contrôle** étaient statiques; que le mécanisme de la décision et de l'exécution était difficile qu'il stimulait la bureaucratie. De plus il a relevé que l'Etat est gouverné par des partis, qui ont essayé, et souvent réussi, à satisfaire leurs électeurs au cont de la richesse publique.

La méfiance vis-à-vis de cette politique ne signifie pas que l'Occident n'a pas fait recours à des divers modèles interventionnistes. Le but a été la politique de dévaluation, c'est-à-dire la présence de l'Etat dans les structures du marché pour maintenir les prix des biens qu'interessaient, en principal, l'économie nationale. En ce cas on peut parler d'intervention de type,"open market policy" (politique du marché libre) et on a créé les"fonds d'égalisation" nécessaires pour soutenir les devises.

HOW CLOSE IS ROMANIA TO THE EUROPEAN ECONOMIC AND MONETARY UNION PRIVATE?

MARIA BÂRSAN¹, HAICO EBBERS²

RÉSUMÉ *Le degré de rapprochement de la Roumanie de l'Union Européenne.* La Roumanie, comme les autres pays de l'Europe Centrale et Orientale, est intéressée à faire partie de l'Union Européenne. Le plus grand obstacle est le niveau réel d'intégration de l'économie dans l'économie de l'UE et le niveau de ce qu'on appelle indicateurs de convergence. L'étude essaye d'estimer la situation. On arrive à la conclusion que, si l'accès au Marché Intérieur communautaire est une question abordable dans un délai raisonnable, l'accès à l'Union Monétaire est un objectif à long ou moyen terme.

1. Introductory remarks

All the smaller Central and Eastern European countries official applied for membership of the European Union. Most of the analyses concerning integration with the European Union are in favour of closer integration. It would bring benefits from increased exports, investments, transfer of technology and exposure to a new and efficient institutional framework.

Membership of the European Union require four basic conditions. New members must be European, they must be market-oriented, they must be democratic and they have to prove that their participation in the Economic and Monetary Union is a realistic possibility at least in the medium term. This last condition was implemented by the Maastricht Treaty and therefore increased the obstacles to full membership. The first step would be the integration into the Internal Market which will certainly have desirable effects. Membership of the EU is becoming more difficult and ask for serious adjustment in monetary and fiscal policy. There are at least two ways of analyzing the costs of giving up monetary policy (exchange rate policy, also). One is through analyzing the correlation of regional shocks. Another way is via the convergence criteria, and especially the necessary adjustment to lower inflation.

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2. The degree of integration into the Internal Market requirements

The degree of integration is first evaluated through direction and structure of trade. It is expected to have an increased reorientation of Central and Eastern European trade to the Western Europe (Hamilton and Winters, 1992; Havrylyshyn and Pritchett, 1991; Rosati, 1992; Sorsa, 1994). As far as Romania is concern, a quite dramatic reorientation during 1992-1995 can be seen. The EU's share in total export has shifted from 32,1 % in total export, and 37,5 % in import, in 1992, to 54,4% in total export and 51,0% in import, in 1995 (IMF, Direction of Trade Statistics, quarterly, Sept. 1995).

The second step, beside the geographical trade orientation is the product composition. Two approaches of finding comparative advantages can be detected: firstly, the endowment triangle approach in line with the Heckscher-Ohlin concept, and secondly, the classical view with its emphasis on differences in labor costs. The Heckscher-Ohlin approach is important when the international trade is characterized by inter-industry trade. If intra-industry trade is the main characteristic, differences in endowments can not explain trade flows. Consequently, this approach can not be a guide in evaluating comparative advantages over a longer term. Neither the classical theory of comparative advantage could be consider as guide in finding the real comparative advantage, since other non-price variables such as quality differences, service etc. have a strong influence on trade flows. Moreover, it is difficult to find comparable data on productivity. Therefore, a third approach is necessary. In line with Balassa (1965), it could be the revealed comparative advantage approach, based on the assumption that actual trade flow can give information about comparative advantages. A variant of revealed comparative advantages by using export-import measure was applied in this study, i.e. has been used the ratio of a country's net export (export minus import) in each commodity category over the sum of the country's total export plus import in that category (see Fieleke, 1990; Ebbers and Olson, 1993). This ratio can take values between -1 (the greatest comparative disadvantage) and +1 (the greatest comparative advantage). The benchmark is set on 0,75. The calculations are referring to the years 1992 and 1994, two digit SITC product codes.

Figure 1 Revealed comparative advantage (Romania)

SITC 1992	
12 (Tobacco and tobacco manufactures)	0,967
53 (Dyeing, tanning and colouring materials)	0,966
08 (Feedstuff for animals)	0,929
04 (Cereals and cereals preparations)	0,915
55 (Essential oil and perfume materials)	0,912
23 (Crude rubber)	0,899
76 (Telecommunications and sound recording apparatus)	0,895
32 (Coal, coke and briquettes)	0,894
02 (Dairy products and bird's eggs)	0,892
09 (Miscellaneous edible and preparations)	0,889

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59 (Chemical materials and products, n.e.s.)	0,892
87 (Professional and scientific instruments)	0,891
06 (Sugar, sugar preparations and honey)	0,881
61 (Leather, leather manufactures and dressed furskins)	0,850
58 (Plastics in non primary forms)	0,819
79 (Other transport equipments)	0,799
65 (Textile, yarn, fabrics)	0,777
SITC 1994	
14 (Meat and edible meat offals prepared or pressered m.e.s.: fish extract)	0,971
46 (Meal and flour of wheat and flour of meslin)	0,971
31	0,967
76 (Telecommunications and sound recording apparatus)	0,831
62 (Rubber manufactures n.e.s.)	0,823
94	0,811
72 (Machinery specialized)	0,785
89 (Miscellaneous manufactured articles n.e.s)	0,752
74 (General industry machinery and equipment,n.e.s.)	0,768

Several conclusions can be drawn from the calculations:

Firstly, there is a general trend towards less high revealed comparative advantage industries in total exports, from 17 in 1992, to 9, in 1994. This could be a positive sign, if we think that a low amount of sectors having high revealed comparative advantage is a feature for a relatively developed trade pattern in which intra-industry trade is an important characteristic. This also means that a high level of intra-industry trade will lower the occurrence of asymmetrical shocks, and therefore reduces the adjustment costs.

Secondly, an almost total change occurred in 1994 in comparison with 1992, i.e. only one single product code is being maintained. This is the code 76 (telecommunications and sound recording apparatus). Two sectors: 5 (chemical products) and 2 (crude materials, except fuels) are totally absent in 1994. Some other two digit product codes has emerged as having comparative advantage.

Although the period under examination is not very long, and the economic structure is also changing with the privatization and the increased degree of openness, the orientation to the West is clear. Therefore, the market access is of crucial importance for the CEECs, including Romania. In this context, the problem of so-called sensitive goods, which the EU will continue to protect for a while, is important. The Association Agreements intend to stimulate trade between the countries in Central and Eastern Europe and the EU countries. Exceptions are, however, made for "sensitive" products which are among the top ten export products to the European Union, ranging from 40% in Czecho-Slovakia's export to 70% in the case of Bulgaria (The EBRD Transition Report, 1994, who identified the sensitive goods via one-digit approach, which is too broad). A number of 12 products are, generally, considered as sensitive (SITC: 00-live animals; 01-meat and meat preparations; 02-dairy products and birds' eggs; 11-beverages; 32-coal, coke and briquettes; 41-animals oils and fats; 51-organic chemicals; 59-chemical products and materials,n.e.s.; 65-textile yarn,

fabrics, make-up articles, n.e.s.; 67-iron and steel; 68-non-ferrous metals; 84-articles of apparel and clothing). If we take into calculation only these product-codes, the share in the total of Romania's export to the EU was only 8,4% in 1994. If three other sensitive goods are included (SITC 26-textile fibers; 61-manufactures of leather and 85-footwear), the share rises substantially, i.e. to 17,9%, the same year. Given this important share of sensitive goods, the access to the EU market is really important. One may ask the question: is the Association Agreement an encouraging framework for market access, in this respect? Put it differently, the question is as to whether the Association Agreement has influenced or will influence trade negatively? One can observe a declining share of sensitive products in total exports to the EU between 1991-1994. One interpretation may certainly be the negative impact exerted by the still maintaining trade barriers in the case of sensitive goods. Therefore, the acceleration of the schedule for trade liberalization in these sensitive sectors (two years in advance), as being stipulated by Copenhagen Summit in June 1993, is the response of the European Union to the Associated Eastern countries' needs, including Romania, of getting wider market access. Another explanation can be a more rapid increase in the other more manufactured export-group, that is modifying also the share. According to the ECE, from 1988 to 1993, the import of sensitive products from CEE to the European Union has grown 82%, and in the same period, non-sensitive imports grew 170%. This is also evident if we take into account the Romania's trade structure (top ten export products) in two different years:

1992	
65 Textile, yarn, fabrics	13,5%
66 Nonmetallic, mineral manufactures	12,0%
72 n.e.s	8,9%
79 Specialized machinery	7,6%
04 Other transport equipment	6,1%
78 Cereals and cereals preparations	5,5%
74 Road vehicles	4,9%
84 Other industrial machinery and parts	4,3%
89 Articles of apparel and clothing accessories	2,7%
12 Miscellaneous manufactured articles	2,6%
	<hr/>
	68,1%
1994	
62 Rubber manufactures, n.e.s	26,1%
94	10,4%
64 Paper and paper related articles	9,0%
72 Machinery specialized for particular industries	8,4%
61 Leather, leather manufactures	5,3%
76 Telecommunication and sound recording equipment	4,7%
85 Footwear	3,7%
84 Articles of apparel and clothing accessories	3,1%
29 Crude animal and vegetable materials, n.e.s	3,0%
27 Crude fertilizers and crude minerals (excl. coal)	3,0%
	<hr/>
	76,7%

One can notice that the agricultural products are not included among the ten most important export industries, contrary to the perception of most specialists that the countries in Central and Eastern Europe would have a strong comparative advantage in the agricultural sector. The area have certainly a future great potential.

As far as Romania is concern, the export of agricultural goods was under license on the last years, because of weak crops. Moreover, Romania imported some important quantities of agricultural goods and foods. To take into account that the agricultural products are not included into the Association Agreement.

Therefore, one single clear answer about the market access of the sensitive products is not possible. Moreover, this is a difficult question also because market access (trade barriers) is only one determinant of export performance. Even with most open markets, inefficient producers in CEE are unlikely to export their products to the European Union. Trade is influenced by structural factors such as the organization of the industry. Using a multiple regression model in which a dummy variable for sensitive products was implemented to indicate whether the EU policy towards sensitive products was damaging CEECs exports, the results obtained are not similar for all countries. In the case of Romania, the variable has a positive regression coefficient. This means that for Romania the market share in the European Union, especially in those products which are protected within the Association Agreements, is important.

Another important issue is how high are the economic benefits of integration via the traditional customs union theory. Preferential trading arrangements increases gains when intra-regional trade relations are high and when the economies (trade structure) are competitive in the pre-integration stage but potentially complementary. The potential for trade diversion is low, in this case, and consequently relatively big static gains could be achieved. Some researches are done about the similarity of the trade pattern between the smaller countries in CEE and the European Union (ECE European Economy, 1994; Gross and Gonciarz, in Gross and Steinherr, 1995). Several conclusions can be drawn: the similarity indices in Central and Eastern Europe are relatively high which indicates that these countries have a more or less competitive economic and trade structure; in their relations with the EU, the specialization indexes (calculated by Gross and Gonciarz on the basis of EUROSTAT) show differences from one country to another. For instance, Slovenia and Czechoslovakia had a quite similar commodity structure to the commodity structure of the intra-EU exports; Therefore, the structure is rather competitive. The export structure of Hungary, Poland and especially Bulgaria and Romania differ a lot from the intra-EU trade pattern. Here, the trade diversion could be higher. Although the picture is slightly mixed, if one looks at the development of the trade pattern between Central and Eastern Europe one can observe a clear trend towards a more intra-industry type of trade pattern. Therefore, the relatively high static gains are in favour of economic integration with the European union. In spite of the fact that the static gains are of minor importance in the analysis of economic integration, short-term benefits are important in order to establish broad public and political support in the way towards more in depth economic (and monetary) integration schemes.

3. The readiness indicators

Going through the literature about the static and dynamic effects of regional integration gives the feeling that the traditional analysis of regional integration should be complemented by additional elements which reflects the willingness or readiness for countries to participate in an integration scheme. There is no simple analysis to measure if a country is ready for economic integration, but the following indicators may be used:

1. Stable macroeconomic environment. Four indicators are usually used in order to assess macroeconomic stability: price stability, fiscal or budgetary deficit, a certain amount of exchange rate stability or the real effective exchange rate, and the external current account situation;
2. A market oriented policy;
3. Reduced reliance on import duties as part of the government revenues;
4. The implementation problems of the White paper into the national legal and institutional framework.

In the case of Romania, the macroeconomic indicators during 1990-1995 (see the Annex) show, after several years of declining economic situation, a certain take-off consisting in: positive real growth starting on 1993, reaching 6,9% in 1995, one of the highest rate in this area; inflation rate decrease starting on 1994, and consequently, in the interest rate as well; in keeping the unemployment between 9% and 10%, and even 8,9% in 1995, the budgetary deficit less than 4% of G.D.P., and the government expenditure less than 40% of G.D.P.

The question could be: is this a strong macroeconomic stabilization or a very fragile one?

The figures on 1996, even they are not the last draft, show clearly that some new disequilibrium can arise, since the real economy still need serious adjustments. For instance, the cumulative inflation rate is higher (56,6% in Dec. 1996) than the announced forecast (of 20%). Since the high growth rate without restructuring the economy asked for higher imports of raw materials and energy, the current account has registered an increased deficit. According to the most recent estimations, the budget deficit is about 6%.

Since the monetary policy is one of the most important economic policy instruments, and since this is one of the closest to the adhesion to the European Union issue, is important to analyze its contribution to the macroeconomic stabilization. In order to have a view as complete and in depth as possible, we could take into consideration two periods: 1990-1993 and 1994-1996.

During the first months in the 1990, the banking system and the old regulations were still in force. Starting on December 1990, the Romanian National Bank begun to play its monetary role, i.e. the issuing monetary role and those of regulating the quantity of money in circulation, with the aim of providing the monetary stability. The targets regarding the increase in monetary and credits amount were to be reached by the classical limits in awarding credits, the market mechanism being insignificant. The first commercial banks have been set up during 1991, and this made

the necessary separation between the two kind of banks: the central bank and the commercial banks, each of them having its own different tasks. The main steps towards a new monetary policy consisted in giving up the financial monopoly from the Central Bank, the commercial banks getting the right of doing placements on the interbank market; refinance long and medium terms credits were abolished, the only remained refinance credits were on short-term (october 1991); the classical ceilings in awarding credits were abolished too, the only ceiling being the bank's resources; since the inflation increased with the price liberalization, the Central Bank interest rate has also increased from 3% in 1990 to 18% in the last 1991 months; a new refinance mechanism has been established, including credit lines, auction credits, and fixed-term credits; in mars 1992, the minimum reserve requirements have been applied, calculated as a percentage to the companies and natural persons money deposits; with a new increase in the interest rate, the Central Bank was trying to put it into positive terms (connected with the inflation rate).

One of the most important measure by its consequences, imposed by the Government in order to support certain sectors, especially the agricultural sector, was the awarding of preferential credits by the National Bank. This created a liquidity excess which compromised the Central Bank's good will to make the interest rate positive under real terms. The cheap money have produced not only distortions in the resources allocation, but also fed a new wave of inflation. The Central Bank were in the situation of financing the budgetary deficit automatically, unlimited and for free. Finally, an agreement concluded between the Central Bank and the Ministry of Finance by the end of 1993 put the end to the situation. Gradually, the Central Bank has imposed a more tight monetary policy, increasing the interest rate drastically: 70% for credit lines, but 250% for overdraft and 260% for the deficit in minimum reserves required, in order to discourage the inflation through money creation. The auction credit for only one week has been extended. To notice that the increase in the interest rate needed more than one year to be accepted, while the inflation rate reached about 200% in 1992, and almost 300% in 1993, damaging the creditors benefit. The system allowed a liquidity inflationary monetary surplus, induced by the preferential credits and by the general cheap money. This had also another discouraging consequence on the attracting the people's financial resources and the bank's behavior. Moreover, the lack of competition in the banking sector favorised an unhealthy attitude on long term.

What we may say about the monetary policy during 1990-93?. Obviously, it was the beginning of a new monetary policy, but a very slow and confusing one. The dominant state property has undermined the Central Bank in promoting a market based and a real independent policy. The very gradual price liberalization made impossible the choice for positive interest rate policy from the very beginning. If we add the uncertain but expansionary fiscal policy, which induced a budgetary deficit covered by monetary issuing or by reevaluation of the state assets, one can understand how much the monetary policy was ineffective during this period. The economic reform which had to offer the support to a coherent monetary policy was very slow.

The other monetary policy instrument is the foreign exchange policy. Two issues are to be considered: the convertibility and the exchange rate (type and evolution).

Referring to convertibility, this is a gradual approach. Similar to the other transition economies, Romania has adopted the simplest and the most accustomed type i.e. internal, limited and partial convertibility. This means in the case of Romania to ensure a certain degree of access to foreign exchange transactions for the most important current transactions such as foreign trade, including the trade with services, and some limited access for tourist travels. The authorities made clear the intention of extending it as soon as the necessary conditions will be fulfilled (trade surplus, foreign currency reserves etc.)

The main stages in adopting the convertibility were the followings:

- Between January-October 1990, there was a relatively positive situation (no external debt, and a certain amount of foreign currency reserves was available, too). The exchange rate has been established as a fixed one, not very different as level and manner of estimation from the previous one. Very soon, the devaluation became necessary, from 4 lei/dollar to 21 lei/dollar. The black market, which usually appears in such conditions, came up with a more realistic exchange rate of about 100 lei/dollar. The companies' access to foreign currencies was very limited and administrative directed, too. The explanation is quite simple: neither the foreign trade nor the prices were liberalized. Moreover, the private sector was at its very beginning. The only private companies being established one could find in the retail trade sector. Therefore, the proper market did not exist yet. The foreign currency reserves were also very limited.

- The period between November 1990 - November 1991 has been plenty of successive devaluations: 35 lei / dollar at the beginning of the first stage of prices liberalization (1 November 1991) and 60 lei/dollar in April 1991. In the meantime, in February 1991, a dual exchange rate market has been established: one official, which was a fixed exchange rate, and the other, the interbank exchange rate, a rather floating one. The official nominal exchange rate still was much overrated. On November 11, 1991 a new regulation was supposed to change decidedly the foreign exchange policy. The exchange rates were unified at 180 lei/dollar. The exporters' receipts were automatically translated into lei, and the whole amount of foreign currency receipts transferred into the National Bank account. Therefore, the Central Bank started to fulfil its role of administrating the foreign exchange reserves, and of running the exchange rate policy as being stipulated by the law. This normal monetary rule was not successful because the firms were rather seeking to keep their hard currencies instead of giving it up. This behavior was motivated by the lack of confidence in the Governments' monetary policy because of too often changes in regulations, and because the authorities were reluctant to depreciate the currency as high as the inflation rate. The exchange rate type was a floating controlled one, established by the Central Bank through daily auctions and a fixing procedure. Since the currency reserves were too small to support the allowed narrow depreciation, the declared current account convertibility lost its real meaning.

During the next two years - 1992 and 1993 -, when the inflation rate reached the incredible level of almost 300%, the depreciation in the nominal exchange rate didn't follow the inflation.

- During the period 1994-1996, one could remark some changes. Thus, the interest rate has fluctuated according to the inflation rate, in order to be positive in real terms. The foreign exchange market has been completed with a real interbank market

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as the most active segment of the market, which allow the companies to get easier the necessary foreign currencies and to finance their external transactions. The former auctions to settle the exchange rate don't work any more. The Central Bank's role consists in creating the rules, supervising the intermediaries on the interbank market, in participating on the interbank market in order to promote the foreign exchange policy and to protect the national currency. The exchange rate is being established freely by direct quotation, and in the same manner is establishing the spread between sell and buy. Daily, the National Bank is publishing a weight average exchange rate, which is a nominal calculated one of the interbank transactions. The convertibility is still internal and limited. The financial and capital transactions referring to direct investments, investments in titles such as shares, bonds, treasury bills etc., loans and credits, and any other unilateral transfer from Romania abroad has to be authorized. The exceptions are referring to the foreigners' bank deposits in the Romanian Bank accounts, the borrows and credits received by residents which are guaranteed by state, and the attracted deposits of the Romanian Banks. The foreign companies are allowed to participate on the exchange market only as sellers.

- During the 1996 year, the banking sector faced difficulties. Several private banks were about going bankrupt because of too much amount of bad loans, and the investment mutual funds were also collapsing. Trying to overcome the situation, the Central Bank has imposed more strict rules referring to the requirements to be fulfilled by the banks and by the dealers on the interbank foreign exchange market. Only a few banks have been authorized to play the intermediary role.

As it is well known, the evolution in the nominal exchange rate has to be connected with the inflation rate. If the inflation rate is low or decreasing, because of shift in productivity and unchanged salaries, the nominal exchange rate will be appreciated. This will also produce a real appreciation, and will penalized the exporters' competitive position. We could call it a "healthy" expression of decreasing the competitiveness through exchange rate appreciation. The exporters could compensate it by improving some other aspects of competitiveness such as the quality. High inflation will also influence the real exchange rate, making it unfavorable for exporters, if the nominal exchange rate doesn't change according to the increase in prices. Put it differently, it is high inflation rates and insufficient exchange rate flexibility. This led to extended period of overvaluation of the real exchange rate. Such a situation of the real exchange rate also means lose in competitiveness but of "unhealthy" nature and, related to this, pressures to take protectionist measures may occur. In the case of Romania, the results of my calculations on the exchange rate depreciation of the national currency in the years 1990 -1996, using the formula $(E_0 - E_1)/E_1$, compared with the yearly inflation rate show as follow(%):

	1990	1991	1992	1993	1994	1995	1996
Inflation rate	5.1	165.5	210.4	256.1	180.6	31.5	42.2
Exchange rate change	54.0	54.2	75.1	59.4	54.0	18.6	43.3

*Consumer price indices, National Office of Statistics

One can notice that, excepting the years 1990 and 1996, the inflation rate was higher than the percentage of national currency depreciation. In 1990, the prices were not liberalized, any increase in prices being the result of the long time uncovered demand pressure. In 1996, a very sharp depreciation has been induced by the announced unavoidable increase in the oil price and by the difficulties in financing the imports of oil. The figures for the all other years show that the nominal exchange rate has not been fully "indexed" according to the inflation rate. If the nominal exchange rate is maintained or is devaluated under CPI (inflation rate), real appreciation will certainly occur through inflation. The above results mean a quite important real exchange appreciation or an unfavorable exchange rate for the Romanian exporters. Another important factor which undermined the foreign exchange policy effectiveness, according to National Bank (Yearly Report, 1995), was the big amount of residents' foreign exchange credits awarded by banks in 1994 and 1995. Consequently, the current account registered every year a certain deficit, in the period 1990-1996. The exchange rate real appreciation also means that, because of high dependence of energy imports and of still subsidized energy, any change in the exchange rate is automatically undertaken by prices, sometimes even in advance (because of expectations), the big industrial consumers having been kept alive, despite the situation. The problem cannot be solved exclusively by monetary measures. Giving up the salaries indexation could contribute to moderate the inflation. The real solution asks for economic restructuring, increasing the productivity and reducing the costs, especially the costs of energy and raw materials. Partially, the explanation could also be the fact that the foreign exchange market was too narrow, and the nominal exchange rate not fully liberalized. Therefore, the exchange rate depreciation took place rather in a sharp manner, instead of a gradual adaptation to the inflation rate.

Since one of the main sources of inflationary pressures is the fiscal deficit, and in order to have a more comprehensive understanding of the sources of inflation in the case of Romania, we have to see how high was the fiscal deficit and how was it financed. This is especially the case when Central Banks buy government debt which will expand the monetary base. Beside this inflationary pressure there is a second argument of restricting fiscal deficits, i.e. fiscal deficits tend to enlarge the trade and current account deficit, *ceteris paribus*, this also may increase the use of protectionist measures. Consequently, having budget discipline is very important.

The budget deficit in Romania was reported as being under control, the highest amount of 4.32% of GDP being in 1992. But, according to some new estimations, the budget deficit in 1996 was about 6%. The deficit was financed in certain years by monetary issue, than by treasury bonds bought by the commercial banks and by the Central Bank as well. Despite this, the fiscal deficit was not the main cause of monetary expansion and pressure on the trade and current account balance.

The second readiness indicator is the extent of market oriented policies. Even this is a more qualitative approach, the figures about the progress in transformation (privatization and restructuring, price liberalization, trade and foreign exchange system, competition policy, financial institutions, legal reform, and contribution of the private sector) adapted from the EBRD Transition Report 1995 allow us to have a comparative view on the situation in the smaller countries from Central and Eastern Europe.

Although Romania has registered progress under the above mentioned aspects, is still lying behind the other countries in the region.

The third readiness indicator is the reliance on trade taxes. Economic integration will mean a decline in the trade taxes and some tax reform are needed to counteract this decline. This is especially the case when trade taxes represent a large part of total government revenue like in several developing countries. In Romania, the share of central government revenue from custom duties on international trade is not higher than 7%. This means a relatively modest dependence on trade taxes as a result of trade liberalization which was a key element in the transformation process.

Implementing the necessary legal and institutional framework is the fourth readiness indicator. In preparing accession to the European Union, the European Council of December 1994 adopted a broad "pre-accession strategy". Essential in this strategy is the demanding program to meet the targets of the internal market. Beside the list summarizing the relevant legislation, it also identifies the key measures in each sector and suggests the sequence in which approximation could be tackled. The White Paper provides a guide for the associated countries in adapting their legal structures to those which are needed for future participation in the internal market. The commitment to adapt the national legal framework in line with the single market requirements is extremely strong in all countries, including Romania. In general, one may say that all new law and regulations are guided by the EU legislation. Implementing the White Paper, however, may create difficulties due to the economic development and social environment. For instance, in the field of financial services, on the one hand, internal market legislation strengthens prudential requirements, and, on the other hand, leads to more deregulated markets. Such a change made too soon could seriously weaken emerging financial entities since most of them still have to cope with a legacy of bad loans or with new bad loans. Liberalization of capital flow should also be seen within the context of the danger of capital flight and balance of payments difficulties. Tax harmonization should be seen within the context of development of the different tax bases and the effects on allocative distortions. Despite these difficulties of implementing the White Paper, there is strong political will and commitment towards harmonization. According to Eurobarometer/1996, about 90% of the Romanian citizens are in favour of their country's membership in the EU. This means that Romanian citizens consider their future as being closely linked to those of the European Union and the rest of the industrialized world.

The four readiness indicators developed and analyzed show a clear picture: they all suggest the willingness and some progress in readiness to join the Single Market. Taking into consideration the other findings, consisting in:

- an obvious shift from the former geographical orientation, mainly to the Comecon countries, to a stronger integration into the European Union's trade (to notice the European Agreement positive effect, in this respect);
- better comparative advantages during the last years.
- possibilities of overcoming the impact of the so-called sensitive goods thanks to the liberalization in the Association Agreements;
- several other favorable conditions which has to be mentioned such as trade intensification which will create stronger interdependence and will create positive business cycle correlation; imports relatively liberalized; some decrease,

by comparison with the "peak years" 1992 and 1993, in the inflation rate; a market oriented policy; large concern referring to the implementation of the Internal Market legislation into the national legal framework etc.

The above mentioned allow us to say that there is a certain integration of the Romania's trade into the European Union's trade and favorable conditions to consolidate it in the near future. Therefore, the adhesion to the Internal Market is a realistic and beneficial perspective.

4. Membership of the European Union - a difficult approach

Membership of the European Union requires that a country is able to participate in the Economic and Monetary Union. In this context, in order to analyze the effects of monetary integration one may use the framework of the "optimal currency area theory". Within this concept, the level of real integration between the union and the potential members is the main factor influencing the costs and benefits of participation. There are at least two ways of analyzing the degree of integration: one is via the cyclical correlation; the other is to take into account the convergence criteria as in the Maastricht Treaty.

The cyclical closeness to Germany as the core country of the EU for the four Visegrad countries shows in the case of Hungary and Poland, countries reporting an advance on integration with the EU, a relatively high standard deviation from Germany in the period 1990-93. This means that the above countries have still remained far from the core business cycle. One may assume that the correlation coefficients of Romania will be negative. For membership of a monetary union it is important to have a relatively high degree of cyclical correlation. Otherwise the costs of giving up the exchange rate and the monetary policy may be too high. Therefore, Romania would be subject to considerable asymmetrical shocks. This means that during the next years autonomous monetary policy and the freedom to use the exchange rate instrument are necessary to influence the economy according to the domestic situation. This is the situation till now. One may expect a closer cyclical correlation in the medium term future due to the intensive trade relations, the ending of the adjustment process and the increase of the intra-industry trade. The moment when the real exchange rate will be relative stable, will be a sign that giving up the exchange rate may not be very costly.

The other way of analyzing is via convergence criteria. For the deficit as percentage of GDP and public debt as percentage of GDP the figures are fixed, being 3% and 60% respectively. Inflation and the interest rate should be in line with the best performances within the European Union. The figures in the case of Romania, like in other Central and Eastern countries, show that the inflation (related to this, the interest rates as well) will create the biggest problem. This is only a static approach. It is important to see whether inflation is really diminishing. In Romania, it has decreased from about 300% in 1993 to about 56,6% in 1996. The requirement is to generate significant progress in lowering inflation rate to levels comparable with the majority of the EU members. Looking at the causes of inflation one can get an idea about the

inflation development. Strong jump in governmental controlled prices was important source of inflation during the early nineties. Although some prices of goods and services are still controlled (food, transport, energy) it constitutes a low percentage of all categories and therefore their effect will be weaker than at the beginning. The monetary overhang which appeared as result of shortage of goods in the years till 1990, disappeared in the early nineties due to price liberalization and the price jumps. This kind of inflationary expectations followed by translation into higher wage demand are lowerer. In Romania, there was a ceiling of 75% for indexation - therefore only a partial wage-indexation. The recent increases in all prices induced by the increase in the price of energy (double price) will not be compensated by indexation, but by reducing the tax on wage and the amount of VAT. The Government has to find some other direct or indirect sources of budgetary revenue, such as selling the remained state property, cutting of subsidies etc., in order to keep the budgetary deficit under control. The VAT introduction (18%) created a price jump during 1993-1994; further increase is not necessary and therefore this factor will not increase inflation in the future. Important in lowering inflation is, especially, the increase in the labor productivity. Increased productivity can be created via a successful structural adjustment. In Romania, this is the most important way of future reduction in the rate of inflation.

The factors already mentioned point towards declining inflation inertia. Consequently, lower inflation in the future is a realistic possibility. This is essential because a low inflation is a pre-condition for entering the EMS. The characteristics of the EMS after the 1993 crisis make the system more adequate for an early membership of some countries in Central and Eastern Europe. The wider margin and the implementation of more flexibility in realignments would offer room for exchange rate adjustment that may be necessary because of the incomplete real integration between Romania and the EU. This doesn't mean to ignore the conditions for making the exchange rates more stable, and to keep it artificially fixed. By the contrary, essential is to change the fundamental conditions in order to reach more stability. Although the "Austrian way" of pegging the currency to the DM or a basket of currencies is a theoretical option, in the case of Romania this approach is extremely doubtful not because of the absence of intervention support or the low credibility of the monetary authorities, but because the most important currency for the import payments is the dollar, not an European currency. This also expresses the important share of imports of oil and raw materials in Romania's total imports, which usually are paid in dollars.

In order to be closer to the EMS' present shape, certain minimum requirements should be fulfilled:

1. The national currency should be full convertibility. The economic and financial situation in Romania is not prepared to undertake such a demanding commitment.

2. The Central Bank should be independent, and related to this, to target and control the domestic money supply. The Romanian Central Bank makes effort to be independent, and to fulfill its objectives without political and Government's interference.

To notice that the situation in a transition economy could complicate very much the things. For instance, the Central Bank succeeded in controlling the monetary amount but, because of the delayed payments among companies of an incredible high amount, the liquidity was supplemented by extra-banking means which led to a new higher inflation rate. Many of the Central Bank's trials to reach its targets were undermined by the lack of appropriate reaction from the real economy or by the lack of coherence with the other macroeconomic policies. Thus, it could be a declared independent Central Bank hampered in fulfilling its tasks in reality.

3. Fiscal deficit should be controlled which means that they can finance it on the international capital market. The Romanian Government may say that the fiscal deficit is under control, but at the beginning this has been financed by monetary issue. Partially, it has been financed by issuing bonds. Romania has recently entered the international capital market (samurai bonds).

4. Alignment of the market exchange rate and the PPP equilibrium rate - it is something which could result only from a stable economic environment and more balanced foreign exchange market.

5. Conclusions

It is clear that meeting these requirements ask for strengthening macroeconomic policies, including monetary policy. However, the monetary policy, even important, has to be supported by the whole reforming process. Referring to the perspectives of Romania to become membership of the European Union and to participate in the Economic and Monetary Union, one may say the followings:

- Because of very limited real economic integration and the negative cyclical correlation, the country could be subject to asymmetrical shocks. Therefore, Romania still needs to keep and to use the monetary policy according to the domestic situation;

- The convergence criteria as in the Maastricht Treaty are far from the requested level if we look at the inflation rate, interest rate and exchange rate stability. The only indicators generally in line with the EU requirements are the budgetary deficit/GDP and the public debt/GDP.

- The fulfillment of the minimum requirements needs adjustments and restructuring in depth. This takes time and therefore membership of the EMU is not possible in the medium term. However, we have to make the distinction between the economic integration, which is a long and gradual process, and the admission as the juridical framework of the one country participation to the European Union. Given the strong will of the most political parties, in power or in opposition, to adhere to the European Union, and the high popular support of this idea, we may answer about the way which should facilitate more the closeness to the European Union requirements: being inside, in a certain manner, or staying outside and waiting for a *sine die* admission?

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TOWARDS A EUROPEAN NATIONALISM

OVIDIU PECICAN

ABSTRACT. Can we speak today about *European nationalism*, in addition to other classical types of nationalism? This is one of the main questions of our time, to which this essay tries to give a thorough response. Whether "European nationalism" is a new form of eurocentrism or an attempt to construct the new European identity, whether a definition of "Europeanism" is possible or whether the lesson of unification has led to the discovery of new defining elements of "Europeanness", are all legitimate questions in the present context. This essay deals with some possible answers and offers a new view upon the topic.

Where is Europe making its way today? The project for its global unification involves a different approach of the discourse. The Europe of nations seems to understand today that, after a centennial history for losing its supremacy the time has come to learn one most profitable lesson. Which will this be? Certainly the lesson of unification, overcoming the political and ethnical idiosyncrasies. Therefore, the main discourse seeks to become the European one in the federal alternative. Is this a new eurocentrism though? If the tendency to protect Europe from a marginal position is taken into account - as such position seemed likely to be destined for a long period - so if we refer to the desire and the efforts of Europe to remain closest possible to the center of global economic, political and social life, then we can conclude that the answer is yes. However, if we count the fact that Europe ceased a long time ago to be the exclusive engine of civilization as well as the paradigm proposed to others, then the answer must be no. This time, though, the European action is based on a fear, not on an adventure enthusiasm as before.

The old eurocentrism used to ignore, or, at least diminish the importance of the extra-European civilizations. Such tendency can be noticed in the ancient ages, when anything that crossed the outer limits of Greece or of the Roman empire was regarded as "pagan". This was against the fact that the Greeks and the Romans admired the glamorous civilizations of Egypt and the Asian-babylonian one. In the seventeen and the eighteen centuries still, a series of authors can be traced who theorized the "degeneracy" of Americans starting with the physical-geographical conditions. This tendency can easily be psychologically analyzable. It does not express, though, but the Europeans' desire to motivate their own superiority, and, in the end their own domination. Certainly, they were only partly right. Not everything that came under measurable parameters of the European civilization had no actual value. Once more it can be seen today, when Japan and South

Korea have become more competitive than the majority of the European countries especially in the technological fields, which were thought to be the attribute of the European science and civilization.

Nowadays, as it is, domination is no more a European goal. Europe only seeks fair partnership with the other parts of the world. But, the nineteenth century, which was the century of the maximum European domination, seems to have finished just yesterday. Before this century there had been successive series of European domination. The first one was Alexander the Great's. Eventhough the irony of the history made this domination a very strong Asian like one, still, to Europe this era meant conquering Asia and India for the first time. This is how the export of European features began. Geographically speaking, Rome was not defined as one European power, as it was an empire settled mostly along the Mediterranean sea shore comprising the Asian and African territories as well. On the other hand, it is nevertheless true that the Roman empire is essentially a European expression, with the Latin world participating significantly in its spiritual configuration. That is why the Roman domination in the Mediterranean area is an infusion of European features in the Asia minor and north Africa likewise. The crusades had lead, as it is well known, to the restoration of access ways and emerging of state organisms-eventhough short-lived- of a European feature. Starting with the great discoveries, Europe had reached, practically, to tempt the universalization. Portugal, Spain, England, France and Holland would conquer the cardinal points, celebrating the domination upon Asia, the two Americas and Africa. The result is well known. The first to have ever struck back to the "europenization" tendency was America. The United States proclaimed America the country of Americans by the Monroe doctrine (1825). The alarm signal rendered the public opinion of a real danger, largely extending: the nineteenth century Europe was dominating the world. This century seems, from one point of view, an apogee torn by conflicts, the imperial and colonial tendencies of the great western powers that lasted up to the WWI. Although the disaster resulted should have asked the traditional cast to think, only the second world conflagration shattered the European colonialist dreams and their creations. Along with this shattering of the last massive European domination - which marked its quasi universal triumph - the world witnessed the imposing and decided coming forward of the United States of America in the world politics. After the two world wars had lead by armed participation in the conflagrations to the recognition of the US as a world great power, their overwhelming influence was more and more sensed. Already during the interwar period but mostly after the wars, Europe is increasingly Americanized, by necessary goods and technology, capital, cultural, fashion, and spiritual trends imports. The time has come for Europe to be colonized. This colonization will be done mostly from two directions during the after war period. Besides the American products, the market of the old continent will be invaded by products from the Far East -from radios and cameras to motorcycles, cars and computers. Dismantled into national states, Europe could not oppose such an invasion, with the exception of a frail common market.

In this whole context, the year 1989 traced a border line. Starting with the European revolution, the Soviet Empire disappeared. There are two important

consequences to this fact: first, by dissolution of the American soviet double polarity the US remained the single power pole of the world, reaching their actual power peak. On the other hand, along with the disappearance of the red colossus, the satellite states became *de facto* independent, also becoming virtual partners in the continental unification process. The united European dream entered a new phase, as proved in 1991 by signing the Maastricht treaty and increasing the number of the union states from 12 to 15.

Concerning this relatively accelerated rhythm, meant to lead to political unification on one side and to the extension of the European Union on the other, it should be noticed that the motivations are more complex than they actually look like. Let us notice, briefly, the fact that the huge soviet dowry had to be assumed and adequately administrated; That on the other side, the western European desire to ascertain a balance to the American presence is not less significant; that this was also a reaction to the distinguished Asian economical enthusiasm.

All the above seem to announce the appearance of a new "eurocentrism". Unlike the classical eurocentrism, based on awareness of the western superiority and on the desire to dominate, the new approach has a positive feature. It does not disparage the other cultures and civilizations, but seeks to credit its own profile in an active-prospective way, and not a nostalgic one. Still, the way it regards itself towards the other non-European partners is based on the mutual value enhancement and the respect for the values of the others.

This new European feature can also be defined as a "European nationalism". By this very fact it struggles against classical nationalisms, but also against various types of world expansionism. As it is formulated by the new "ideologies" of the post-ideological era. Such an example would be the post-modernism. The new European feature favors the continental particularism - where there in Europe comprises the specificity of each people - rejecting the universal melting. In the name of the new European attitude other universalisms are also rejected: Marxism for instance. The europeanism was born as a reaction against the function that it had been carrying out so far: the totalitarian-communist ideology. The new emerging europeanism can be defined as an attempt of a cultural construction of a European identity conscience, without excluding the old national identities, but, above them all, not even dissolving in a planetary, global conscience.

UNDERSTANDING AND USING CULTURAL ANTHROPOLOGY IN THE POST-SOCIALIST ROMANIA

ENIKŐ MAGYARI-VINCZE

ABSTRACT. I. UNDERSTANDING CULTURAL ANTHROPOLOGY AND THE RELATED NOTIONS OF CULTURE

The first chapter of my paper presents some ideas concerning the contribution of cultural anthropology to the understanding of social reconstruction after the collapse of socialism in Eastern Europe. By doing this, it also introduces the interested reader in some aspects of the theoretical background of the cultural anthropology program as it is developed at the Faculty of European Studies, Babeş-Bolyai University. Concerning the institutional framework of this program has to be mentioned that at present - started with the academic year 1996/1997 - this takes the form of a two-semester long M.A. studies, involving ten students graduated in different social sciences. Presenting some aspects of the theoretical/ conceptual basis of our new intellectual/ institutional enterprise the paper actually reflects on how this wants to localize itself in the framework of the redefined European ethnology and of cultural anthropology as the discipline that studies complex societies at home and/or abroad.

II. USING CULTURAL ANTHROPOLOGY IN THE ANALYSIS OF FEMINISM AS IDENTITY POLITICS

The second chapter of the paper may be read as an introductory study to a future empirical cultural research defined as a project for a feminist anthropology. It has to be considered in the social and academic context in which my everyday life and my professional interest is located. In a restricted sense this is the university of Cluj, Romania, a multicultural institution in a multicultural city, whose ethnicised meanings were reinforced - (again) after 1990 and 1996, respectively - as politically debated, publicly negotiated issues. From another aspect, this is an academic context where cultural anthropology is hardly institutionalized, and where the introduction of women's and gender studies was not even put on the agenda of the university reform. Under these conditions I strongly feel the need to circumscribe the theoretical framework on which I would like to conduct in the near future an anthropological and feminist investigation. That's exactly what the first chapter proposed to do very briefly [see also E. Magyari-Vincze (a)]. Learning from my investigations on the politics of national identity as it was and it is practiced by the Romanian and Hungarian elite in Transylvania, Romania - I aimed to understand feminism as an identity politics that can avoid fundamentalism

and can be practiced as a form of critical multiculturalism. As a conclusion I suggest that - parallel with the empirical investigation of the meanings in which "womenness" and the differences between genders are defined inside of different social institutions - a feminist anthropology has to be self-critically committed to a form of identity politics that builds up hybrid social spaces in the framework of which cultural hegemonies tend to be permanently deconstructed by the involved social actors.

Today in Eastern Europe the attempt of

understanding cultural anthropology

means to define it as a newly institutionalized discipline that can make a great contribution to the investigation of ***the cultural dimension of the contemporary social, economic and political processes.***

In my paper I will make a reflection on the notion of culture that, of course, is used as an important theoretical and methodological tool in the anthropological inquiry. I will define some possible directions in which this discipline, as a cultural approach, can produce results in ***the understanding of the reconstruction of social realities after the collapse of socialism.***

The *cultural encounters* between Eastern and Western European societies; the *differences constructed* and maintained between and inside of the societies of our region; *the processes of cultural sharing and diversity* as they function in these countries in the context of the ethnicised and gendered social relationships - there are ***some of the main issues*** that can be analyzed in concrete situations and through particular case studies by the means of the qualitative anthropological inquiry.

As *native researcher* - using concrete empirical materials, respectively a knowledge about their historical and contemporary social/political context, and making a permanent critical reflection on the condition of the insider - one can have a ***contribution to the production of critical theories about the contemporary Eastern European transitions.*** This is because the perspective of cultural anthropology - defined as ***an interpretive, reflexive and critical cultural analysis of cultural sharing and cultural diversity*** - is able to elaborate a critics of dominant discourses and to deconstruct some naturalized Grand Narratives (but also some binary oppositions between different homogenized "us" and "them"). I am referring between others to *the dominant discourses and the narratives of national and gender identities* that in the way as they function today *after the collapse of socialism* - by inventing "traditions" as natural givens and through the politicization of the desire of belonging and of recognition - *are among the main cultural impediments of the changes of mentalities.* (On the critical dimension of cultural anthropology see for example D.H. Hymes, 1972; B. Scholte, 1972; G.E.Marcus and M.M.J. Fischer, 1986; R.C. Ulin, 1991, C. West, 1994).

Because cultural anthropology **as the cultural analysis of everyday life** asks how life is experienced and expressed by different people (who occupies different social positions and have different perspectives on what's happening) - after the collapse of the socialist ideology and in the conditions of the rebirth of other kinds of homogenizing images on reality -, it can rehabilitate the different, the small stories and the marginal experiences. In this way it becomes a discipline that *describes and interprets the social conditions of cultural sharing and cultural diversity*. (On the anthropology of everyday life see for example O. Löfgren, 1990; J. Frykman, 1989; P. Niedermüller, 1993).

Related to the cultural anthropology's contribution to the understanding of contemporary transitions, one can further emphasize that it can **interpret the processes of the (re)construction of reality, mainly those performed by symbolic forms** in concrete spatio-temporal contexts, through the activities of different social actors (individuals and communities). Doing this, the anthropological analysis aims to understand *how different phenomena* (as rituals, habits, objects, social relations, behaviors, institutions, written texts and so on) "read" by the researcher as *cultural forms represent cultural contents, that is cultural meanings and categories* produced and shared by different groups of people in certain social contexts and historical moments. As such it offers an interpretative "explanation" of the meanings that are relevant from the point of view of the participants, - that is - it constructs the links between the observed activities, events, behaviors (as texts) and their meanings (On the nature of the interpretive analysis see C. Geertz, 1973, 1983).

Analyzing complex and contemporary societies, cultural anthropology understood in this manner is interested in *the social organisation of meanings* (see U. Hannerz, 1992), emphasizes *the dialectics between cultural sharing and diversity* (see M. Gullestad, 1991) and *the practice of constructing cultures* (see S. Ortner, 1994; P. Bourdieu, 1973). By this it becomes **the discipline of cultural differences**, that can study the means and strategies through which today in Eastern Europe different identities are redefined, social boundaries inside and between countries are constructed.

In what follows I would like to reflect on

the notion of culture

as a theoretical and methodological tool. So my following questions are related on the one hand to **its content** and on the other hand to the nature of the **cultural approach**. Of course, these two aspects are connected, so at the very beginning I can mention that the following reflections on them are not part of a "culturalist" perspective on culture and on cultural approach. But are related to a **version of the interpretive paradigm**: that one which - *in the definition of the "cultural - emphasizes the links between society, culture and politics, and the practice of culture-building; respectively asks about the social, cultural and political functions of symbolic forms through which individuals as members of certain social groups*

construct/ understand their world; and it searches the way how power relations are built/ challenged/ maintained through symbolical battles performed on the "appropriate" meanings of reality.

It is obvious by now that in what follows I use the notion of culture first of all instrumentally in order to define the nature of the anthropological

cultural approach.

In my mind this approach is located in the larger frame of the investigation of the researcher's "own society" on empirical basis: as a *particular way of understanding the human thinking expressed/ produced through socially constructed symbolic forms; as a certain way of interpreting the social, cultural and political dimensions of the practices and the lived experiences of everyday life as they are functioning in complex societies.* In the following paragraphs - as a result of the effort to combine the interpretive and the political economy perspective and the conceptualization of complex societies as a network of perspectives - I would like to present first of all one possible understanding of cultural approach, and only related to this some meanings of the notion of culture.

It is well-known that since the 1960s anthropology started to move its focus from social structures and human behavior to *the socially constructed meanings and inter-subjectively formed ways of thinking.* One of the main changes that went on in this discipline were performed by **the interpretive turn**; a perspective that - in the context of the crises of representation in social sciences - elaborated a critics of the traditional myth of fieldwork and practices of writing. It redefined the possibilities and limits of the anthropological understanding and those of the researcher, respectively the position of the personal accounts in the anthropological texts, emphasizing their self-reflexive features; it introduced in the anthropological discourse topics like textualisation, representation, discourse and discussions about the epistemological dimension of the anthropological knowledge (see for example J. Clifford and G.E. Marcus, 1986; J. Clifford, 1983).

In the same time, under a Marxist influence, **the political economy paradigm** redefined the importance of holistic approach and focused its attention on *the processes of globalisation and creolisation in the network of the contemporary cultures.* It introduced in the framework of the anthropological analysis *the historical and political perspective,* and the discussion on the *links between the different smaller social, national communities and their larger international context* (see for example E. Wolf, 1990). The focus of the interest turned to these topics generated methodological redefinitions too: as a result, anthropology became opened towards the *interdisciplinary researches,* mainly to the attempts orientated to *the reconstruction of the historical background of the contemporary processes, to the identification of the patterns of the using of the past, of the models of its representation in contemporary narratives* and others. Issues like *how national identities and national cultures are built* during history, how they become the symbolical battlegrounds of the political discourses, how

power constructs/ maintains / challenges certain meanings while being legitimated / challenged by them - there are some of the questions that began to be "conquered" by the anthropological analysis (see for example E. Wolf, 1991). Related to this, culture was not seen any more as the reproduction of uniformity but rather as the organization of diversity.

The way how *the relationship between cultural and political* was shaped as an anthropological topic, respectively how *the promise of the critical attitude* was formed are also the results of the encounters between anthropology and "**cultural studies**". The common points of these approaches are the questions concerning *the processes of cultural differentiation in the contemporary societies, the cultural dimension of the social inequalities, the everyday life as it is lived by people*; they are related to *the representation of reality in peripheral cultures, to the means and strategies through which the dominant cultures define the "legitimate" interpretations of reality* and through which *individuals are constructed as social subjects* (see for example, V. Blundell - J. Sheperd - I. Taylor, 1993; S. During, 1994).

On the basis of the above briefly presented directions of contemporary cultural anthropology, I am suggesting that in the present-day East-European context one may understand and institutionalize it in the following meanings:

1. Anthropology is **a form of cultural analysis** that aims to understand human thinking, as it is expressed, and even produced through inter-subjectively constructed symbolic forms. The investigation is realized in the frameworks of concrete microanalysis, and aims to construct the links between the cultural forms that are observable from outside and the cultural contents that are represented/ produced through them. So **the anthropology of thinking** is the research of *the means and strategies of how members of a group construct, use, organize their symbolical forms of self-expression, of how they define and demarcate their identity*; it also contains *the description of the social context* in which all this happens; it tends to *identify the meanings that are relevant from the point of view of the participants*; and, through all these, it offers an empirically and theoretically based interpretation on how cultural meanings are connected to cultural forms in particular social / historical/ political contexts. Of course, all the mentioned aims are relevant in the perspective that defines thinking as a social and symbolic activity; and considers *culture as a symbolic construction*, as the totality of the links between cultural forms and contents: *as the system of the historically shaped patterns of meanings by which people communicate, express their identity and their sense of belonging* (see C. Geertz, 1973, 1983). The cultural analysis in these terms, as **a symbolical approach**, means not simply the study of some signs that are considered in the researched community as "symbols". But rather it is identified with the qualitative interrogation of any kind of social, economic and political activity, institution, ritual etc. through *questions related to their cultural dimensions*, to the meanings, images, ideas, feelings represented by them.

2. If one emphasizes *the processual and constructed nature of culture*, its constitutive and constituted character, then can define the anthropological cultural

analysis as **the anthropology of practice**. As such it makes *the investigation of the practices through which reality is built* by cultural, symbolical means and those by which, in its turn, culture is constructed through everything that real people do in real settings.

This approach introduces in the anthropological discourse terms like activity, cultural change, processes, cultural hegemony and so on. In particular ways *it links the historical and the anthropological perspective*, asking how internal and external processes shape the life of a social group, how social integration and disintegration is expressed/ represented/ produced by symbolic means, *how the social is constructed by individual practice and the latter is constrained by the former* (see for example S. Ortner, 1994; P. Bourdieu, 1973).

The reflection on the relationship between practice and system focuses the attention on the analysis of those cultural mechanisms that govern people's consciousness, the ways they perceive, define themselves: so topics like *symbolic power* and *discourse* (see M. Foucault, 1981) become central, and the political dimension of any kind of social relationship and of the production of meanings starts to be enlightened. It is supposed that the social and the cultural are inseparable linked aspects of human life, and *culture is a social practice*, more precisely, *the symbolical dimension of the human practice, the practice of symbolization, the totality of means and strategies that construct shared, but also differentiated meanings* (see for example R. Bocock, 1995).

3. The anthropology of practice is intertwined with **the cultural analysis of everyday life**, that focuses on *the lived experiences and the cultural meanings relevant in the lifeworld of groups and individuals*. "Everyday life" in this context is understood as the interpreted, lived, so as *the subjectively meaningful, and taken-for-granted reality; as the inter-subjective frame of life* where individuals can communicate because they share a natural attitude, a set of proper knowledge concerning themselves and their social reality (see for example P. Berger and T. Luckmann, 1991; A. Schütz, 1984).

Understood in this broader sense, everyday life is not identified with the life of the "people from the street", but is seen from the elite's point of view too; and, of course, is not the opposite of feasts, or other "special" events, but it contains them as practices governed by different kind of knowledge's than the "ordinary" ones.

The over-present nature of everyday life (see O. Löfgren, 1991) makes obvious that by its analysis one can understand and compare the different "normalities" that are accepted as such in the framework of different social spheres, by different social actors having different perspectives on and experiences of the social reality. So the study of everyday life is also *the study of the social differentiations* that function in complex societies, *of the "over-arching" cultural categories* (see M. Gullestad, 1991) that are constructed in different meanings in the "same" society at the same, and/ or at different times.

Finally has to be mentioned, that the analysis of everyday life has another, extra-professional impact too: it legitimates and rehabilitates some perspectives that are marginal and hidden, peripheral and non-dominant in particular social and political context. It is one approach that is able to represent on empirical basis how

life is lived outside the "official" and political discourses that shape and dominate the public sphere.

This chapter of the study identified a possible way of understanding cultural anthropology and its contribution to the interpretation of the contemporary reconstructions of the East-European realities. Defined this discipline as *a cultural, critical analysis of thinking and of cultural meanings, of practice and of the cultural mechanisms of power, of everyday life and of the social differentiation of lived experiences*.

In a first step I will discuss the problem of

identity and identity politics

in order to express the conceptual paths where my understanding of feminism is located.

Looking for a more generalizing standpoint, I will put first these issues in the context of *Stuart Hall's* view on the need of the category "identity" (S. Hall, 1996). He asks: after the anti-essentialist critique of ethnic, racial and national conceptions of cultural identity what kind of *positive knowledge on identity* can be developed if one is accepting that this is a key concept without which certain key questions cannot be thought at all. Hall's definition is emphasizing: "identities are never unified and, in late modern times, increasingly *fragmented* and *fractured*; never singular but *multiply constructed* across different, often intersecting and antagonistic discourses, practices and positions" (S. Hall, 1996: 4). After Laclau he also stresses that "the constitution of a social identity is *an act of power*", that is while it is affirming itself, it is excluding something (the constitutive outside) and it is establishing a hierarchy between the two resultant poles. Putting the question of "identity" in the terms of "*identification*", one concentrates his/ her analysis on the never-ending process of the *signifying practice*, on the discursive work, on the *making of symbolic boundaries*, but also on the material function of ideology in the constitution of subjects. Finally Hall uses the term "identity" to refer to "the *meeting point* ... between on the one hand the discourses and practices which ... speak to us or hail us into place as the social subjects of particular discourses, and on the other hand, the processes which produces subjectivities, which constructs us as subjects". He is concluding that "identities are *points of temporary attachment to the subject positions which discursive practices construct for us*" (6).

Putting the question of identity in the context of the contemporary world, *Craig Calhoun* stresses that "our effort to attain stable self-recognition or coherent subjectivity is challenged" today and we have to consider subjectivity and *identity* as a *project*, as *something under construction*, as *something never perfect*. If one is speaking about subjectivity and one of its important aspect, identity, than inevitable confronts *the problem of self-recognition and the recognition by others*. Calhoun considers that the main components of recognition are: the capacity to look at oneself, the capacity to choose one's actions, and the capacity to make

oneself something more or better than one is. That's why recognition needs management, manipulation, and successful presentation or performance. And because in our era recognition became problematic all over the world for the complexity of recognizable identities, the competing identity schemes and the multiplicity of discourses attempting to name persons, *identity politics* became today's powerful *collective struggles on recognition, legitimacy, and even power, and, of course, on expression or autonomy* (C. Calhoun, 1995: 20 - 21). Calhoun calls attention not only on the so-called "new social movements" of our times (the women's movements, the movements of gay men and lesbians, of African-Americans..., of youth, of ecologists, or the countercultural movements), but also on other contemporary phenomena (such as the new religious right, the resistance of white ethnic communities against people of color, the different versions of nationalism and fundamentalism). He observes that identity politics are well working if the various subgroups existing inside the groups on behalf of which political claims are made do not accentuate their differences, "but adopt a *common frame of reference* within which their unity is more salient" (25 - 26). Treating the issue of identity in the context of identity politics one has to observe the *concrete interactions within which identities are constantly renegotiated*, and within which individuals achieve some personal *sense of continuity and balance among their multiple identities*. He/ she must not forget that "every collective identity is open to both internal subdivision and calls for its incorporation into some larger category of primary identity" (27). And, beside these, has to see how identities are *changing* and how they are not only *reflections of "objective" social positions*, but "are always rooted in part in *ideals and moral aspirations that we cannot realize fully*" (29).

Identity politics as analytical problem is often associated with cultural studies, anti-colonialist, anti-racist and feminist investigations. *Lawrance Grossberg's* proposal is to rearticulate the category of identity and its place in cultural studies, by "raising the question of whether every struggle over power can and should be organized around and understood in terms of issues of identity" (L. Grossberg, 1996: 88). He reasserts Hall's distinction between the *essentialist and anti-essentialist models of the production of identities*. "The first model assumes that there is some intrinsic and essential content to any identity which is defined by either a common origin or a common structure of experience or both. ... The second model emphasizes the impossibility of such fully constituted, separate and distinct identities. It denies the existence of authentic and originary identities based in a universally shared origin or experience. Identities are always relational and incomplete, in process. ... Thus the emphasis here is on the multiplicity of identities and differences rather than on a singular identity ..." (89).

Very briefly I may conclude: speaking about *identity* involves necessarily the talk on its *politics*, because *the construction* of any individual and/or collective *identity* means not only *its definition through certain cultural categories* that are given in our socio-political context, but consists also of *positioning oneself and others*. So the mechanisms of inclusion and exclusion, those of building boundaries are not only defining who am "I" (who are "we") in front of different "others", but are also constructing power hierarchies between the positions that are

attributed to different identities. Thus, politics of identity always are setting up *imagined communities* defined through certain *cultural categories*, located in certain *social positions* and situated in certain *political hierarchies*. That's why politics of naming, politics of positioning and that of recognition are the cultural, social and political aspects of identity politics that all have to be investigated by the anthropological (cultural) analysis of this phenomenon. This is exactly what I did done related to the nationalist identity politics from Romania and what I would like to do in the terms of a feminist politics of identity.

Planning an anthropological research on feminism as identity politics is important for me to put the question

how can I learn from the cultural critique of the nationalist politics of identity?

One can observe that in the *post-socialist Romania* politics is reinvented dominantly as the space of the *politics of national identity*, or, as it happens since 1996, as the space of economic and administrative reform, and/ or that of the battles over corruption. In terms of collective identity the political discourses are concerned with the Europeaness of Romania, or on the contrary with its "uniqueness", and the problem of the internal social inequalities or is missing from their agenda, or is debated in its ethnic dimension. So in and through this domain of activity, *identity is nationalized* and so is difference, *other types of identity politics are not represented here*, respectively are considered as not relevant, or less important from the point of view of the big issues of "transition". In this way politics reinforces ethnic identification as the most "natural" and "normal" way of building boundaries and defining belonging, respectively nationalism is (re)considered as the most proper style of making politics.

I made the analysis of majority and minority nationalism using mainly the works of *Benedict Anderson* (1983), *Fredrik Barth* (1969), *Robert Foster* (1991), *Richard G. Fox* (1990), *Niedermüller Péter* (1994), *Katherine Verdery* (1992, 1993), thus the perspectives that emphasize the constructed nature of (ethno)national identities and illustrate the way how the analysis has to link the historical, cultural, social and political dimension of the phenomenon.

Putting the problem in the context of the Romanian-Hungarian relationship, I can conclude that, on the both sides, the *politics of ethnicity* is used again as the most suitable instrument for *the (re)construction of collective identities*. So the political, assimilationist *ethno-nationalism* of the "dominant" part encounters/ generates / reproduces the cultural, resistant ethno-nationalism of the "non-dominant", and vice versa. In the same time ethno-nationalism functions as a *homogenizing authoritarian discourse on Romanianness and/ or Hungarianness*. In this context the internal differentiations in terms of social position and gender are not considered, or more properly speaking are treated as irrelevant aspects that have to be silenced in order to build up a strong consciousness of belonging to a

community committed to the big issues of the time, that is - seen by some politicians - the reinforcement of national identity, or - seen by others - the integration in Europe.

When I was completing my research on the Romanian and Hungarian nationalist identity politics from Romania (see E. Magyari-Vincze, 1997b), I had to find a solution for *two main ethical dilemmas*. One is related to the problem of the institutionalization of cultural anthropology in Romania and is about how this discipline - exactly through the analysis of the nationalist identity politics - can prove its usefulness and particularity in front of other social sciences, first of all in front of the complicity between traditional ethnography and the politics of national construction. And the other is concerned with the nature of the commitment of an intellectual who belongs to an ethnic minority, like myself, with the question if he/she has to express his/ her solidarity with this ethnic group, or has the "right" to make a critical analysis of the minority fundamentalisms, too. I concluded that - on the one hand - the perspective of cultural anthropology can and has to be used *in deconstructing the reified traditional (nationalizing) ways of political thinking and acting*. And - on the other hand - can and has to find an alternative alignment which *questions the obligation of the unconditioned solidarity of the intellectual with those who are studied by him/ her and who, in the same time, form what can be called the researcher's "own society"*. This may be the case even if the social category under scrutiny is "dominated", marginalised, oppressed and mainly if the analysis considers the ways how its elite is naturalizing/ essentialising/ romanticizing the identity of that community.

I would like to conclude that my options concerning the chances and possibilities of a *feminist politics of identity* which may be practiced in Romania are influenced by what I learned from how essentialism and fundamentalism shaped and shapes the nationalist identity politics in Romania and by my effort to represent in my own society an other kind of cultural politics which is called "critical multiculturalism" (see D.T. Goldberg, 1994).

When I am thinking to conceptualize

feminism as committed to multiculturalism and aiming to avoid fundamentalism,

I have to consider the relationship between essentialism and constructivism how it may appear in a feminist discourse.

When *Craig Calhoun* is speaking about the essentialist invocations of races, nations, genders, classes, he is also stressing the need of pointing to *the social and cultural histories by which they have been constructed*. He accepts the importance of the social constructivist critique of essentialism which challenges the ideas that identity is given naturally, that individual persons can have singular, integral, harmonious and unproblematic identities, and that collective identities are based on some "essence" or set of core features shared by all members of the collectivity and no others (C. Calhoun, 1995: 13). But he also calls attention toward

how social constructivism risks to treat identities in terms nearly as "essentialist" as biological determinists, for over-emphasizing the impact of early socialization and that of the power of social structure. *The risk of essentialism* (for example in feminism) it seems to be an *implicit result of identity politics*: because "where a particular category of identity has been repressed, delegitimated or devalued in dominant discourses, a vital response may be to claim value for all those labeled by that category ..." (17). Searching the possibilities of reconciliation between the post-structuralist project of displacing identity with the feminist project to reclaim it, Calhoun suggests to add constructivism to essentialist reason, to consider the possibilities of *both deconstructing and claiming identities*, and *to remain self-critical about our invocations of essence and identity*.

After Judith Butler, *Stuart Hall* also seems to arrive to the same conclusion of "the necessary limits of identity politics", as a *representational politics* whose basis is the presumed universality and unity of its subject - a seamless category of women (S. Hall, 1996: 15, 16). And *Judith Butler* herself is concluding that "within feminism it seems as if there is some political necessity to speak as and for *women*", and ("in this country") representational politics and "lobbying efforts are virtually impossible without recourse to identity politics", so "demonstrations and legislative efforts and radical movements need to make claims in the name of women" (J. Butler, 1992: 15). She agrees that feminism has to be *self-critical* about the processes that produce and destabilize identity categories, and is ready to accept that *the ground of feminist theory is ungrounded*. This means that the subject of feminism - "*women*" - has to be deconstructed but also used as "a site where unanticipated meanings might come to bear" (16). After all, is extremely important to be aware of the fact that the establishment of a "*normative foundation* for settling the question of what ought properly to be included in the description of women would be only and always to *produce a new site of political contest*". She concludes that "this is not to say that there is no foundation, but rather, that wherever there is one, there will also be a foundering, a contestation" - and one has to accept this even if this attitude risks to serve antifeminist purposes (16).

As a conclusion, related to the limits of any identity politics, and in particular those of feminism, I propose to think about the later's chances in my country in the post-socialist era, namely *after the delegitimation of the socialist feminism and in the contemporary context of the reinforced domination of the nationalist identity politics*. Inevitably, feminism as identity politics may begin to construct the imagined community of women: it may be practiced through a *politics of naming* (defining the features of its subject), through a *politics of positioning* (locating "women" in their social context) and through a *politics of recognition* (situating its subject in power hierarchies). As such it may be used as a tool by which one can *deconstruct* the essentialised and homogenized national identity (the subject of the nationalist identity politics) and *to build up bridges* over separated national identities precisely by identifying the joint features of women situated through the nationalizing dichotomization on different sides. But, in its positive aspect, feminism *takes the risk of re-essentialising and re-homogenizing inside its own subject* - thus it seems to be ruled by the same mechanism that was tended to be denaturalized by itself at another level.

How can one find a solution for this paradox? How can be analytically, but also ethically and politically proved that *de-essentialising on a certain level* can go on while *essentialisation is practiced at another one*? However, my conviction is that this question can be used as a starting point in our efforts *to practice feminism as identity politics differently*. One idea can be considered for sure: the aim has to be *to theorize and to consider more than one difference* (more than one identity) at once and to be always aware of what is excluded from the subject in whose name a certain politics of a certain identity is practiced. Maybe in this way we can at least conceptualize a critical multiculturalism that builds up *hybrid social spaces* in the framework of which *cultural hegemonies tend to be permanently deconstructed*.

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POLITICAL ANALYSE STRUCTURES FOR EASTERN EUROPE POLICIE

KANTOR IRINA ANA

The volume "The Soviet Union and Eastern Europe" edited by George Schöpflin in 1986, is a collective work comprising contributions of wellknown political scientists and analysts, experts in Soviet Union and Eastern Europe political, economical, social and cultural realities. It was conceived both as a strict documentary account of the states of this political area, so that each of them is provided its own basic data file (begining with geographical coordinates and going through with the informations regarding demography, economy, history, social welfare, education constitutional system, mass media, political personalities); and as a synopsis of the structure and evolution of the political, economical and ideological relations between Soviet Union, the main exporter and coloniser of communism in its Stalinist form, and the Eastern European importers and colonized countries.

The whole analyse is comparatively developed on specialised levels: history, politic, economy, society. The core of the actual enterprise seems to be the discovery and the dispatch of those mechanisms that enforced communism in U.S.S.R. and that have been used afterwards by Soviet Union in Eastern European countries and the reactions aroused there during this process ongoing.

Of an extreem importance in shaping the unity of the volume and as well for its cohesion and comprehension scheme, is defininig those conceptual features necessary to the semantical integrity of the analyse. This is done by George Schöpflin in his introductory chapter. He is advancing here the definition of Stalinism both as ideology, political system and reality. This kind of definition is following not merely the theoretical distinction between marxism, leninism and stalinism, but it rather is the depiction of what Stalinism really represented, namely a super concentration of the political power set out to the service of a static simplist utopian modernity pattern. That pattern was meant to create, spread and impose Soviet Union as a modern super-power. Nevertheless, the author sustains, Stalinist pattern is but one of political development patterns drafted in Soviet Union and Eastern Europe. As typical as stalinization was de-stalinization, which is described as an abandon of the coercive methods in ruling society, as a result of its acceptance of the communist power. The pattern sprang out of the obvious necessity of the renewall of the relations between society and power, reflected in the fatigue of the economical resources of stalinism as a modernity strategy. The de-stalinization pattern had brought forward the problems of its limits. Namely how far could somebody stroll on the de-stalinization road and still keeping within communist borders and not beyond them. The "Reformation" politics in U.S.S.R. and Eastern Europe had finaly shown that reformation itself is no more than an

other political pattern towards which communist power has evolved. But this last pattern was instable, rather mutant than specific, always enhancing two diametrically opposed evolution directions (one leading to the free society, the other inevitably to authoritarianism). The forthcoming pattern to be set up was that of the developed socialism, that retained centralised power but within the communist party and not in an individual.

Schöpflin points out the two contexts in which the patterns would have their examinations: that is on one hand, the international context of Soviet Union and Eastern European countries, where it is discerned the evolution of power patterns within the international relationships. On the other hand, it is each Eastern European country's context, the specific shaping of the unique pattern of power in each particular political area. Finally he is noticing the incontestable fact that the communist power could possibly not have functioned only through sheer power. Such a standing point of view would prove ignorance on some matters regarding these societies' characters such as the substantial and unconditioned support of the system by the new elites, new social classes, certain natural propensities and bendings towards authoritarianism, to be found as well in individuals and at a social scale, in the traditional culture of the society; and last but not least, the latent or explosive existence of national aspirations and nationalist frustrations that always have been traced, re-evaluated and actualised for and as most sufficient legitimacy instances by the power. Absolutely outstanding is the remark that only when all these resources come to their exhaustion, the system must restore coercion or sheer power. Or whether it can not, than succumb, as it actually would have happen.

The ideology of the communist power is one of the most interesting subjects that are argued throughout the volume. Even if it is not allowed with more than a chapter, "Ideology and Politics", signed by Marcus Wheeler, the subject is successively dealt with from different angles all over the book. While Marcus Wheeler tries a summary introduction of marxism, leninism and marxism-leninism as historical political doctrines and as legitimation instances for the communist power, some other authors (such as John Keep or George Schöpflin) are investigating the ideology of stalinism, or that of communist nationalism (George Schöpflin, Neil Hyams, J.F. Brown, Michael Shafir). The analyses of the ideologies as determinative factors in the display of the communist power legitimation patterns are setting out the network within which the history of communism in Eastern Europe is superposing the history of the ideology of totalitarianism. The vault over the gap between the marxist ideology, for which not the nation but the class is the last irreducible element of society, and the nationalist ideologies, where the ethnicity and its statal expression, the national state, is the irreducible social element, is one of the most accurately drawn explanations. This is approached both from a historical standpoint and from the perspective of political doctrines' evolution as the reflection of a permanent need for rational and moral foundations of the political action. The apparent contradiction outlined earlier is, for the last century political doctrines' crystallizations irreconcilable. Within that classical frame communism and nationalism are incompatible. On this irreconcilability and incompatibility was founded assumedly, manifestly and ostentatiously Lenin's whole political action on

grasping power and Stalin's consolidating it. The subsequently emergence of national communist parties doctrines are but the reactions raised by Soviet Union's various attempts of imposing political, economical or cultural, decisions. The assertion of the nationalist ideas by communist ideology was a further step and another path in establishing some other form of legitimacy for the communist power. Instituting the authority of a nation and an ethnicity was a different way towards the same goal: authoritarian power.

The debates aroused over this subject are focussed on the specific national situations developed in Eastern Europe countries as well as in Russia and some of the federative republics of U.S.S.R., Ucraina and the Baltic Republics. The discussions are preceded by a short history of the national issues characterising these countries and their handlings by the communist governments along different policy stages. The interest over these enquiries is quite vivid as Soviet Union had the Tzar's Empire legacy, an empire built upon a multitude of nations and nationalities, the distribution of which within the borders of Soviet Union is partly due to the conditions of the pre-communist Russian Empire, and partly to the express nation mixing policies led by Stalin in order to run an absolute control over the peoples of the U.S.S.R. republics. But than Eastern Europe itself is a nations' conglomerate with a very wrestling and often contradictory history in preserving and keeping up ethnical and national identities and having them recognised in independent national states. The high density of the historical events loadings and the existence in the pre-modern, modern and contemporary periods of some permanent hotbods systematically re-activated has led to a perpetual recoil of the national minorities issue and to the implicit answer to it, the recourse to the dominant force of the majoritarian nation. Schöpflin is correctly noticing that wherever the communist power was somewhat more liberal towards society this h'ad a positive impact over the status of national minoroties too His example is pointing on Yugoslavia, and, maybe, the liberal course Schöpflin is refering to, has had after the '90ies, its most natural fulness, although it is obvious that Yugoslavia was not prepared to undergo the ends of what has already been set during Tito's rule. The reciprocal is true too, namely, wherever the communist power had been oppressive to the entire society, it had been towards national minorities too, but with the crucial distinction that the latter had to stand the double pressure of an authoritarian power and nation. This was the case of the Hungarian minority in Romania. The post-revolutionary reflex of Ceauşescu's nationalist policies concentrated in the national communist party formula, meaning a unique party and a unique nation, expelled authoritarianism under its unique party sintagma but instead re-enforced it in the unique nqtion state policies.

Directly related to the question of nations and national minorities' identities is religion. Although in the present volume religion is treated as a constituent of the social, the strong traditional relations between nation and the corresponding religion item that was often revisited in post-communist era, in most of the Eastern Europe countries and of the ex- Soviet Union republics, requires a political framing too. Perhaps national religion policies would deserve further enquiries with regard to authoritarian political systems.

Opposition and dissent in Soviet Union and Eastern Europe are subjects for distinct chapters, revealing their social composition their nature and their significance. Peter Reddaway and, respectively, Walter D. Connor are describing the main characters of dissent as a political phenomenon, underlining the substantial differences from this point of view from one country to the other. Dissent, mostly as intelligentsia dissent, is defined as a political movement, mainly individual, defending human and civil rights under authoritarian communist rule. As a political action it was tolerated by post-stalinist powers to different degrees, related to the respective internal (that is marxist) or external (non-marxist) criticism standpoints. The authors are emphasizing on the fact that, on the contrary, opposition was by no means and in no way tolerated by communist power, that by its very nature it is destroying any political institution perceived as alien and against itself. One of the most comprehensive slogans illustrating this nature is "Those who are not with us are against us". Opposition had a distinct nature from that of dissent as, whereas dissent was related to individuals as persons, opposition confirmed individuals within a social structure, thus emerging from the entire society (such as Solidarity in Poland).

The economy of the communist system was the immediate out-come of the modernity pattern adopted and then imposed over Soviet union and Eastern Europe by Stalin. Its quintessence is enhanced by industrialization and collectivisation on a base laid down by marxist-leninist theory of property, while the proximate genus to which is defining itself by contrast to capitalist free market economy, is centralised planning economy. The economy control system has kept its strength instrumentalizing communist power up to its endings in the late '90ies. That what the authors of this chapter, Francis Seton and David Dyker are summing up under the general headings of decentralisation in the '70ies, is referring to is one person control system and not one party control system. The former fall when Stalin died, the latter was activated afterwards and with the double checking control system, carried out by party officials at different levels and state administration employees. But the party would never give up control over economy as it was one of power's prerogatives containing the actual possibility of directing, distributing and re-distributing assets and resources accordingly to its own interests, goals or eventually likings. The real question is about the force the power had to maintain this prerogative, and regarding the answer to this question it should be said that there were important signs of its erosion in some of Eastern European countries, like Yugoslavia, Hungary, Poland or Czechoslovakia, while in some others like Romania, Bulgaria, Soviet Union the process was perhaps only at the very beginning. The post-communist developments have quite accurately shown the differences in the various levels of power erosion in retaining economic prerogative. The restoration of property rights as well as implementing private property at a national scale are still the coordinates indicating the huge distances in effective economy de-centralization and political prerogative for Eastern Europe policies.

Society, its structure and its relations framework is a chapter tracing both important changings in social class structure that occurred in the communist societies along the 20th century, and the particularities of that class in the name of

which and for whom communist revolution and society were engaged upon and build up. Some of the analysts signing this chapter, such as George Kolankiewicz and Alex Pravda are discovering those policies actions and strategies constantly pursued by communist powers in Soviet Union as well as in Eastern Europe countries, to enforce a and assimilate at social scores the egalitarian codes and values, and at the same time their discriminatory suspension (upward or downward) regarding certain classes, social groups or categories, whenever a minimum social contract negotiations for establishing legitimacy would have required it. The logical result of this twofold policies was the creation, despite the doctrinar egalitarianism of privileged classes (party and state elites /nomenklatura/, technocrats, intelligentsia and worker class of some favored industrial branches such as mining and heavy industries), on one side. On the other, it was the emergence of an extremely remanent persuasion and strong belief in the good egalitarian substance of socialism in social collective mentalities. The clientage profile of the new relationship status between power and society is only superficially antagonistic, in regard to social justice egalitarian criterions: as the distribution and the re-distribution of social equity presupposes distribution and re-distribution of economical power and both of them presuppose global control over society, which is requiring concentration and authority of power.

The actual interest of the present volume arises mainly from a double comparative perspective: it displays the summ and the crystallized analytical experience of an entire generation of political scientists, experts in Eastern Europe communist politics.

And it is susciting verification instances for political science theories due to the diachronic view lay down in the last years by post-communist societies.

NON-AGRICULTURAL RURAL EMPLOYMENT IN 90s ROMANIA

MARIA VINCZE

ABSTRACT. The main aim of this paper is to analyze the state of the non-agricultural employment in Roumania's rural area where lives about 45 % of the population. The paper deals with facts and with the opinions of the rural population concerning these facts.

We begin with a brief description of the general macroeconomical situation, and in particular of the employment state. In the second part we present some partial results of an empirical study realised in nine Transylvanean villages, in more then one thousand households, about the situation and the opinion of different categories of the rural population, in particular the problems of employees and unemployed.

Introduction

Romania is involved in a comprehensive transformation process of its economy including agriculture, with consequences on the rural life. Its farm restructuring programmes differ in some aspects from those of the Central European countries. Romania applied partial restitution of land to the former owners and their heirs mainly within the original boundaries and the decollectivization was carried out through liquidation. The land reform re-established a peasant agriculture with a large number of small private farms. At the moment these peasant farms have a role in employing the rural population, offering some income to urban landowners and contribute to the production of food and to food self-sufficiency.

We start with the presentation of selected macroeconomic indicators that offer an image about the Romanian macroeconomical environment of rural development (Annex Tab.1).

The data indicate the changes during the last years: a drop in the first part of the period; an increase since 1993 and a new decrease in 1996.

A difference between the branches can be grasped: fall was considerable in the industry, but the gross agriculture production was holding near constant by direct and indirect support for agriculture (which amounted to about 10% of the expenditures of the state budget). The main reason for the relatively good performance of agriculture is that, at market prices a greater proportion of agricultural activities have comparative advantage than in the case of industry.

The high level of inflation and the non - uniformity of its rate, the negative balance of the trade, the budget deficit, the increase of the gross debt, etc. are

evidencing the fragility of the macroeconomic stabilization process. Agriculture was a factor that both contributed and suffered from the macroeconomic imbalances.

Finally, we can conclude that macroeconomic surrounding is unfavorable for the rural development.

The employment situation, in general, and for agriculture is described by the indicators of table 2.

Concerning to the employment situation it can be noted:

- the very high level of the share of agricultural employment within the total employment;
- the unusual trend of increase of this share during 1990-1994;
- in absolute terms, in 1995 there were about 3.2 million people engaged in agriculture. About 200 thousand persons were employed in the state or private sector as wage-earners, while the rest of about 3 millions were private farmers. Partial employment is significant within the agricultural labour force.

We can conclude, that the role of agriculture in employing the active rural population was increasing. The Romanian agriculture becomes the buffer of shock of unemployment in transition process. In the early years of transition, when the small-scale landholdings have been created, agriculture was able to absorb labour in net terms because changes in property rights, structure of exploitations, low level technology within private agriculture have allowed it to increase employment. At present the further development of agriculture would depend by decreased proportion of the total workforce engaged in agriculture, by the increase of average labour productivity. The main internal factors which influence the ability of this sector to grow include prices, markets development, technical knowledge, availability of appropriate machinery, legal background, such as security of tenure and ability to amalgamate holdings into larger farm units, etc. The most important external factor will be the stability and the increase of economy in the future.

The specific situation of employment in the Transylvanian villages

After the brief presentation of Romanian economical environment we move on to present the specific employment situation from rural area on the basis of a sample of Transylvanian villages.

We have taken in study nine communities from seven Transylvanian counties which are three different types:

- three periphery villages, in which dominates traditional agriculture;
- three core villages, near the big urban centers with hopes of a rapid economic growth;
- three industrial periphery villages, from regions dominated by a heavy, requiring restructuring industry.

We have analyzed 1119 households on the bases of a complex questioner at June-July 1996.

The synthetic information about the employment structure of interviewed persons is presented in the annex-table 3.

More than one third of the interviewed from villages were employees, respectively at present unemployed. The share of employees is bigger in core villages, while the share of unemployed is higher in industrial periphery villages.

The data about structure of not employee and not unemployed persons are synthetic presented in the annex-table 4:

- the share of full -time private farmers is higher in periphery villages (11.4%) and more less in core villages (2.6%);
- the share of the entrepreneurs is larger in industrial periphery villages than in periphery or core villages.

In the following we present the more important results of our research about employees and unemployed by type of region on the basis of collected and working up information syntetised in annex tables nr 5-12:

The location of employment is different by type of region;

The biggest part of employees is working in small-business. A large part of employees is working still in big factories in the core villages and less in the industrial periphery villages. This means, that when starts the restructure process of big industrial company, many commuting persons will be affected by unemployment;

About the form of the companies we can emphasize the large share of industrial state-owned enterprises and relative less share of private enterprises;

The sort of business of companies for which they work engaged in, are the most sensitive to restructure, so heavy industry and agriculture.

In continue I am showing data about the unemployment period:

- In the periphery and industrial periphery villages, the structural unemployment is characteristic;
- On the question: "which are your chance if you lost your job tomorrow?", the biggest part of the interviewed persons hope they could find a job with equivalent terms and conditions, but there are many people who think they would be unemployed for a long period;
- The opinion about solution in the case of unemployment is a signal for be missing a strategy for this case;
- Geographical mobility is low;
- The flexibility of unemployed rural population is absent, scared of the risk of business;
- The fear of business is not only the money problem, but one of them is the mentality of rural population.

General conclusions of research

The above-mentioned partial results can be complete with other synthetically results of project:

1. Macroeconomically environment is unfavorable for rural development;
2. Agriculture remains for medium-term the buffer for unemployment;

3. The commuter employees will be affected by the starting restructuring process and will increase the registered and the hidden unemployment from the rural area, especially in the core and the industrial periphery villages;
4. At present economic and social situation, the poverty is unfavorable for the extension of rural entrepreneurship;
5. The use of market economy mechanism is inefficient in condition when the majority of households are subsistence-farms, without market orientation;
6. The low organizational level of rural population make more difficult the realization of partnership between the main actors of economy: producers, consumers and government;
7. The patience of rural population is relative high, the share of dissatisfied persons is not too high;
8. In conditions of liberalization and privatization, in particular in compulsion of monetary policy measures, could appear more commercial agriculture farms and non-agriculture private enterprises;
9. The new Romanian program for agriculture is economically rational for long term but its implementation will be difficult at present unfavorable macroeconomic situation and in actual rural social situation.

Finally we emphasize that the injection of principles of economic rationality into the policy- making process would be a key element in the transformation process and this need a minimal political and social consensus. This consensus could be created only on the bases of the knowledge of the real situation. This paper represent a modest contribution on this way.

Annex

Tab.1
Selected macroeconomic indicators in Romania

Selected macroeconomics indicators	1990	1991	1992	1993	1994	1995	1996
Population (mio.pers)	23.2	23.1	22.8	22.8	22.7	22.7	22.6
GDP (USD bn) nominal	35.1	28.8	19.6	26.4	30.1	35.5	...
GDP/capita (USD at exch.rate)	1648	1244	859	1159	1324	1567	...
GDP/ capita (USD at PPP*)	3972	3551	3545	3703	3966	4352	...
Real growth rates of:							
– GDP	-5.6	-12.9	-8.7	1.4	4.0	6.9	4.1

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– Gross ind.prod.	-19.0	-22.8	-21.9	1.3	3.3	9.4	9.9
– Gross agr.prod.	-2.9	0.8	-13.3	12.9	0.2	4.1	1.8
– Gross fixed investment	-35.5	-31.6	10.9	8.4	20.1	13.1	4.5
Consumer price indices (previous year = 100%)	105.1	270.2	310.4	356.1	236.7	132.3	138.8
– food goods	104.5	286.2	336.6	348.9	236.2	131.9	139.1
– non-food goods	105.5	267.8	294.2	369.0	232.8	129.6	132.1*
– services	105.1	235.7	280.4	340.3	250.8	142.7	146.9
Producer prices in industry (previous year=100%)	126.9	320.1	284.8	265.0	240.5	135.1	...
Retail trade, real, growth rate, %	17.2	-25.5	-17.3	-7.6	8.4	24.6	7.9
Exports total, USD mn.	5775	4266	4363	4892	6151	7910	7660
– annual change in %	-44.9	-26.1	+2.3	+12.1	+25.7	+28.6	-3.2
Imports total USD mn.	9202*	5793	6260	6522	7109	1027 8	9970
– annual change in %	+9.1	-37.0	+8.1	+4.2	+9.0	+44.6	-3.0
Central government budget, USD mn. (at exch.rate)	164.9	513.2	821.0	671.7	1237. 2	1445. 2	...
– deficit, % of GDP	0.44	1.86	4.36	2.60	4.19	4.09	...
Current account, USD mn.	-3337	-1012	-1564	-1174	-428	-1639	...
Gross debt**, USD mn.	230	1143	2479	3357	4543	5338	...
Average exchange rate ROL/USD	23.03	80.08	320.3 7	775.9 5	1673. 32	2054. 95	3733.9

* FOB

** WIIW

Romanian Statistical Yearbook 1996

Tab.2

Employment in Romanian economy and in agriculture

	1990	1991	1992	1993	1994	1995	1996
Employment total (thou.pers.)	10840	10786	10458	10062	10011	9493	10893
- annual change in %	...	-0.5	-3.1	-3.8	-0.5	-5.2	...
Employment in agriculture (thou.pers.)	3055	3116	3362	3537	3561	3187	...
- annual change in %	...	+2.0	+7.9	+5.2	+0.7	-10.5	...
The share of agriculture employment within total employment (%)	28.2	28.9	32.1	35.2	35.6	33.6	...
Employees total (th.pers. average)	8156	7574	6888	6672	6438	6160	5802*
- annual change in %	...	-7.1	-9.1	-3.1	-8.0	-4.3	-5.8
Employees in industry	3846	3643	3245	3017	2856	2615	2556*
- annual change in %	...	-5.3	-10.9	-7.0	-5.3	-8.4	-2.3
Employees in agriculture	655	609	561	560	484	420	458*
- annual change in %	...	-7.0	-7.9	-0.2	-13.6	-13.2	+9.0
Unemployed registered (th.pers. end of period)	...	337.4	929.0	1164.7	1223.9	998.4	657.6
Unemployment rate in %	...	3.0	8.2	10.4	10.9	9.5	6.3
Average net monthly wages, ROL	3381	7460	20140	59717	141951	211373	321987
- annual change in %	...	120.6	170.0	196.5	137.7	48.9	49.3
Average net monthly wages in agriculture, ROL	3587	6752	17151	49053	112922	171148	266827
- annual change in %	...	88.2	154.0	186.0	130.2	51.6	55.9

Data are estimated by a sampling survey for Sept 1996
(Quarterly Statistical Bulletin 1996 nr.3)

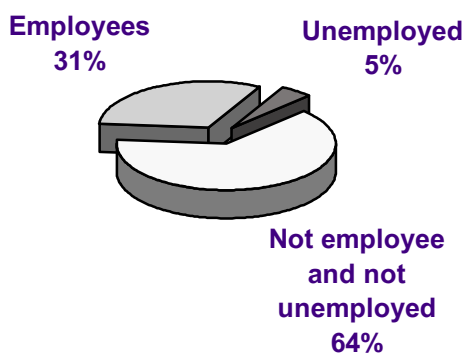
INFORMATION ABOUT EMPLOYEES AND UNEMPLOYED BY TYPE OF REGION

Tab. 3

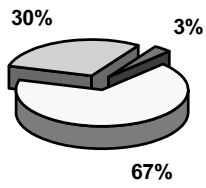
The employment of the interviewed persons

	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Not employee and not unemployed	255 67,1	228 61,6	232 62,9	715 63,9
2. Employees	113 29,7	129 34,9	108 29,3	350 31,3
3. Unemployed	12 3,2	12 3,2	29 7,8	53 4,7
4. No answer	-	1 0,3	-	1 0,1
TOTAL	380 34,0	370 33,0	369 33,0	1119 100,0

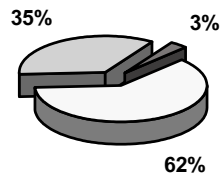
Total



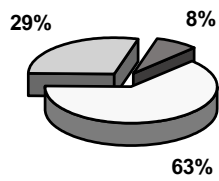
Periphery



Core



Industrial periphery



Tab. 4

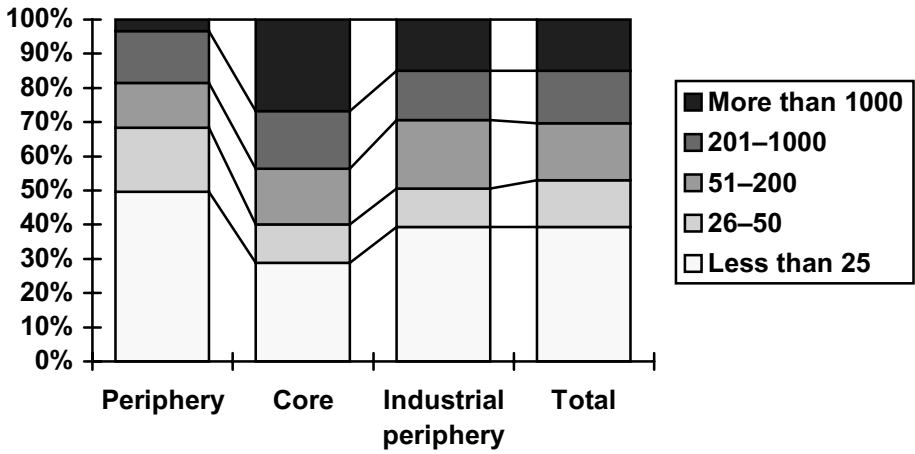
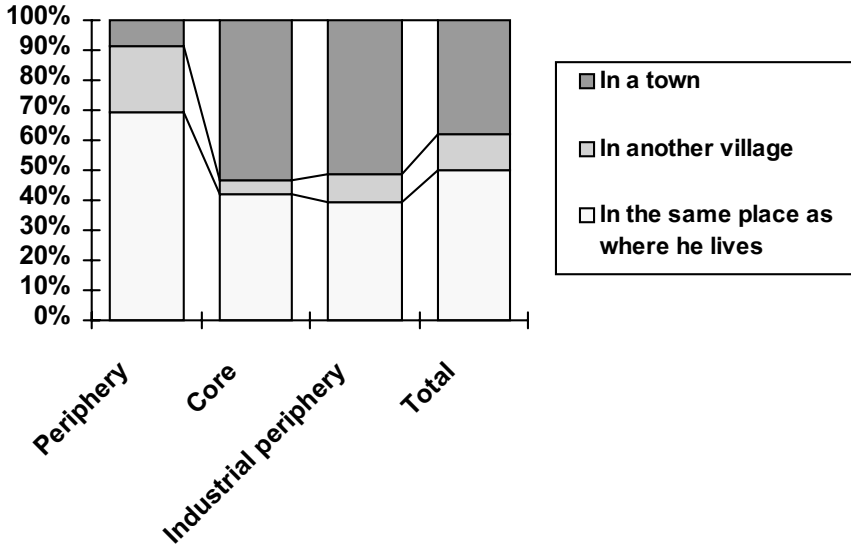
The structure of not employee and not unemployed persons

	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Private farmer	29 11,4	6 2,6	19 8,2	54 7,6
2. Entrepreneur	8 3,1	15 6,6	23 9,9	46 6,4
3. Pensioners	142 55,7	145 63,6	124 53,4	411 57,5
4. Others	76 29,8	62 27,2	66 28,5	204 28,5
TOTAL not employee and not unemployed	255 35,7	228 31,9	232 32,4	715 100,0

Tab. 5

The location of employment

The location of employment	The type of region			
	Periphery	Core	Ind.periph.	Total
1. In the same place as where he lives	101 69,2	60 42,3	64 39,5	225 50,0
2. In another village	32 21,9	6 4,2	15 9,3	53 11,8
3. In a town	13 8,9	76 53,5	83 51,2	172 38,2
TOTAL	146 32,4	142 31,6	162 36,0	450 100,0



Tab.6

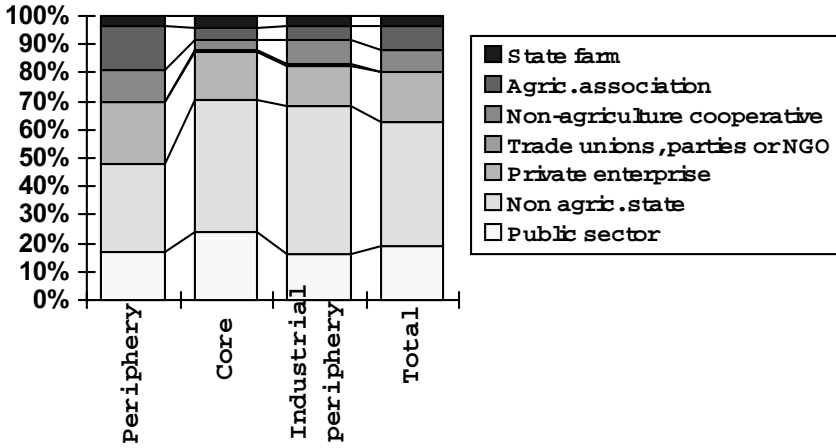
Average number of employees in the company

Number of employees	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Less than 25	72 49,7	41 28,9	63 39,4	176 39,4
2. 26 - 50	27 18,6	16 11,3	18 11,3	61 13,6
3. 51 - 200	19 13,1	23 16,2	32 20,0	74 16,6
4. 201 - 1000	22 15,2	24 16,9	23 14,4	69 15,4
5. More than 1000	5 3,4	38 26,8	24 15,0	67 15,0
TOTAL	145 32,4	142 31,8	160 35,8	447 100,0

Tab.7

The form of company

The form of company	The type of region			
	Periphery	Core	Ind.periph	Total
1. Public sector	25 17,1	34 23,9	26 16,1	85 18,9
2. Non agric. state enterprise	45 30,8	66 46,5	84 52,2	195 43,4
3. Private enterprise	32 21,9	24 16,9	23 14,3	79 17,6
4. Trade unions, parties or NGO	-	1 0,7	1 0,6	2 0,4
5. Non-agriculture cooperative	16 11,0	5 3,5	13 8,1	34 7,6
6. Agric. association	23 15,8	6 4,2	8 5,0	37 8,2
7. State farm	5 3,4	6 4,2	6 3,7	17 3,8
TOTAL	146 32,5	142 31,6	161 35,9	449 100,0

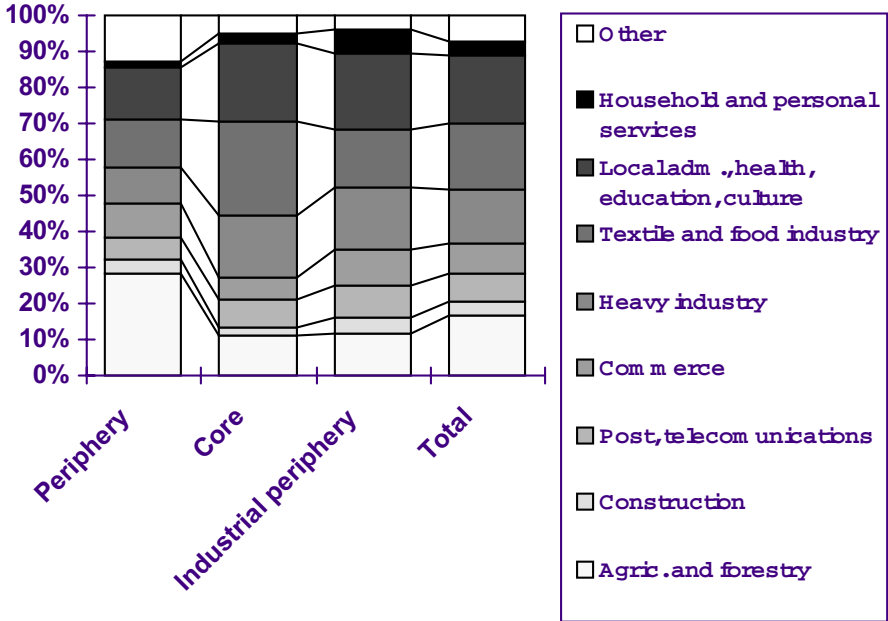


Tab. 8

The sort of business of the company

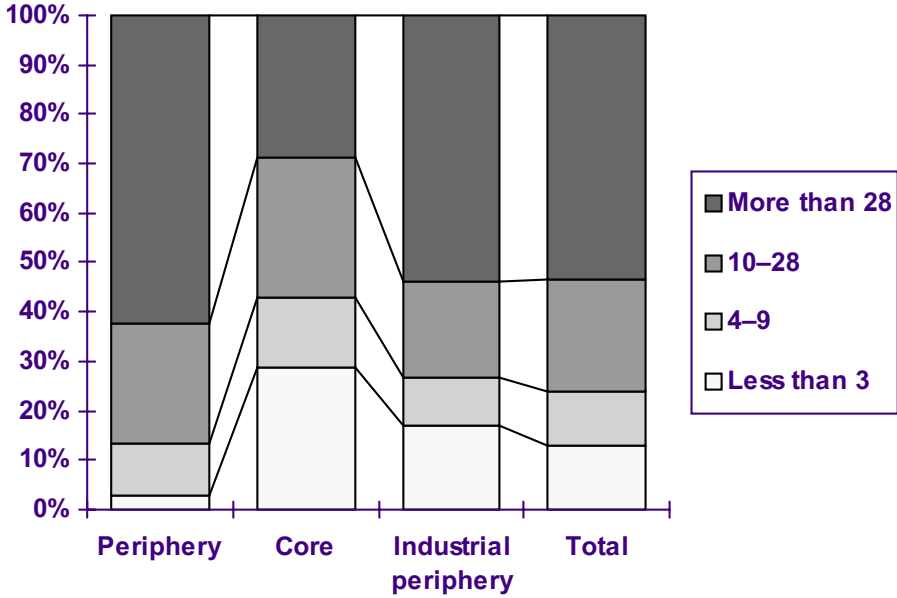
The sort of business of company	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Agric. and forestry	41 28,1	16 11,3	19 11,8	76 16,9
2. Construction	6 4,1	3 2,1	7 4,3	16 3,6
3. Post, telecommunications	9 6,2	11 7,7	14 8,7	34 7,6
4. Commerce	14 9,6	9 6,3	16 9,9	39 8,7
5. Heavy industry	14 9,6	24 16,9	28 17,4	66 14,7
6. Textile and food ind.	20 13,7	37 26,1	26 16,1	83 18,5
7. Local adm., health, education, culture	21 14,4	31 21,8	34 21,1	86 19,2
8. Household and personal services	2 1,4	4 2,8	11 6,8	17 3,8
9. Other	19 13,0	7 4,9	6 3,7	32 7,1
TOTAL	146 32,5	142 31,6	161 35,9	449 100,0

NON-AGRICULTURAL RURAL EMPLOYMENT IN 90s ROMANIA



Tab. 9
The unemployed period

Period in months	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Less than 3	1 2,7	4 28,6	7 17,1	12 13,0
2. 4 - 9	4 10,8	2 14,3	4 9,8	10 10,9
3. 10 - 28	9 24,3	4 28,6	8 19,5	21 22,8
4. More than 28	23 62,2	4 28,6	22 53,7	49 53,3
TOTAL	37 40,2	14 15,2	41 44,6	92 100,0

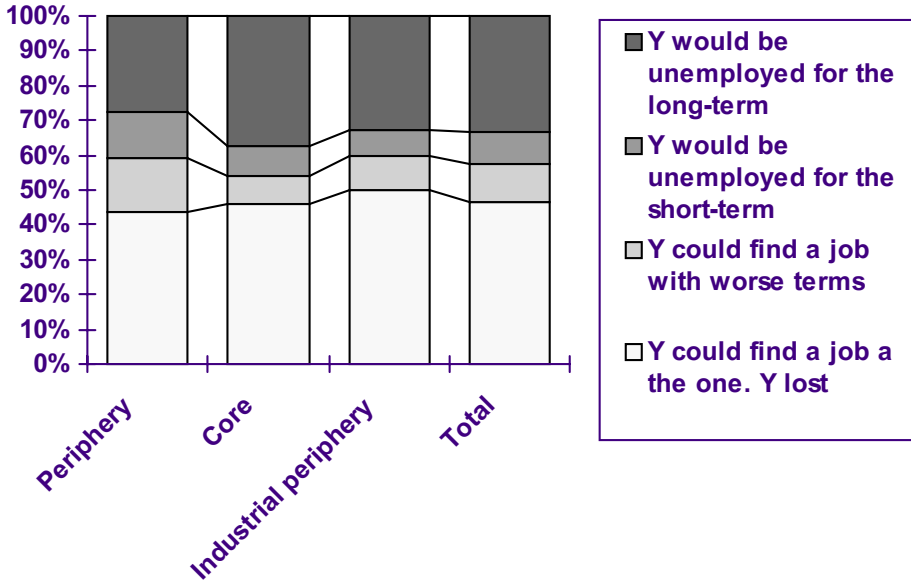


Tab. 10

The situation of employee if he lost his job

	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Y could find a job as the one I lost	33 43,4	50 45,8	50 50,0	133 46,7
2. Y could find a job with worse terms	12 15,8	9 8,3	10 10,0	31 10,9
3. Y would be unemployed for the short-term	10 13,2	9 8,3	7 7,0	26 9,1
4. Y would be unemployed for the long-term	21 27,6	41 37,6	33 33,0	95 33,3
TOTAL	76 26,7	109 38,2	100 35,1	112 100,0

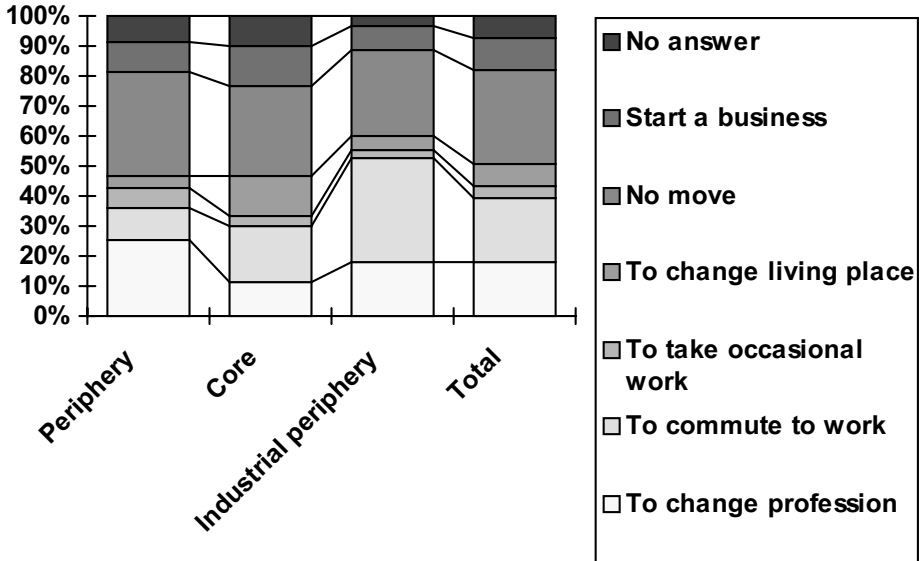
NON-AGRICULTURAL RURAL EMPLOYMENT IN 90s ROMANIA



Tab.11

Opinion about solution in case of unemployment

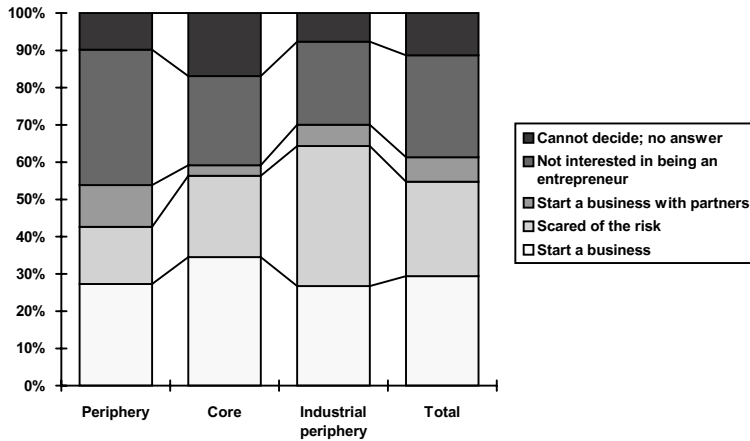
	The type of region			
	Periphery	Core	Ind.periph	Total
1. To change profession	35 25,4	18 11,6	25 17,7	78 18,0
2. To commute to work	15 10,9	28 18,1	49 34,8	92 21,2
3. To take occasional work	9 6,5	6 3,9	4 2,8	19 4,4
4. To change living place	5 3,6	20 12,9	7 5,0	32 7,4
5. No move	48 34,8	47 30,3	40 28,4	135 31,1
6. Start a business	14 10,1	20 12,9	11 7,8	45 10,4
7. No answer	12 8,7	16 10,3	5 3,5	33 7,6
TOTAL	138 31,8	155 35,7	141 32,5	434 100,0



Tab. 12
If you could get credit what would you do?

	The type of region			
	Periphery	Core	Ind.periph.	Total
1. Start a business	39 27,3	49 34,5	42 26,8	130 29,4
2. Scared of the risk	22 15,6	31 21,8	59 37,6	112 25,3
3. Start a business with partners	16 11,3	4 2,8	9 5,7	29 6,6
4. Not interested in being an entrepreneur	52 36,9	34 23,9	35 22,3	121 27,4
5. Cannot decide; no answer	14 9,9	24 16,9	12 7,6	50 11,3
TOTAL	143 32,4	142 32,1	157 35,5	442 100,0

NON-AGRICULTURAL RURAL EMPLOYMENT IN 90s ROMANIA



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**THE DYNAMIC OF THE FOREIGN CAPITAL
DIRECT INVESTMENTS IN ROMANIA (1990-1996)
(CAUNTY CLUJ)**

ANCA BOCA

ABSTRACT. This study attempts at analysing the evolution of the foreign capital in Romania - Cluj county, for the transition period (1990-1997). Appreciations and conclusions concerning the origin, the fields of interest, and the value of the invested foreign capital are presented. Being a regional analysis, the study includes the particular aspects for the implementation of foreign firms in Cluj. The evolution of the juridical and administrative aspects that allow for the penetration of the foreign capital is also analyzed.

An analytical approach on the flow of the foreign direct investments in Romania is as well pertinent as necessary all the more so as the modernisation and consolidation process of the Romanian industry imposes this. This study, deeply anchored into the present, evaluations, has in view an objective appreciation of the internal and external statistic data.

The collapse of the Communist regimes in the Central and Eastern Europe, has been followed by the passing of these countries from the planified economy to the market economy which is based on competition, competitiveness and efficiency. The reform and the quick privatisation process lead to the need of attracting the foreign investments either as loans or as direct investments of foreign capital- production capacities, technology, documentation, know-how, creation of bank branches, buying shares or parts of capital at the existing companies.

The economical relations of the excommunist countries, centered on the CAER economical institution (before 1989) and bases on a very rigid bilateralism, on exchanges bases on the transferable rouble and artificial prices, made more difficult their passage to the market economy.

As for the irrelevant investments in the interior of the CAER system we can say only that there existed the so-called forms of internationalisation by industrial cooperation between Western companies and states members of CAER; joint-ventures and direct investments in CAER-member states and with the authorisation of CAER. The French economist Vladimir Andreff appreciated that in 1995, Hungary, Poland and the USSR matched the condition for the direct foreign investments. So, if in 1983 there existed only 24 joint-ventures with foreign participation, placed in CAER as follows: 11 in Hungary, 9 in Romania and 3 in Bulgaria, the favourable legislation permitted in Hungary the increasing of the number of companies with foreign participation to 46 (in 1985) and in Poland and

the USSR at 270 (in 1988)¹ Romania was far behind such a legislation although in 1971 she was one of the first to adapt a law regarding the joint-ventures. The success of these joint-companies was rather a modest one; many of them being used only to ensure the needed raw materials² and some of them generated losses (the Olcit-Craiova French-Romanian Company).

This, it can be seen that before 1989, Romania did not have the preoccupation of other East-Central-European Countries (Poland, Hungary) for the stimulation of the foreign investments and did not have either the laws to authorise the joint investments or the total investments.³

The real conditions to attract the foreign investors after 1989 aims at several determinant factors; the political stability, the health of the national economy through the production structure, the macroeconomical balance, the convertibility of the national currency, the juridical milieu which affords security for the foreign partner, etc.

To all these there have to be taken into account one way or the other the perceptions of the behaviour, attitudes, bureaucracy, way of approaching. It is very hard to explain the low volume of the foreign investments in Romania compared to Hungary, the Czech Republic, Poland, but maybe an analysis of the reforms made from the Occidental point of view can offer pertinent even if not complete explanations. In 1990, Romania had the lowest PIB per capital 1640 \$, Hungary- 2780 \$ while the exports rate from PIB (in 1990) was as follows; 21% in Romania, 33% in Hungary, 26% in Poland and 35% in Czechoslovakia.⁴ The structural evolution of the reform in Romania was low⁵ or medium till 1993- was a general one of limited adjustment in the sense of economic stabilisation and the liberalisation of the prices in stages, fiscal reforms; 1990- the modification of taxes/profits; 1993- TVA 18 %; the start for the large privatisation by law 58/1991 and the small privatisation by law 2.11/1990.

From the Occidental economists and analysts point of view, Poland, Czechoslovakia and Hungary were known as having the most flexible laws regarding the foreign investments, but beginning with 1991 the Law 35/1991 given in Romania guarantees the security of the investments and creates favourable conditions of taxing the benefits.

The policy and attitude towards the foreign investments is obvious in the adopted laws as well as in the alterations made to the existing ones in order to favour them. As the matter of fact all the East-Central-European countries modified their legislation in order to optimise it.

"Initially, in the 1990-1992 period the attitude of the foreign investors reflected the uncertainty in the stability of the politics, including the aspects

¹ Reformes et echanges extérieurs dans les pays de l'Est, Paris, 1990, chapitre IV, p.6.

² Review *Tribuna Economică* no.1, 10 ian. 1992, p. 21.

³ Bernard Chavance, *Les reformes économiques à l'Est de 1950 aux années 1990*, Paris, Nathan, 1992, p. 187.

⁴ G.M. Henry, *Emergence de l'économie de marché en Europe de l'Est*, Paris, ed.Eyrolles, 1993, table, p. 27 - 31.

⁵ Nagels Jacques, *Du socialisme perverti au capitalisme sauvage*, Bruxelles, 1991, p. 244.

regarding the productivity - shows a report of the USA Embassy for Romania-" the year 1994 shows a higher confidence of the foreign investors even if there still exist unofficial barriers⁶.

The corrections of the imperfections and of the restrictive stipulations from 1993 of the law 35/1991 were made especially by abolishing the art. 9 "regarding the transfer abroad in hard currency, in 3 annual instalments of the amounts of investments", and the art., 16 which used to limit the transfer in hard currency of the annual profits at a rate of 8-15% of the share in cash"⁷. On the other hand, the investors were exempted from taxes for a 5 years period for investments made in agriculture, industry or constructions, and for a 3 years period- for investments made in commerce and transportation- on the condition that the investments were greater than 10.000 \$.

Referring to the package of laws adopted (Foreign Investment Law-no. 35/1991, revised in 1993; Law on Foreign Investment in Exploration and Production of Oil and Gas, no., 66/1992; Free Trade Zones Law- no. 84/1992; Law on Stimulating Foreign Investment in Industry- no. 71/1994; Commercial Register Law - no. 26/1990; Company Law - no. 31/1990; Privatisation Law-no. 58/1991; no. 55/95; Government Ordinance Regarding Tax on Profit- no. 70/1994), the same report of the American Embassy appreciates "favourable and very optimistic the situation offered by Romania; the lack of a limitation of the foreign participation in the commercial companies; the possibility to make joint-ventures (normal pattern), or 100% foreign capital with repatriation of the profits after the payment of the taxes"⁸.

The chances to attract foreign investors are depending on the restrictions (the fewer they are the greater the chances), on a policy of the "open doors" and a non discriminatory treatment of the foreign capital⁹ towards the Romanian one, the right of property upon the goods movable/ non-movable-excepting the land which is the problem already discussed by the Romanian Parliament in February 1997. In the condition in which the direct investments of foreign capital in Romania mean transfer of technology, introduction of modern administration methods, increase of the export capacities, the general tendency has to be to attract the investors by a very flexible legislation and by creating and consolidating the adequate institutions; the Romanian Agency for Development, the Commerce and Industry Chamber.

In order to obtain a zone of prosperity such as Hong Kong - the four major pillars of success are; the enterprising spirit, a permissive law system, the free convertibility and an administrative organisation placed above the sphere of corruption. At a regional level, the last imperative seems to be a real obstacle combined with a regrettable bureaucracy still generalised. Administratively

⁶ Internet - [Http:// www. it. aiep. doc. gov/ eebic/ econcomm/ romccg 96.html](http://www.it.aiep.doc.gov/eebic/econcomm/romccg96.html)-Economic 1996. Country Commercial Guide, prepared by the Country Romania, Team American Embassy, Bukarest.

⁷ Monitorul Oficial, tome I, nr.73/1991; and tome I, nr.160/1993.

⁸ Internet-Economic 1996 Country Commercial Guide, Prepared by the Country Romania-Team American an Embassy Bukarest.

⁹ Ibidem.

speaking there should be a better collaboration between the institutions created specially to promote the market economy like the Chamber of Commerce and Industry and the Romanian Agency for Development. A quick radiography of the local space shows a very difficult collaboration, which is very often a sequential one and not a real cooperation. The 9-10 points to be passed in order to obtain the shareholder certificate take a very long time and very often you are tempted to give up Commerce Register (certificate of unicity), notary public, bank (social capital), the recommendation for investment, the Romanian Agency for Development, judge instance, the Office of commerce Register, the Romanian Agency for Development (the investor certificate), the Financial Agency, the Chamber of Commerce, etc. Many times, the lack of flexibility and pertinent consultancy together with the bureaucracy make the foreign investors who wish to invest 100% foreign capital to give up because of the enormous difficulties they have to pass.

The statistic data given by the Chamber of Commerce and Industry give us the permission to make a quantitative evaluation upon the countries and activity fields during the 6 years of transition. Cluj County is the geographical space of small and medium investments, where there are functioning approx. 2.000 companies with a subscribed social capital of 48.000.000 \$ and 14.000.000 ROL. The (first place is occupied by Luxembourg (investments in 14 companies) and a subscribed social capital of 36.197.856 \$, followed by Germany (280 companies) Italy (250 companies), France (61 companies), USA (69 companies). Among the ex-Communist counties there has to be mentioned Hungary (298 companies) and a subscribed social capital of 979.852 \$ and 2.368.631 ROL, followed by Moldova Republic (34 companies), Ukraine (4 companies), Poland (4 companies), Estonia (1 company), Yugoslavia (1 company). The Arabian states which number today over 400 companies, specially in commerce and import- export, have had a decreasing evolution; 94 companies in 1991 and a subscribed social capital of 131.000 \$ plus 238 companies in 1992 (from the total-amount of 735 companies) and a foreign participation of capital of 12.000 \$, meaning 1900 \$ per company, following that in 1993 there were established only 51 companies, in 1994 only 31, in 1995 only 12 and in 1996 just 9 companies.¹⁰ See the Table in order to visualise the evolution of the number of companies. There can be observed not only a reduction of the investments- as number and social capital as well but also a very small number of investments in constructions- only 46 companies. In the production field, there has been established 522 companies, in commerce 1000, in facilities 370 and 140 in import-export actives. There can be easily seen that the dynamics of the foreign direct investments in Romania is a very moderate one without any ascendant tendency. There is needed to create equal investing terms for the Romanian and foreign partners as well in order to make our offers more interesting for the foreign businessmen.

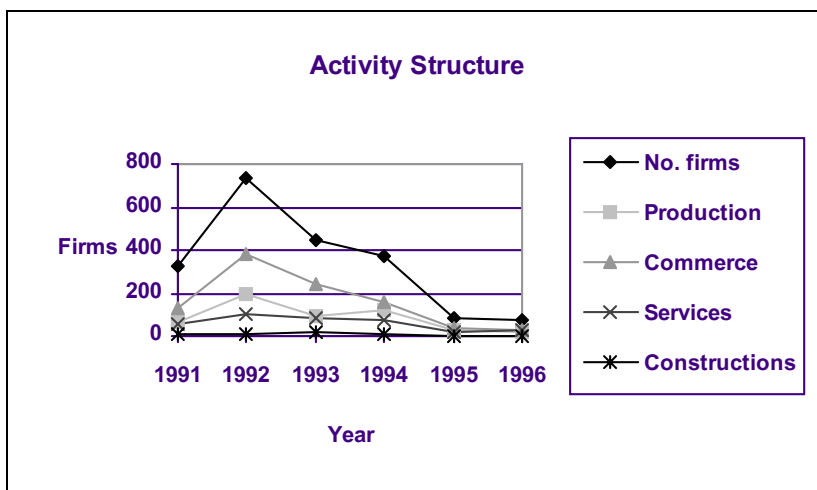
The climate has to be a more competitive one, ensured by stimulating the efficiency and profit. The small number of foreign investors is mainly explained by the assembly of minuses which one; the incoherence of the privatisation policy, the

¹⁰ Chamber of Commerce and Industry, *Statistics for foreign investments*. (1990-1996).

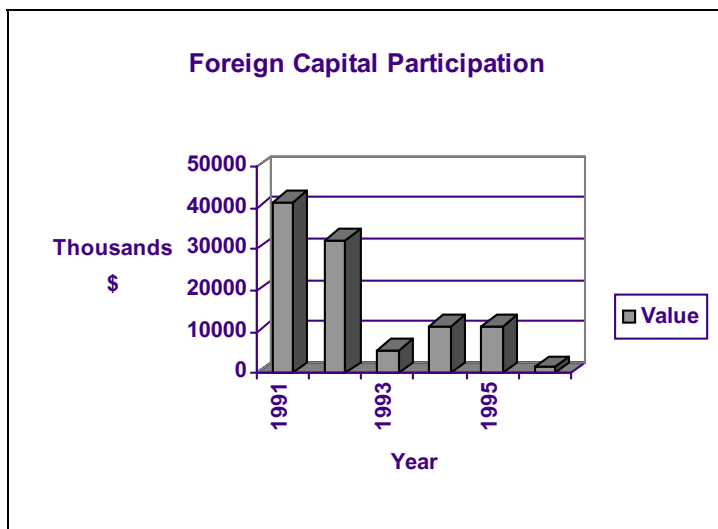
lack of a real stimulation of the foreign investors, the bureaucracy, the corruption and mentality.

As long as the problem of the foreign capital is considered one of a local interest, it has to find itself answers and favourable alterations from the local institutions, local actors implied in this process.

Statistical evolution of the firms with foreign capital participation from Cluj county, after the capital's dimension in \$: Chamber of Commerce and Industry, Register of Chamber of Commerce Cluj, 1990-1996.



Source: The Chamber of Commerce and Industry, Register of Chamber of Commerce of Industry, 1990-1996



Source: The Chamber of Commerce and Industry, Register of Chamber of Commerce and Industry, 1990-1996

INTERNATIONAL NEGOTIATIONS AND CULTURE SHOCK

DANA POP¹

ABSTRACT. In a more and more globalised world, international negotiations are extremely important. In this context, culture shock should be considered. Our paper deals with culture shock experienced by romanian managers and its consequences. In order to reduce the negative ones, we propose a cultural, specific training.

1. SOME CONCEPTS

After 1990, Romania faced many changes and one of the most important is its opening up to the world. In consequence, the number of contacts with people from different cultures grew and, in this context, we thought that it might be useful to analyse the culture shock experienced by Romanian managers in their relations with foreign managers. For this purpose, we interviewed some managers who travelled abroad for business.

The concept of **culture shock** was first defined by Oberg in 1960 as "the anxiety that results from losing all of our familiar signs and symbols of social intercourse." (Oberg, 1960, p.177) Later, the meaning of the concept was expanded and culture shock was considered as a part of the general "transition shock", a natural consequence of the state of the human organism's inability to interact with the new and changed environment in an effective manner. P.S.Adler (1972/1987) defined culture shock as a profound learning experience leading to a greater self-awareness and to personal growth and concluded: "the greatest shock may be the encounter with one's own cultural heritage and the degree to which one is a product of it. In the encounter with another culture, the individual gains new experiential knowledge by coming to understand the roots of his or her ethnocentrism and by gaining new perspectives and outlooks on the nature of culture." (Adler,1975, p.22)

Being abroad only for short periods of time, usually in order to negotiate, the interviewees experienced only the first phase of culture shock. As newcomers, they observed the surface layers of the new cultures. As E.H.Schein put it, when an outsider enter an organisation, he "begins to experience the culture, both actively through systematic observations and passively through encountering <surprises> - things that are different from what the outsider expects" (Schein,1989, p.114). The interviewees possess a willingness to communicate, reflected by: confidence and willingness to use the host cultures language, none of

¹ Asist.Univ.Drd. Dana Pop, Fragment from the MA Dissertation.

them using translators; confidence in interacting with people; desire to understand and relate with host-nationals. The latter is demonstrated by the use of *role reversal* by some of them, in order to understand attitudes and why people from another culture are doing what they do.

2. METHOD

From the wide range of interviewing methods, we chose the **qualitative interview** type (Rubin&Rubin,1995), because we considered it more appropriate for our interest. Qualitative interviews resemble ordinary conversations and have in common at least the following aspects:

- questions and answers follow each other in a logical fashion;
- the interview is invented each time it occurs.

The difference is represented by the intensity of listening to the content of what is being said, qualitative interviews attempting *to hear the meaning*. There is a conversational depth in interviews which does not appear in normal conversations and, in addition, the fact of *keeping a record* of what is said forces the interviewer to listen and hear better. Our interviews are a mix of **cultural** and **topical** qualitative interviews.

The interviewees, as Rubin&Rubin underlined, have to satisfy three main requirements as follows:

1. to be *knowledgeable* about the cultural arena or the situation or experience being studied;
2. to be *willing to talk*;
3. to represent the *range of points of view* (when there are different perspectives).

We selected for our interviews top-managers, because these are likely to travel abroad and to have negotiations with foreign partners, thus are knowledgeable. From the interviews we selected five which we considered to be more relevant and these are interviews from those which were really willing to talk. In addition, we tried to cover as much as possible in respect of type of organisation, ownership and age of respondents. One interviewee is from a non-profit organisation sponsored by Western organisations, another from a private company with mixed ownership (Romanian-Hungarian), the third from a state enterprise, the fourth from a private company with mixed Romanian-Swedish ownership with headquarters in Holland, and the fifth from a Romanian enterprise with mixed, state and private, ownership and with big exports. One of the respondents is under 30, two under 40 and two under 50, three males and two females. Our discussions were held off site, in order not to be disturbed and, in general, lasted approximately two hours per interview. The interviews were in Romanian and a record was kept in notes. Immediately after the meetings, transcriptions were made from the notes in order to have the whole text of the conversations and these were translated later into English. The whole text of the interviews as translated is available, as well as more information about the interviewees, including qualifications, work experience, age, address, etc.

Qualitative interviewing was helpful also due to its flexible, iterative and continuous design. Data were analysed firstly in order to find common themes, similar experiences and opinions or situations which could be considered similar but which led to different reactions among the interviewees. Afterwards, similar themes or experiences were grouped together and analysed in direct relation to the literature on the topic. We used also quotations, those which we thought will illustrate what we found about cultural differences and culture shock. Finally, we tried to find explanations and to reach conclusions.

3. RESULTS

International negotiations are all cross-cultural and the participant countries can vary on key aspects as:

1. the amount and type of preparation for a negotiation;
2. the relative emphasis on task versus interpersonal relationships;
3. the use of general principles versus specific details;
4. the number of people present and the extent of their influence.

Preparation for Romanian managers is usually technical but one interviewee uses also a cultural one, by learning about the culture which he is visiting at the moment, the country, the town, customs, history, traditions, etc. In my opinion, he is a very good example for Romanians especially because he is successful mainly by testing his knowledge, both directly linked with the business and related to a specific culture. In addition, he is putting the *accent first on task* and only then on relationships, avoiding the frustration experienced in all other cases by interviewees due to the lack of personal relationships. The third aspect can also lead to misunderstanding and frustration when it is a relation with specific cultures, the Romanian being a *diffuse* one, even if in the last years Romanian managers are trying to adopt a specific style, at least in respect of businesses. In general, the *number of people present* in negotiations is the same on each part with one exception, when the interviewee told me that he cannot go alone because he does not want to be suspected by others if he were successful.

In terms of characteristics of the situation, we can mention:

- a) the *location* can be abroad or at home, but even when it is in Romania, in some cases Romanians cannot control the situation;
- b) the *physical arrangements* are usually face-to-face, maximising competition;
- c) the *time limits*, when negotiating in countries like Austria, Sweden, Switzerland, Denmark, were considered narrow and when negotiating at home are established by the Romanian part, so they are a bit more broad;
- d) in the respect of *status differences*, Romanians feel more comfortable in formal situations with explicit status differences because status and title penetrate all aspects of life in Romania. One interviewee observed that he had to fight also the disadvantage of looking younger than he is. The adopted tactic is to demonstrate his skills in the first 5 minutes of a meeting, in order to receive an equal status.

The **culture shock** experienced by the interviewees was caused mainly by the different meaning of time and space, power positions and relationships etc.

3.1. TIME

Since Romanians have a *synchronous* understanding of time, big differences were signalled in relations involving a sequential culture. One interviewee appreciated that in Switzerland everything is very calculated, meetings, lunches and dinners are very short, friends are expected at fixed hours and there is a 9 o'clock limit for telephone calls or visits. Similar remarks were made about Austria, Germany and the Nordic countries, with the mention that the Danish culture is a bit closer to the Romanian one than the Swedish culture. In Switzerland, the interviewee told her hosts, as she confessed: "It is not important to live on the chronometer, it is important to make in certain moments what we like to, because life is not made only from punctuality and order". Another example is the celebration of a birthday in a German firm during a 15-minutes break, where two Romanians were invited too. The interviewee observed: "...such a great table was arranged that we believed it is for all the afternoon....When the 15 minutes were past, there remained only the woman celebrating her birthday, her daughter, and we, the two Romanians...Here?...Maybe in the evening, if our wives came to take us, it could be finished...".

A much more synchronous meaning of time was signalled in Hungary, Italy and especially France. I can add, as a personal observation, that many of the interviewees, while talking to me, were answering different questions posed by superiors or subordinates as well as giving orders or receiving telephone calls.

Linked to the meaning of time is *planning*, very rigid and long term in sequential cultures, even in personal life. In Romania, today, usually plans are made for a short period, but this is due also to what the interviewees were calling "political and economic instability" and personal life is characterised by great flexibility and spontaneity.

3.2. FRUSTRATION DUE TO POWER POSITIONS

Romania is a former communist country and this fact leads to the treatment of Romanian managers as inferiors. Many interviewees underlined that it is a big, if not the biggest, disadvantage to be Romanian as in the following dialogue between a Romanian manager and his German counterpart:

G:- "Where are you from?"

R:- "From Romania."

G:- "A country with no future at all."

R:- "OK, I did not come here to make politics."

G:- "This is my opinion."

When the relationship is not an occasional one, but is lasting, in the beginning Romanians do not receive status recognition or consideration, are usually very controlled by the foreign partners and, after they demonstrate their value, little by little, they become real partners, even if their power is limited. For example, in the case of the Romanian-Swedish private firm, with headquarters in Holland, while in the first year all businesses had to be run through the Swedish

firm, in the second one they are allowed to make what and how they want and have only imposed targets.

3.3. FRUSTRATION AND RELATIONSHIPS

In Romania friendship is very important, even in the work-place. As one interviewee put it: "I worked with these colleagues for more than 20 years, we are the same generation. If one of them is not very capable, I carry him with me. I cannot fire him (...). Maybe the solution could be to bring managers from outside the company..." Almost all interviewees were shocked by the secrecy of personal life, salary, family, etc. in countries like Austria, Germany, Switzerland, Sweden and Denmark. They felt personal life in such cultures was distant, cool, formal and rigid.

Romania has a traditional hospitality and if somebody visits, Romanians offer free accommodation and organise parties with lots of food and drinks, but when they go abroad they do not receive the same treatment and, at best, are entertained on arrival and, when they are staying for a longer period, at departure by their counterpart. One interviewee, in Switzerland, explained to her hosts: "The Romanian, if he has guests at table, is capable of leaving himself hungry not to have what to eat for a week after, but his guests to be treated in a royal manner".

Much closer to our hospitality were considered the Danish, the Hungarian and the French cultures. The French culture seems to be the closest to the Romanian one and this cannot be surprising since both have Latin origins and there were long-time historical links between the two countries. Both are diffuse and one can find a lot of similarities in respect of life-styles and of love for life and its pleasures. While in some cases, the interviewees established friendships with French people and now are spending holidays together with one another, in some cases similarities led to quite similar reactions. The French, considering themselves much more developed, tried to "give lessons" to Romanians and the only way of responding for the latter was to "offer lessons" in the same manner, so that in the end the equality was established and reciprocal respect too. In no case was there open conflict, but the method applied was "paying with the same coin" and... enjoy it!

3.4. Space has also a different meaning, depending on cultures. In Romania, public and private are *mixed*: important employees have private offices, important meetings are held behind closed doors, but most offices are shared by 4-5 people and sometimes the superior sits with his subordinates and there are no dividing desks. Comparatively, in Switzerland, Denmark, Sweden and Germany the interviewees noted a public space and their impression was that offices are too large, while Austria was considered to have almost only private spaces.

3.5. In general, it was affirmed during the interviews that the **decision-making process** is more participative and transparent in the visited countries with the exception of Austria, which my interviewee thought to have the highest hierarchy in Europe.

3.6. The *non-verbal behaviours* caused additional culture shock. Nordic people were considered to have no *body language* and no *facial expression*. While *clothing* is much more important in Austria than in Romania and is dependent on the hour of the day, in France the accent is put on the practical aspect. Clothing, *cosmetics*, *hair styles*, etc. were reported to receive no attention in Sweden, Denmark, Switzerland, a fact that surprised my female interviewees because they are very important for Romanians, especially for women and especially in Transylvania, as an Austrian influence lasting from the period when this part of the country was included in the Austro-Hungarian Empire. Surprising, but understandable, for one interviewee was the different *interior design* and symbolism of *colours* in the Nordic countries. She explained that all that light-sources, flowers, bright colours might be used in order to compensate the bad weather. It was observed that many foreigners do not know their own *traditions*, which seems very strange because Romanians try to understand their traditions. In some cases, like the Nordic countries or Iraq, the *climate* and *food* were also big sources of stress for the interviewees, being very different from the Romanian ones.

3.7. In respect of *information* and degree of openness, all the interviewees, being aware that there is always a certain amount of secret data, pointed that what seems to them to be openness might not be so, but they do not have a baseline for comparison and cannot really know how open one is.

During the interviews, a constant critique regarding Romanian society was the lack of managerial culture and European business culture. The interviewees proposed *long-term training courses*, mentioning that the short-term ones are not effective and they observed that Romanian managers might be better off if they could have more opportunities to visit Western countries in order to see and understand how things work there. The interviewees underlined that Romanian *mentality has to be changed* and that *political and economic stability*, as well as a real *social protection* are needed. In time, some attempts of the interviewees to have people take responsibility were successful. In consequence, the interviewees, being aware that it will take some time, were optimistic about the future and believed that Romanian management can be improved.

Regarding the strategy adopted by each part in an international negotiation, one can say that it depends on power positions. Most foreign partners adopt a take-it-or-leave-it strategy in their relation with Romanian managers, but in some cases they are also willing to bargain. The only case of real negotiations among the interviewees is represented by Mr. Sraum, marketing-director of a big Romanian leather and shoes company. The company is an old one and has a well-established name in the West as well as traditional partners. New partners are usually contacted at specialised international exhibitions and negotiations are held only in Romania. Future improvements regarding the state of economy, laws and managerial skills may bring a change in the proportion of strategies used in creating effective negotiations.

4. CONCLUSION

In a globalised world, a country cannot be completely isolated and people from different cultures interact every day. Culture shock appears in each international encounter and its intensity depends on the "distance" between the cultures represented by the people taking part at such meetings.

From our qualitative interviews regarding culture shock, we found that it is a consequence of different meaning of time, space, relationships and of various kinds of non-verbal behaviour. The interviewees signalled greater culture shock in sequential cultures, the Romanians being synchronous as well as in specific ones, Romanians having a diffuse culture. Culture shock was also greater in countries with bigger public space due to the mixed public-private Romanian space. Differences regarding relationships and personal life in cultures with rigid, formal, secret ones as opposed to the flexibility, openness and hospitality of Romanians were intensely resented, following the neutral/affective distinction. These differences are also consequences of the diffuse/specific differentiation of cultures. Another big source of culture shock is represented by non-verbal behaviour, mainly those aspects regarding facial expression, body language, clothing, cosmetics, interior design, symbolism of colours and, of course, food. Culture shock due to different meaning of time is related to differences in the Power Distance, the latter influencing also the decision-making processes.

Culture shock was bigger in countries like Austria, Sweden, Iraq, Germany, which have more dissimilarities than similarities with the Romanian culture. Closer were considered especially the French culture and, in some respects also the Hungarian and Danish ones. The intensity of culture shock relates, thus, to the cultural dimensions of each country and it is understandable that is smaller for France since Romanian culture can be considered a Latin European one, as we found previously, and can be included in the same group of countries with France. One must not forget also the common historical inheritance of the Roman Empire, the traditional political, economic and cultural links between the two Latin countries.

To sum up, culture shock was greater in countries with more different cultures and, in consequence, we believe that **cultural training** is also needed, in addition to **purely managerial training**, especially for managers with foreign contacts. This kind of training could help to reduce, if not eliminate, stress and the other negative consequences of culture shock such as misattributions, misunderstandings, misevaluations etc. As we do not believe that the future will be one of isolation, the number of cross-cultural encounters will rise and Romanian managers could be more successful if they will take part in such training courses. As a matter of fact, even in the Transylvanian city of Cluj from which the interviewees are coming, there is nowadays a management institute which collaborates with Roffey Park and we think that these links have to be developed in the near future.

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I. THE CRISIS OF THE WELFARE STATE MODEL AND THE SOCIAL POLICIES' NEW PHILOSOPHY

VALENTIN NAUMESCU

ABSTRACT. Les années '80 ont marqué dans les pays de l'Europe Occidentale la crise du "Welfare State". Les coûts trop lourds et la stagnation économique ont déterminé une nouvelle réflexion sur la fonction sociale et sur le niveau de l'intervention protectrice de l'Etat. La "nouvelle droite" politique, affirmée surtout pour M. Thatcher and R. Reagan, promeut la réduction des dépenses budgétaires et de la pression fiscale, la relance des investissements, la privatisations de quelques sociétés et services publics. Le modèle néolibéral des politiques sociales tend de transférer le poids de la prospérité de l'Etat vers les collectivités locales.

Generally speaking, social policies came into prominence in the modern national states of the nineteenth and twentieth centuries. State organised or regulated mass education in Western countries grew from the early nineteenth century, as did efforts to regulate industrial working conditions and environmental influences on people's health. Between 1880s and 1920s, social insurance and pension-programs were launched in Europe, the United States and Australia to buffer workers in free-market economies against income losses due to disability, old age, diseases, unemployment, or loss of a family breadwinner. After their inception, such programs spread to many additional countries and expended in benefits and in coverage of the population.

In the post World-War II period, moreover, most of the leading industrial-capitalist democracies became self-proclaimed "welfare states". By the mid-1970s, public expenditures for social-welfare purposes reached **20.7% of GDP** in 13 European nations, and even in the US such expenditures had increased from 10.3% to 15.7% of GDP between the early -60s and the mid-70s.

Social policy-in contrast to economic or defend policies- is a diffuse category, sometimes as broad as three quarters of what governments do, sometimes as narrow as income maintenance for the poor. For describing this whole field, we have defined the concept of the "welfare state". ***The essence of the welfare state model is government-protected minimum standards of income, nutrition, health, education, safety and housing assured to every citizen as a (constitutional) social right.***

The "product" of the welfare state-programs is often called "**social security**", meaning the social insurance against the basic risks of industrial life: job injury, sickness, unemployment, disability, old age and income lost due to illness or shifts in family structure.

It is a well-known truth that the crisis of the welfare state system came into prominence after the mid-70s. For many specialists the 1947-1974 period represents "The Golden Age". Especially from the beginning of the past decade, more and more analysts have noticed the slowdown in economic growth, budget deficits, increasing levels of unemployment, growing resistance to high taxes, ageing of population and changes in family structure (e.g. increasing proportion of one-person-family).

The national protectionist measures that built the traditional welfare states became no longer possible in an increasingly integrated global economy. The context of economic and political globalization implies open societies and open economies, ascendancy of market rules, privatisation of economic activities and social services, national and international competition, technological changes etc.

The new right-wing policies from the early-80s in the US and the UK (**the "reaganist" and the "thatcherist" trends**) offered an alternative to the traditional social-democratic model. Actually we can say that the "American (or British) job miracle" was based on **the neo-liberal model**, characterised by free market rules, deregulation and flexibility, low taxation, privatisation of industries and services. The neo-liberal model has moved the accent from "welfare state" to a "welfare society"...

The social policies' new philosophy has to be oriented to viability, utility and efficacy. All modern governments have to develop national strategies in the world-economy. Although the impact of international context on national social policies need not to be conceptualised only in world-economic or geopolitical terms.

According to John Meyer and others of what might be called the "cultural school" of world system analysis, the spread of a **competitive state system** from the US and Western Europe to the entire globe has been accompanied and facilitated by the adherence of the statemakers to **world-wide cultural frames**, including models and types of institutional features thought to be necessary for any "modern" nation-state. According to this perspective, apparently similar forms of social policies—perhaps encouraged by internationally mobile professionals or by world organisations such as the United Nations or the International Labour Organisation—may spread relatively quickly across nations, despite their different political and economic situations. This offers an alternative to the **logic of industrialism** interpretation of the apparent convergence of many nations toward the same basic categories of social insurance, educational and health programs.

The social policies' reform has not only cultural effects, but also financial aspects. Wilensky states that "painfully visible taxes (e.g. income and property taxes) arouse generalised public resistance to welfare state expansion, whereas democratic politicians who use "invisible taxes" (e.g. contributory-withholding or value-added taxes) can "tax, spend and yet stay cool". These ideas resemble

those of economists who discuss "the fiscal illusion", referring to characteristics built into tax systems that lead voters to underestimate the cost of public goods. There are, however, many disagreements over how to classify various kinds of taxes.

Concluding all these aspects, we can say that Western welfare states have been in crisis since the mid-1970s, with fiscal stringencies brought on by international economic difficulties. In the world of social sciences, however, the effects has been to heighten interest in the politics of social policies, in part because policies themselves transform politics.

In the social sciences, changing questions and ways of seeking answers are just as important as accumulation of research findings.

II. FROM "WELFARE STATE" TO A "WELFARE SOCIETY"

(The challenge of the national welfare states in an increasingly integrated global economy)

As we all know, the welfare state model represents the culmination of a quite long struggle for social protection and security in the industrialised countries. Undoubtedly it may be considered as one of the highest achievements of the Western system in the post-war period, especially in "The Golden Age" (1947-1974).

We're not wrong when we say that welfare state is now a traditional Western model but also an aspiration-standard for the recently industrialised, transitional countries or for the poorer ones all over the world... Unfortunately too often the welfare state is treated as a homogeneous entity and as a compact political and economic project! We have to notice and to identify the **large diversity** of the welfare state models not only across different regions of the world but among the high developed countries themselves.

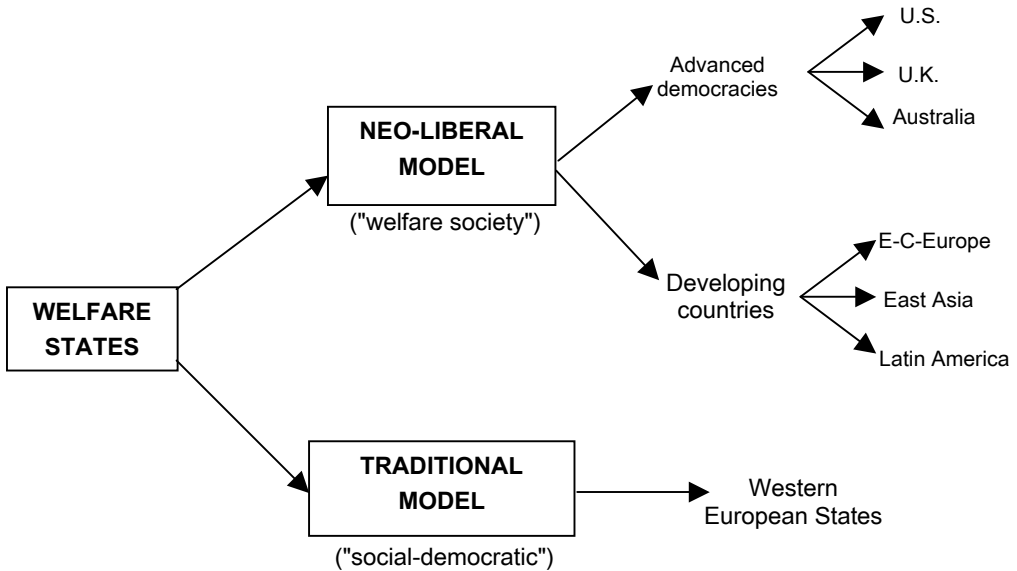
The deep **crisis** of the welfare state system was identified at the beginning of the past decade and became a strong reality from the late 80s. Almost everywhere a number of forces have come together to question its **viability, utility and efficacy**. These forces include ageing of population, changes in family structures, slowdown in economic growth, increasing levels of unemployment, budget deficits, growing resistance to high taxes, ascendancy of market rules, privatisation of economic activities and social services, national and international competition, accelerated globalization and technological changes.

Due to this crisis, it seems to be absolutely stringent the need for action on several fronts to preserve the major achievements of the welfare state. First of all, there must be a reform of the welfare state itself to eliminate or to reduce its abuses and adverse effects. For instance, if welfare provisions discourage the search for work and the acquisitions of skills, or the state resources and guaranties give a "reason" to unjustified absenteeism, the reform is needed for both efficiency and equity. Efficiency may also be promoted through greater decentralisation and community participation in the planning and implementation of social security and

welfare. On the other hand, high taxation can bring strong adverse effects on **work, savings, investments and risk taking** or can stimulate the **tax-evading**.

It is now clearly that the developing nations will not follow in every case the Western welfare state trajectory. The advanced democracies themselves built diverse social security systems. For instance, the United States, Great Britain and the Antipodes embraced the neo-liberal deregulatory thrust, while the continental industrial democracies followed a more complicate route full of rules, bureaucracy and state programs.

The recently democratised nations has also different options, but we can say that East-Central Europe, Latin America and East Asia (with an accelerated economic growth) try to build the neo-liberal welfare state which is rather a "welfare society" ideal than a traditional social-democratic welfare state.



1. The **neo-liberal model** is based on deregulation and flexibility, free market mechanisms, privatisation of industries and services, low taxation.

2. The **traditional social-democratic** welfare state is based on a strong public sector, a large and well-paid bureaucracy, high taxation and rigid regulation, governmental programs and state guaranties.

It is self evident that there are also a lot of differences between countries staying in the same group!

Finally, we have to say that "The Capitalism's Golden Age" and its Welfare State were fundamentally based on what we generally call the **"Keynesian consensus"** between economic growth and social security, between efficiency and equality! The harmonious coexistence of full employment and income equalisation that defined the post-war epoch appears no longer possible.

Integration in the contemporary world automatically implies **open economies and open societies**, so the protectionist measures that strengthened the national welfare states became inefficiently.

Perhaps the next decades will transfer the accent from "welfare state" to a "welfare society", from rigid bureaucracy to flexibility and deregulation, from state-dependence to individual autonomy.

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THE EU ENLARGEMENT TOWARDS THE EAST. A EUROPEAN SECURITY ISSUE

OANA PLESCAN-POPA

Motto:

*"Security is a classic collective good"
(Josef Joffe)*

ABSTRACT. The end of the Cold War has placed Europe at the cross-roads of the old East-West division which is no longer adequate and a new structure that is not yet fully functioning. The E.C. (European Community), was initially created to serve the pressing need of having a stable structure that could face the USSR. Nowadays the EU (European Union) reunites the countries of Western Europe in a strong economic and political alliance, but in the same time faces the challenge of enlargement towards the East. The inclusion of the former Warsaw Pact states, satellites of the USSR in the EU, is a decision hard to make and a virgin ground to step on, and raises in the seine time the question whether a new enlarged structure will represent a better guarantee to security and stability in Europe, or on the contrary it will constitute a threat to the stability of the existent EU. Such a problem cannot however be discussed without taking into account Russia, its priorities and its position regarding the potential future European enlargement towards the East. On the other hand EU enlargement seems to overlap, according to various authors with NATO enlargement, a subject which makes the approach to Russia even more delicate. The present paper discusses the EU enlargement towards the East and Russia's future role from the perspective of the 3C's security theory - common security, co-operative security and collective security.

1. Introduction - EU enlargement and the 3 C's security theory

Following the democratic tradition institutionalised by the European Community (EC), Great Britain and Germany became two of the main actors in the European Union (EU) today. The co-operation the two countries have reached is a vivid proof that former enemies can work together for the sake of economic welfare and political stability. On April 26, 1994, the two foreign ministers of the two countries, Sir Douglas Hurd, respectively Herr Klaus Kinkel, published a joint article which appeared simultaneously in The London Times and in Sueddeutsche Zeitung. The article entitled "A Strategic Vision for Europe" presented, among others, their

common statement regarding the former communist satellites of the USSR and their future position in Europe. The main idea was that "Europe does not end at Oder-Neisse" and that there are three major reasons coming to support the enlargement towards the East: security, prosperity and shared common values.' The idea was continued by saying that the Western European Union (WEU) is developing its role as the European pillar of NATO and as the defence component of the EU and that "Britain and Germany are working together with others to involve the Central European and Baltic States to work with the WEU".

These statements can be regarded as a generous credibility given to some of the former communist states. The three reasons supporting the enlargement are without doubt strong and somewhat interdependent. While probably everyone agrees with the common shared values as a good reason for a larger Europe, the first two, prosperity and security, cannot happen without one another and their persistence in a larger Europe is highly debatable and created the European dilemma, whether expansion towards the East will favourably contribute to security, or on the contrary it will shatter it, by reducing economic welfare, due to the retarded economies of those countries. On the other hand, the unclear position of Russia, whether to be a part or a partner (and if a partner, an equal one or a pseudo enemy ?) of the EU, as well as Russia's unfriendly attitude towards NATO enlargement seen as a threat to another East-West division in Europe, gives European security a new dimension.

The theory of the 3C's shows that security is a complex notion embracing three aspects of it (common, co-operative and collective) which can derive from one another as well as influence one another. The EU enlargement and its influence on European security can be assessed by seeing how the process contributes to these particular types of security. The whole process will be analysed taking into account how Russia's position might modify those concepts.

II. The First C - Common Security

The concept of common security was developed during the Cold War and represented an attempt to prevent serious clashes between East and West, and was translated in peaceful coexistence by reducing the danger of nuclear arms and the dimensions of regional conflicts.

The Cold War was a war between military assets and reducing tensions was often supported by "strengthening deterrence" or in other words by building more weapons. However, this approach did not prove itself to be valid, and the concept of common security had to be improved by gaining common responsibility, consequently meaning peace by creating a better environment free of nuclear weapons, encouraging economic co-operation, population stabilisation, democracy building, enforcing human rights and in the end achieving global governance. All these could be achieved through identifying common interests. This approach also implied strengthening co-operation in scientific and cultural endeavours despite differences between priorities. With the opening created by Gorbachev in the late mid 80's, both the East and the West came to realise that they had a common interest in ameliorating poverty, disease and environmental deterioration and that

the failure of these problems was regarded as undermining no matter what kind of security the Eastern and Western countries had in mind.

The common security framework was acceptable both to the East and the West, including the US, because it did recognise the differences in the political systems and it did keep sovereignty intact, making in the same time a clear distinction between the EU and the Warsaw Pact.

This conceptual framework was extended after the Cold War and it was seen as a transition towards collective security. The Palme Commission Report, which dealt with the interdependence between security and the nuclear war and whose aim was to reduce arms proliferation, was implemented into practice. But while Cold War Europe found common security sufficient, the new European dynamics after 1989 had to go beyond environmental hazards due to nuclear weapon proliferation, which in fact started to decrease as a result of the non-proliferation treaties.

The dissolution of the Warsaw Pact broke the bonds between the former Eastern communist bloc states and USSR. The enlargement of the EU towards the East became an issue in 1990 and was considered a modality to reach a different kind of stability in Europe, based on common security in planning a political union and a common foreign policy. The role of the Union in planning the common foreign policy is shared now with the Eastern and Central European countries individually, under the frame of the Non-proliferation of Nuclear Weapons Treaty. In this context, though it has signed the Treaty, Russia's position is influenced by the fear of sovereignty loss in the territories covered by the Federation. Since common foreign policy does have a distant reach on sovereignty, namely on surrendering sovereignty, Russia fears territorial loss inside the Federation and weakening of influence in the "near abroad" (the newly independent former Soviet Republics). In this respect Russia was already granted permission to keep more armament in the Caucasus region than initially accepted by the Treaty. The US who became a very active partner of the Eastern and Central European countries after the fall of communism, accepted to make this concession by allowing Russia to keep a higher number of weapons than stipulated, but less than their level now. As we can see so far security in Europe today involves more parties than the simple past equation East-West did. Though common security can be provided by the EU, it cannot stand as a guaranteed all by itself and common responsibility does not offer enough guarantees for the future stability of Europe.

III. The second C - Co-operative security

The end of the Cold War has also changed the "imperatives" of international security, making ground assault and deliberate nuclear attack no longer the dominant problems in defence planning." The conflicts going on in Russia and in former Yugoslavia are a vivid example that support the need of a wider theoretical framework regarding security. Co-operative engagement is the appropriate principle for security relations. "Co-operative engagement is a strategic principle that seeks to accomplish its purposes through institutionalised consent rather than through threats of material or physical coercion". If we consider that EU

enlargement is mutual acceptance and surrendering of sovereignty aiming at transnational objectives as means of defence, then we might consider that it can also create co-operative security.

Co-operative security focuses more on prevention of war rather than on preparation for war and can be described as a "model of interstate relations in which disputes are expected to occur, but they are expected to do so within the limits of agreed-upon norms and established procedures." If we support the idea of EU enlargement towards the East, we must also be aware that in the former communist states of Eastern and Central Europe, conflicts are more likely to occur (for instance due to nationalism) and hence the above statement must be regarded as a necessary prerequisite in dealing with such conflicts. Co-operative security offers the means to reach peaceful resolution and if I was to describe it in my own words it is the most "peaceful" security that can be reached. As far as Russia is concerned, designing a co-operative security relationship with the EU is an emergency policy. A near-term strategy of co-operative engagement would have three broad interrelated objectives: preservation of peace and order in the former USSR; restructuring security relationships between former USSR and the EU; and co-operation with former USSR on global security issues." The OSCE (Organisation for Security and Co-operation in Europe) is the one international body that provides a substantial source for co-operative solutions to security problems, since it is an inclusive organisation to cover all states from "Vancouver to Vladivostok"; it sets desirable norms of behaviour and has "growing institutional capacities, increasingly being oriented towards conflict prevention." Though it seems the perfect body to provide co-operative security, through prevention and resolution of conflicts, in practice it will have to prove it can really diminish ethnic or territorial disputes.

However, co-operative security is not meant to create an international government or to prevent and solve any form of violence. "But it does provide a framework for the international community absolutely needed for a peaceful modelling of the future Europe embracing Eastern and Central countries, by stressing that even military force requires internationally agreed upon norms. From this point of view I support the idea that the EU is the body that can follow its tradition of eliminating economic rivalries" and the beggarthy-neighbor "policy which have fed interstate conflict throughout history."

European expansion towards the East can be supported by three major agreements that provide co-operative security: the CFE Treaty (Conventional Armed Forces in Europe) and CFE A I which expanded to thirty signatories in 1993, members of NATO and the former Warsaw Pact countries; the OSCE which embodies 52 states; and the Open Skies Treaty which has already been tested by now".

The result of these treaties represent a concrete application of co-operative security principles and prove their logic in facing "dramatic political change" and "transformed security environment". "Co-operative security differs from collective security, comparison described by Nolan "as much as preventive medicine differs from acute care". However collective security is much discussed nowadays and the next chapter will analyse it from an European integrative perspective.

IV. The third C - Collective Security

The central idea of collective security would be "that governments of all states would join together to prevent any of their number from using coercion to gain advantage. The notion also assumes "that aggression by any state will be met by all against one" and that the ultimate aim is "to re-establish peace and order". Therefore collective security in Europe cannot be seen in isolation from the rest of the world. The body which reunites at present the states agreeing to work on collective security is the United Nations (UN).

Europe can be an important contributor to collective security, but achieving it necessitates a radical reorder of the traditional "standard obligations of states". Unfortunately this brings up three issues that complicate the matter, as Weiss shows. First, if violation of the norms occurs, coercion will encourage pacific settlements and lead to arbitrary settlement, by involving legal rights of parties. Second, coercion will also be used to persuade a breaker of peace to change policies that lead to violence, which in other words means changing a government in order to preserve peace. How entitled is a security system to do that? And, third, a collective security system needs a constitutional basis which would constitute an international institution which should assume that all members respect all obligations".

After all that has been presented, one can easily infer that collective security implies surrendering of sovereignty, and I think that it would be the right moment to talk about the EU enlargement in this context. First, in order to contribute to authentic collective security Europeans must accept that this cannot happen in the absence of a steady and stable relationship with the US and that there cannot be a European defence identity without US presence." Some authors even argue, that "leadership in Europe will either be American, or it will not be", since Britain and France are not strong enough to assume security and Germany will be preoccupied with the 29 reunification consequences for a long time. Second, NATO is the metaphor for America's commitment to Europe's freedom" and that, though many argue that NATO's expansion to the East will only create a new East-West division between Europe and Russia, it can still provide the structure from which the EU can create its own security and defence identity to deal collectively with the continent's instabilities. The political dilemma of EU enlargement towards the East guarantee to security due to a larger Europe or threat to security due to the economic weakness of former communist states? - is somewhat found in the political dilemma of NATO enlargement which would influence European security. The question is whether NATO should end up in becoming a transatlantic partnership in which the EU will be the European security pillar and hence increasing security by not interfering in Russia's relationships with the EU, or NATO should become a pan-European body, case in which it will deepen the gap between Russia and the EU?" The answer to these questions has to take into account that the former Eastern block states have made their decision that NATO is the kind of alliance they hope to belong to one day and because of fear for Russian expansionism have asked NATO to give them security guarantees. These countries have also committed themselves to democracy and

open-market economies and see full NATO participation together with EU membership "as a way to anchor themselves in the West". "Therefore, collective security can only be assured in Europe if the WEU and NATO will have clear and distinct mandates in order to prevent them from becoming rivals". NATO enlargement should only be made in the idea of strengthening collective security and not get involved in handling regional conflicts in Europe (since the OSCE should take care of that) and will have to assure Russia that its enlargement will not create future divisions on the continent. On the other hand the EU must take care of enemies like nationalism that seriously endanger the achievement of European identity" which in turn represents a prerequisite to European security and the formation of the potential United States of Europe.

V. Final Statement

Mark Jakobson, in an article published in *The Washington Quarterly*, raised the issue that "after every great war, an attempt was made to create a system of collective security for Europe: after Napoleon - the Holy Alliance, after World War I - The League of Nations, after World War II - the UN". The next logical question to ask is after the Cold War what ?"

Obviously significant steps have been made to create a new security system in Europe, respectively the WEU. However this system will not get a clear and definite shape until questions like "where does Europe end", or "where will Russia stand", will not be answered. Until then the enlargement issue remains a big challenge and a subject open to discussion, while the actors involved will have to play according to Sir Winston Churchill's finding that "democracy is a poor way to govern a country but less so than any known alternative".

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RIGHTS OF THE EUROPEAN CITIZEN

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ABSTRACT. The citizen concerned is the citizen of European Union countries¹, the number of which is at present 15. A remark should be made before a detailed analysis of the rights the residents of this Union enjoy. The concept of European citizenship is not a **legal concept**, in other words there are no specific modalities of acquiring and losing it as in the case of citizenship of any other country. Any individual who has the nationality of at least a country member of the Union is a European citizen. Therefore, there is no double nationality as in the case of federal States because the Union is not - or it is not yet - a federal structure².

Consequently, the concept of European citizenship is rather a political concept, the content of which tends to be extended as the European construction is furthered. In this sense the most radical measures have been introduced by the Maastricht Treaty, even if most of them do not have direct applicability and require concrete provisions from the part of the Union institutions.

1. The right to circulate and to settle freely on the territory of any country member of the Union.

The right to circulation and to stay is one of the four rights created by the constitutive treaties - SCEC, AEEC, EEC - and is an essential principle of the European construction³. However, for stay periods exceeding three months, it was initially stipulated only for people performing useful economic or other activities as employees, independent persons - businessmen or free-lance professionals - or under the form of enterprises, as well as for tourists benefitting from services but exclusively for the duration of the services under discussion. In this sense, the treaties stipulate that people belonging to these categories have the right:

- to travel without a visa or other requirement on the territory of any Union country;
- to perform an activity and to benefit not only by rights related to this activity, but also by all social rights and advantages generally granted to the

¹ G.-H. Beauthier, *Les droits du citoyen européen*, Office des publications officielles des Communautés Européennes, Luxembourg, 1990.

² J. Aussant et autres., *La libre circulation des personnes*, coll. Mégret, Bruxelles, 1990.

³ J. Boulouis, *Droit institutionnel des Communautés Européennes*, Paris, 1995.

nationals performing the same activity; this aspect derives from the rule of national treatment or non-discrimination⁴;

- to stay there, for those who have ceased their professional activity due to their age or to a permanent work disability, after having worked in that specific country.

Family members will also benefit from these rights irrespective of their nationality (they can have the nationality of a non-Union State), provided that they are financially supported by the person concerned.

The right to circulation involves exceptions and limitations as well. Activities - occupied by employees and self-employed people, which imply direct or indirect exercise of public authority, are excepted. However, if a person were accepted by a State in such a position, he or she would completely benefit from the rule of national treatment. Limitations are strictly circumscribed to public order and security, to public health and morality.

We can see that the concept of free circulation has a much larger content than that of free travelling.⁵

In 1990, the Council - the "legislative" body⁶ of the Communities - adopted three directives aiming to extend this right, for stay durations exceeding three months, to categories of people other than those mentioned above such as the following:

- students attending in another country member of the Union professional secondary or university studies, provided that they possess sufficient financial resources and a medical insurance; their family members;
- pensionaries wanting to settle in another country member of the Union after cessation of their activity in their own country, provided that they possess a sufficient retirement pension and a medical insurance; their family members;
- any other persons not belonging to any of the specified categories and their family members.

These directives involve legislative measures of application from the part of the States within a fixed delay, measures which have not yet been taken. The Maastricht Treaty has confirmed them by the provisions of art. G part C, but this should be applied itself by documents adopted by the Union institutions.

The right to circulation, as it has been established by the constitutive treaties and by the Maastricht Treaty, does not involve total suppression of control at the interior frontiers of the Union. The Schengen Agreement⁷, which stipulates this and which will be evoked by us in a future article, was concluded between

⁴ Ph. Manin, *Les Communautés Européennes*, "l'Union Européenne", Paris, 1993.

⁵ L. Cartou, *l'Union Européenne: Traité de Paris*, Rome, Maastricht, Paris, 1994.

⁶ J. Boulouis, *"Droit institutionnel des Communautés Européennes"*, Paris, 1995, p. 32; Ph. Manin, *"Les Communautés Européennes, L'Union Européenne"*, Paris, 1993, p. 56.

⁷ The Schengen Agreement belongs to the so-called "complementary law": it is a document which, being concluded between the States members of the Union in a field of common interest and competence, completes the European law.

several countries members of the Union outside of the Union legal frame. At present customs control has been suppressed for the goods carried by travellers, but not police control of papers, weapons, drugs, etc. Possible decisions concerning this matter will be taken unanimously by the members of the Council of the Communities. Finally, we should mention a symbolic measure related to the circulation of people, i.e. the introduction of a standard passport for all residents of European Union countries.

2. The right to elect and to be elected at local elections on the territory of the residence country, excepting however the functions of mayor and deputy mayor. Application provisions have already been taken by the Council. We should add that in certain countries the right of foreigners to vote for local bodies was already established by their legislation.

3. The right to elect and to be elected at elections for the European Parliament⁸ on the territory of the residence country

To date there is no uniform electoral procedure. The Maastricht Treaty considers the adoption of such a procedure, but it requires application provisions. Consequently, at present, there are different procedures in different States, which however observe several common rules⁹: the single vote (one elector - one vote), the same calendar, the minimum age - 18 years. It is the Maastricht Treaty which has introduced the right for all residents of a country member of the Union to vote on the territory of another country where they have their residence. Concrete modalities have been adopted by the Council and the first such elections took place in June 1994.

4. The right to benefit from diplomatic and consular protection of any State member of the Union, on the territory of a third State where the own State of the person concerned is not represented.

5. The right to petition in front of the European Parliament and to address complaints to the mediator designated by this Parliament.

The Maastricht Treaty has established a mediator - the equivalent of the Ombudsman known in many countries - designated by the European Parliament but having an independent status. His role is to make enquiries on the faulty administration of the Union, either following individual complaints or at his own initiative. Results are recorded in reports elaborated annually for each case, reports that he presents in the Parliament. Decisions of the Court of Justice, as well as decisions of the Court of First Instance, are excluded.

We have attempted to outline the content of Union citizenship, content which, as paradoxical as it may seem, includes for the time being only rights¹⁰. Although the Maastricht Treaty refers to duties, it does not stipulate them directly. However, as we have mentioned before, the concept of citizenship is not a legal concept and this is why it is still very imperfect. Undoubtedly the moment will come

⁸ The European Parliament consists of representatives of the peoples members of the Union, elected by direct universal vote. It has consultative attributions (optional and compulsory advices) and, in some fields, legislative attributions (shared in this case with the Council).

⁹ J. Boulouis, *op. cit.*, pp. 68 and 202; Ph. Manin, *op. cit.*, pp. 82 and 274.

¹⁰ G.-H. Beauchier, *op. cit.*, p. 30.

when, the Union being organized on a federal basis or on a basis close to that of a federal State, there will be a *real* European citizenship, which will be acquired or lost according to modalities specific to the Union and whose content will be as complete as that of a State citizenship¹¹.

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¹¹ Idem, p. 33.

IS THERE A NEW DIPLOMACY IN THE LATTER HALF OF 20TH CENTURY?!

VICTOR STOICA

ABSTRACT. Introduction. The change of the international system and one of its direct results: a change in the nature of diplomacy. Towards a new corporative society?!

The new diplomacy and the democracy: from personal dictatorship to "dictatorship of the majority

A special relation?! Mass Media and New Diplomacy

Forms of the new diplomacy:

Conference diplomacy

Personal diplomacy

Unofficial diplomacy

Special oriented diplomacies: economic diplomacy, environmental diplomacy, oil diplomacy, etc.

Associative diplomacy

CONCLUSION: The future of Diplomacy: globalisation and the next millennium.

Is there a new diplomacy in the latter half of 20th century?!

Introduction

The answer for the question in our essay's title appears to be a very simple one: yes, there is a new diplomacy in the later half of our century. But the troubles start here, for a satisfactory response, in order to identify the new diplomacy, we must see: What is the difference between the "new diplomacy" and the traditional one? Which factors did generate changes in diplomacy's nature? Which are the functions and who are the actors of this new diplomacy and last but not least, the forms of this diplomacy.

The change of the international system and one of its direct results: a change in the nature of diplomacy. Towards a new corporative society?!

Synthesizing more than one definition (Barston, 1996; Burton, 1968; Frankel, 1966; Watson, 1982): diplomacy is a device for implementation of foreign policy and a meaning for a *peaceful* management of *relations* between *states* and *others actors* on international system (in fact an instrument of international actors' peaceful interaction).

So any variation in international order will affect this "device". Diplomacy will always follow an evolution in direct connection with the development of international relation system. Diplomacy is a dynamic body and the "new diplomacy" of the last half of century is the result of its transformation.

The most obvious transformation of international system after the second world war comes with a quantitative and a qualitative change in the number and rank of international actors. The scene of international relations had been dominated by European powers that now lost their position as focus point for international system. United States had left before the first world war their isolationist place becoming, if not the most important actor, may be the most active. A significant number of new states enhanced their position as international actors. The management of relations between states became more complex and difficult, due to the exponential increase of these relations. Watson (1982, p. 93) observed that European diplomatic institutions, practices and style evolved becoming the modern diplomatic system while the focus on European system of international relation was diffused over entire world.

The presence of two major politico-economic paradigms: liberalism-capitalism and socialism-communism polarized international system around to major powers USA and Soviet Union and diplomacy concentrated on this issue. There is no state in the world without an embassy in Moscow or/and Washington. Also even the non alignment movements create a polarization of power around idea on non alignment. So contemporary world system can be seen as a collection of actors aggregated around poles of powers. And these poles of power can be created not exclusively by state actors but also by corporate entities.

Realist paradigm in international relations emphasized on the role of "independent nation states" interaction in an "interdependent world". Watson pointed out (1986, p.15-16) that the evolution from old diplomacy to new diplomacy was the development of diplomacy from a mean of reconciliation between states concerning the "empire of circumstances around them" to a "common set of rules" in their relations and finally to the possibility of working together in international institutions.

In conclusion the new diplomacy evolves from bilateral diplomacy to multilateral diplomacy where the number of objective suffered a large diversification. There is a paradox: starting as an instrument of promoting the interests/policy of a state in front of international system, diplomacy gained another dimension: new diplomacy tends to be a communication mechanism having the role of a regulator within international society and contributing as a promotor of change inside the international system. So realist paradigm altered its validity and a functionalist approach on international relations became more appropriate. Diplomacy is the device that sustain, harmonize and make functionally the peaceful communication/interaction between the different parts of the international system.

The impact of technology on international society was reflected on practice of diplomacy. Space and time suffered a dramatic contraction. The new speed of information flow and the broadening of its area of penetration involved a larger number of actors in problems that had concerned only few actors in the past. Diplomats lost in a certain degree their importance in collecting and intermediating

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communication between states. Modern communication technology increased the speed of diplomacy in the context of an amazing expansion of international relations system. Faster communication enabled faster decisions and increased as well the effectiveness of dealing with a larger number of actors and relations. Professional diplomats also suffered a reduction in their role as decisions' makers becoming more dependents on the policy makers' decisions. But a "new class" of diplomats appeared: politicians became diplomats. High level contacts became a usual style for new diplomacy and airplane was proved indispensable for diplomatic practice. Head of state (president, prime minister, etc.) has now the possibility of establishing direct formal and informal relations with his homologues. This change in the nature of space and time transformed diplomacy, that now seems to be more concerned or dealing with specific subjects, purposes at once.

In this new context the next set of questions appears to be justified: Do states need professional diplomats and permanent missions abroad?! Did the old diplomacy become redundant?!

In order to answer these questions I will analyze the tasks of diplomacy in their illustration by Barston.

Barston (1996, p. 2) highlighted six tasks that must be performed by diplomacy: *representation* (including substantive representation = explanation of national foreign policy, interpretation of foreign and domestic policy of host country), *advise* (listening post = offers a feedback for sending government policies), *preparation* for a new policy or initiative implementation, *reducing friction*, *contribution to change* (management of change), *creation the framework* (body of normative and regulatory rules) *for the international system*.

In conclusion, the diplomatic tasks cannot be reduced only to a simple communication that can be easily and fast performed in the presence of modern communication systems. Diplomacy deals as well with the interpretation, explanation and comprehension of political facts. Maybe the professional diplomats lost their role as direct decision makers for their country but they became advisers, counselors for the policy making process both for sending government a host country. They must prepare/manage the way for any change in foreign policy and they did not loose their importance as mediators. They are also important participants in the process of the framework creation for the international system structure. So in the new diplomacy, the professional diplomat is still an important participant.

The changes in the patterns of modern society indicated that realist concepts as sovereignty and borders became more fuzzy for postindustrial society. World system will become more appropriate to a political system under which the principal economic functions, as banking, industry, and labor, are organized as corporate entities. The development of powerful non-state actors like transnational corporation, financial empires or even international organization built around a profession (eg, Medicine sans Frontiers) indicates the rise of a new corporative system which will modify the world society. Will a new "new diplomacy" appear?! What kind of role diplomacy will play in this system? I will try to figure out some possible answers in the conclusion of this essay!

The new diplomacy and the democracy: from personal dictatorship to "dictatorship of the majority".

The new diplomacy of this half century is linked with the idea of democracy. The reason for such a connection is that the political space where new diplomacy is supposed to act seems to belong to democratic systems of government. But the real life proved that many "democracies" in the modern world are totalitarian form of government (dictatorships or oligarchies). Their parliamentary system is only a facade or an instrument providing a justification for authoritarian forms of government as acting in the name of people.

USA president Woodrow Wilson formulated the basis for an ideal model of open diplomacy:

"Open covenants of peace, openly arrive at, after which there shall be no private international understandings of any kind, but diplomacy shall proceed always frankly and in the public view." (in Frankel, 1991, p. 137)

Frankel (ibid.) interpreted this quotation identifying two characteristics for this ideal of open diplomacy: there must be no hidden agreements and the negotiations should be in the open. He identified the first characteristic as having its basis in the democratic theory but he criticized the second one because in its opinion means the impossibility of diplomat to state his position in public and to negotiate after that. I think the second command can be interpreted as well as a post explanation of the position and the negotiation results in public after the negotiations came to an end. This is what usually happen: first there is the action (negotiation, bargaining, etc.) and only after that an explanation and justification are openly addressed to public. Open diplomacy follows the democratic responsibility precept: in a democratic system decisions makers must disclose their actions in front of those in the behalf they govern.

Diplomatic activity is more simple in an authoritarian system where diplomacy deals only with external affairs and it is a more clear cut political will than in a democratic system where interests are larger spread and political decision must pay attention to many distinctive and some time contradictory influences. In the last case, diplomacy become the tool for its own feedback, it will also try to manage the effects of its own policies.

One of the most important criticism to open diplomacy is that usually ordinary people are not very well informed and even they do not know their own interests. They are not specialists in international relations and their opinion is not relevant. They are manipulated by media or by other forms of social persuasions. So why is necessary this open diplomacy?! To deal with the "dictatorship of the majority" is sometime more difficult because the actor is a collective player.

The new diplomacy is situated in the middle of this debate. As Watson (1984, p. 136 - 137) observed the secrecy still plays an important role in the new diplomacy but an important amount of diplomacy is open (especially in conference diplomacy, multilateral diplomacy: UNO, EU, etc.) For example the report that ambassadors write for their Foreign Ministry cannot be made public because it can contain elements of privacy at the kind that are (as Watson notice) in "the relation between lawyer and his clients". So as a conclusion the public have the right to be

informed but the intrusion of public opinion in diplomacy does more difficult the diplomatic practice.

A special relation?! Mass Media and New Diplomacy

Relation between mass media and new diplomacy is one of the most complicated and problematic relations in the field of international relations. An interesting question in the critical study of media studies refers the question of the democratizing potential of the mass media. New technologies have increased the access of public to information and thus problematized the view of the media as a tool of state or other corporate agents' domination. But this can be a bi-directional pressure. In the same time mass media carry more or less an public dimension, is an arena for expressing the will of public. So the role that the public plays in diplomacy and foreign policy making through the influence of mass media must not be neglected. Democracy has moved its focus from Athenian democracy participation to the modern concept of interactive partaking through mass media. This not necessary means that public really participate but they have the feeling of participation, they can manifest their opinion and they are happy or unhappy with the feedback they get.

Yoel Cohen (1986) developed the concept of Media Diplomacy analyzing the adaptation of American and British policy-makers to the challenges presented by the mass media. He tends to emphasize on the effects that the media has on the policy makers capability to rule, the government's ability to solve crises. Mass media is an entity that has the root of power in finding the sensational, the new or everything that it's up to normal status of the system. The mass media also sanctioned every action what was considered against the norms of the a normalized system. The government must deal within the fine balance system of keeping its action in the limit of unsenzational certain kind of privacy or secrecy and informing the public. Government will try to protect the secrecy of the national security state denying public disclosure in the name of the "national interest" and seek to preserve its ability to act. Mass media can be see as a kind of watch dog keeping an eye on the concordance between what the government "says" and does.

Sometime mass media is a constructive as agent that energizes and surveys the system, but also media can make more difficult every negotiation on what was once stated.

The marriage between new diplomacy and the use of mass media had given birth to the one of the most powerful instrument in diplomatic practice, propaganda. Diplomacy will use media to create an image, to redirect emotions, to give a justification for actions. But as Frankel (1991, p. 142) suggested propaganda is addressed rather to the people of one specific state than to the official channels where diplomacy deal. But this is an indirect way because addressing the public you expect to have in some way a some kind of influence through this public on official channels. Frankel also noticed that propaganda is "selfish" promoting exclusive the interests of the state that use it. But this can be a very effective way for persuasion of the international community. A very good example of propaganda use can be provided in the case of Gulf War where Americans used a

news television (CNN) as a mean of persuasion for international community in order to justify military action in Kuwait.

Mass media created the image of Saddam Hussein as a new Hitler. Bush Administration injected a moral component (invasion of Kuwait by Iraq was against the international rules) in their propaganda construction that found ready an international public already disposed to ensure American access to Middle-Eastern oil reserves. The amount of news coverage devoted to this crisis effects public support. They find that public support for going to military intervention in Kuwait increased due to three factors: the UN Security Council vote for the January 15, 1991 deadline; President Bush's decision to seek Congressional approval for military action; and the Bush administration's skill in framing the war in an unambiguous manner.

Cohen (ibid.) also suggested that the media in its relationship with diplomacy must be conceptualized as a bi-dimensional phenomenon. There are two major effects: 1) the signaling of one's adversaries; and 2) the signaling of one's friends through public opinion.

The dual function is effective in any type of socio-political organization. This means that the needs of the domestic audience are the same regardless of the "democratic" or "authoritarian" organization of the society. At some level, the public must be drawn into the process of media diplomacy if only for the affirmation of strength and vitality which is presented for domestic consumption. In any society, the audience is free to read media diplomacy in different ways (granted, acting on that information may be another story). It is possible to treat the audience as a type of public that is not immune to propaganda but whose readings of crisis situations may contain a possible threat to power. It is critical that those possible interpretations be regulated.

One of the ways to achieve such control is to habituate the international audience to perceive international crises as news events and to provide certain modes of interpretation. Not only should the crisis, and the intrusion into daily life that it constitutes, be taken seriously by the viewer but certain readings of the crisis must be privileged as the "most legitimate." As Cohen has pointed out, not all events or types of diplomacy are considered to be 'newsworthy' by the major media outlets and thus are edited out of the news-stream. Much of what is done by governments or diplomacy is still secret in nature, there are certain occasions that are eliminated from the newsworthy. And the use of crisis labeling has become a part of communicating to lead. The crises that are released and do gain legitimacy are those that are unambiguous and relatively easy to translate in the terms of dichotomy between the good versus evil. In the Gulf War crisis, the Bush administration was very successful in communicating to lead by transforming some of the critical public opinion into support.

So the use of media can be constructive if provide a justification from the moral point of view expected by public (a function of legitimization).

Idea of mass media use by international actors as an instrument of promoting their desired image as a support for their interactions found a large support in last years. And this fact is proved by the important number of very

profitable businesses built around this concept (public relations, lobby companies, etc.).

Forms of the new diplomacy:

Forms of the new diplomacy reflect major issues of this last half of century regarding the change of international system. I do not pretend that I can cover all range of forms provided by the new diplomacy development but I will try to cover on short some of them.

Conference diplomacy

Conference diplomacy represents an Athenian democratization of the new diplomacy. This is form of diplomacy preferred by small and not so powerful states but is also used by powerful states for maintaining the balancee of powers. The increasing number of international organization had as direct result the institutionalization of conference diplomacy. Barston (1996, p. 108) identified seven functions for conference diplomacy: *symbolic effects, exchange of information and views, discussions on side issues, defining strategic issues, resolution of disputes, diffusing crisis and negotiation and ratification of final stages of agreements.* Conference diplomacy is the principal form of diplomacy used on international or regional organizations like UN, EU, ASEAN, etc. but also in economic diplomacy. Very important for this type of diplomacy is the symbolic dimension: the conference diplomacy is an arena for small states to manifest and promote their interests and in the same time they feel they are participants in the process of international decisions making. In this context is very important for the example the nationality of general secretary of United Nations. In conference diplomacy the actors and in the same time diplomats and politicians (and we can talk about a global politics within the frame of international organizations).

Personal diplomacy

The impressive development of telecommunication and transport networks gave the possibility of establishing informal interpersonal relations between decisions makers from different countries. This is another example for a change in the new diplomacy: politicians (head of states) became diplomats. The possibility of having regular face-to-face contacts (visits, meetings) or direct phone conversations developed personal relations involving a psychological dimension. This environment became some kind of peer group for these people. So a person with charisma will be more successful in this kind of diplomacy. A visit of a president of USA, for example, in a country after election means a support for the new government. Even unofficial visits became a part of diplomacy because the head old state will have (informal) contacts with officials in host country and even in his unofficial quality he represent not only his own person but also his country and his power as decision maker is recognize in even in his unofficial quality.

The personal diplomacy is developed not only to the level of head of states but also it was extended to other decisions makers. So defense ministers, foreign affair ministers, etc. can developed informal relations with their homologues and they will play important diplomatic functions.

Unofficial diplomacy

Unofficial diplomacy is some kind of collateral diplomacy. Its actors are generally individuals as businessmen, former presidents or other retired politicians, journalists, writers. Berman & Johnson (1977) noted that unofficial diplomacy is not an alternative for official (bilateral and multilateral) diplomacy and states still are the most important actors on international stage. But I think the unofficial diplomacy is very important for modern world because it can be effective where the official diplomacy is not working. Unofficial diplomacy may support official diplomacy and open private channels. As an example for prestige of the unofficial diplomacy, unofficial diplomats can be converted in official diplomats. This is the case of some former USA presidents who was asked to become negotiators or mediators of international disputes. The unofficial diplomacy has as axis the prestige of its diplomats. Unofficial diplomats have only the diplomatic privileges that this prestige granted to them. So the unofficial diplomacy is more effective when its actors are former officials or very well known and respected people.

Special oriented diplomacies: economic diplomacy, environmental diplomacy, oil diplomacy, etc.

The new diplomacy of the last half century combines the participation of state and non-state actors on the same competitive stage. Special oriented diplomacies dealt with the majors problems or with special issues. Economic diplomacy is one of the older form of diplomacy with roots in the depth of history. But in the last century economic diplomacy change in form if not in content. An immense number of economic international organizations in which states compete or cooperate with other states or other corporative actors represents a different background in a different word for economic diplomacy.

Other forms of special diplomacy concern with environment protection, oil resources, atomic energy, etc. States, Intergovernmental and non-governmental actors perform together on this stage where globalisation is in a fine balance with national interests.

Associative diplomacy

Associative diplomacy is linked with the concept of polarization. Barston (1996, p.116) defined associative diplomacy as the attempts by individual states or group of states to establish links within a treaty or institutional framework.

In general states use this grouping in order to increase their power within the international relations system by achieving common perspectives on major issues and reciprocal assistance. This kind of diplomacy can be associated with economic, security, project development issues, etc. As a paradox non-alignment movement is also a form of associative diplomacy. Examples of associative diplomacy organizations: ASEAN, EEC, ACP. Associative diplomacy is not very effective when the interests of associated groups are not characterized by cohesion.

CONCLUSION: *The future of Diplomacy: the next millennium and the world globalisation*

One of the most difficult task is to try to anticipate the evolution of diplomacy. As there was established previously diplomacy is a dynamic body in strong dependence with international relation system. So it is certain that the next millennium diplomacy will follow or anticipate (through its contribution) the changes of the system. There are two major tendencies: globalisation and the development of strong corporate entities. In the next century the concept of state will lose the power that still has. There will be more poor borders. The future world can be a "global village", a network of corporate entities transgressing any territorial borders but still associated in some way with the the fuzzy framework of states system. There will no borders for a globalised trade and state will exist only as symbol or names for geographic territories. There still will be islands in the net where old world will survive. Maybe there will not be necessary classic diplomatic relations inside the European Union for example, but diplomacy will not lose its use. Somebody will be required to provide and negotiate relations between corporate actors. Maybe their name will not be diplomats, but they will be one of the most.

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THE TALE OF THE TRIBE

RUXANDRA TRANDAFOIU

ABSTRACT. *"The Tale of the Tribe"* attempts to reveal the European stature of a controversial character in both American and European cultural milieus: the American poet Ezra Pound. His contribution to the contemporary discussion over the rediscovery of European identity lies in the highlighting of the hidden thread uniting several cultures in Europe, in spite of differences in language and tradition. His theory regarding the relation between cultural productions born in different times and places tries to contribute to the establishment of an uninterrupted "tale" of our European "tribe".

In spite of the huge body of literature dedicated to the American poet Ezra Pound, the critics are still in a jam, unable to offer a definition of his controversial character. Pound-the poet and Pound-the charlatan; Pound-the discoverer of Eliot and Joyce, and Pound-the traitor; Pound-the pioneer of Imagism, and Pound-the deranged, are all possible interpretations. These days Americans look upon him as one of their greatest poets, nevertheless still accusing him of Fascism and criticizing his voluntary exile to Europe, a choice never to be forgotten by a "true" American. In his country of adoption, Italy, Pound is still seen as an exotic character, with no importance whatsoever for the Italian culture as Pound's translations from early Italian poets seem just a futile work to Italian men of letters. "L'estraneità di Pound alla cultura italiana viva", explains Gianfranco Contini, "ha una perfetta controparte nella mancata assimilazione di Pound all'Italia contemporanea"¹. In other words, it is only the brand new that counts to the Italian contemporary cultural appreciation. The English literature also fails to recognize him another status than that of "maestro" for younger poets, as for the English, Pound plays only the part of the discoverer and promoter of Joyce's *Ulysses* and Eliot's *Waste Land*. In our country, the importance of Pound's work is even more reduced to a few words about the Imagists' poetical technique. One of the 1972 numbers of *Secolul XX* dedicated to Pound at his death, was followed by more than twenty years of silence. We possess only two translations from Pound's *Cantos*, *Cantos și alte poeme*, in the translation of Ion Caraion, București, Editura Univers, 1975, and *Cantos*, translation and afterword by Virgil Teodorescu and P. Negoșanu, 1983. Pound's theoretical work was never to be converted into an extensive anthology and today he is more or less ignored by Europe.

¹ Gianfranco Contini, *Ultimi esercizi ed elzeviri (1969-1987)*, Einaudi, Torino, 1989, p. 267.

Pound was never rediscovered in the new European context, even if his easiness in penetrating foreign traditions, in speaking and currently using ten languages, and in immediate adaptation to alien cultural environments, would make him nowadays the perfect European man of arts. His achievements in the field of European cultural history do not appeal to the European scholar, because Pound's main guilt remains that of being an American. As well as Europe failed to assimilate Henry James or Hemingway, it also failed to accept Pound as one of its offsprings. Pound's attraction to Mussolini ("a very human, imperfect character who lost his head"), Stalin ("the best brain in politics today") and Hitler (who, "like many martyrs, held extreme views")² adds to his American passport and attracts the criticism of the European literary elite. Yet, his antisemitism and his extreme views often come from his love for Europe, good or bad as it was. America could not offer him enough culture, history, cultural progress and civilization. That is why he turned towards Europe and tried to discover the ideology which could prevent America's moral and economical decay. "Le patient a la ferme conviction d'avoir pour mission de sauver la Constitution et la population des Etats-Unis", was doctor Wendell Muncie's argument at Pound's trial³.

In spite of his extreme views, Pound was among those few who, before the today's fever for designing a new cultural Europe, looked for the gems of European literature and dreamt about a Europe of different cultural communities, a Europe of harmonious cultural traditions.

We may ask ourselves if, in that case, Pound had any roots, if he had a country of his own. He might have had one, but that was neither the U.S.A., nor France; it was neither Italy, nor Switzerland; it was the old continent as a whole. Disappointed with his native country, Pound adopted Europe, the more traditional world. Back home, at Hamilton College, three men played a decisive part in shaping him up for poetry and opening his eyes to the glories of the European past: Herman Brandt, professor of German language and literature, Reverend Joseph Ibbotson, English literature, Anglo-Saxon and Hebrew, and William Pierce Shepard, Romance languages and literatures. As a result, when he arrived to London in 1908, Pound was soon able to lecture on Plato, Aristotle, Longinus, Dante, Coleridge, Pater and Yeats. Throughout his activity as a poet and critic he then continued to pay constant homage to all famous personalities of the Western civilization. From the very beginning of his career Pound became "ministre sans portefeuilles, decouvreur et promoteur de la grande litterature europeene"⁴.

One of Pound's qualities is that as an American abroad, he had a special perspective on the cultural modes of the older world, while he looked upon America with European eyes. His interest in every culture and literature that grew in Europe in the last centuries is not just mere curiosity, but a result of what two attentive American eyes were able to discover (what we, as Europeans, often fail to see in our own culture). The criticism arising from this special way of discovering and SEEING things, led him, ahead of many Europeans, to the image of Europe as a

² From the speeches delivered by Pound over Radio Rome before 1945;

³ Fritz J. Raddatz, *Pieces pour le proces d'Ezra Pound*, Lettre Internationale, no.5, etc.

⁴ Robert Frost, *idem*.

confederation of different traditions, as a plurality of cultures, equally valid and contemporaneous. He borrowed these ideas from Herder and Leo Frobenius, who even provided Pound with a favourite word, *paideuma*, which Pound explained as the tangle or complex of the inrooted ideas of any period. "All ages are **contemporaneous**" wrote Pound in *The Spirit of Romance*, adding that there exists "a **communal tradition** that **links** certain extraordinary minds **across space and time**". In *Literary Essays* he is certain that in the presence of the greatest works of art (which, according to Pound, lie in the European culture, the oldest and most famous of all), we experience freedom from time and space. In another essay, *The Renaissance*, the emphasis is not on life cycles manifest in separate but parallel cultures, but rather on a **continuity of world culture** in which any country may participate. Therefore he visits the past in order to recover cultural and personal values in danger of perishing. When writing about Pound's first articles and translations published in 1911 under the surprising title *I Gather the Limbs of Osiris*, Hugh Witemeyer thought that by identifying himself with Isis, Pound implied a hope that his translations of lesser-known inventors of poetry would assist a rebirth of modern poetry. Isis is the goddess that gathered the dismembered limbs of Osiris, whose consequent rebirth was the legendary basis of an Egyptian fertility ritual⁵. The relation Pound saw between different times and cultural spaces which can easily intercommunicate, is implied in his ideas of cultural links. This is also underlined by T.S. Eliot: "He does see Italy and Provence as contemporary with himself. (...) He has grasped certain things in Provence and Italy which are permanent in human nature"⁶.

These "things" come out of the darkness by way of translations. Pound translated Horace's *Odes*, Catullus, other minor Latin poets; he reworked *The Seafarer* bringing to light the sensibility of Anglo-Saxon literature; discovered the Provençal treasure: Arnaut Daniel, Bertrand de Born, Ventadorn and Folquet de Romans; gave his version of St. Francis, Guido Guinicelli, Cavalcanti, Leopardi, Rimbaud and Remy de Gourmont.

Europe as an example of interchanging multiculturalism comes also to life in his original poetry. As R.H. Pearce puts it, *The Cantos* are "a rediscovery, a making new, of the noblest, truest, and surest elements in culture"⁷. *The Cantos* recreate history, past and present, and they are, as Pound himself defines them, "**the tale of the tribe**" and "**a record of struggle**". *The Cantos* written between 1917 and 1969 were inspired by Dante's *Divina Commedia* and are the tale of humankind, a tribe with great culture, civilization and history, of which highlights are presented by Pound in an original, but convincing way. It is even more convincing when Pound extracts key-fragments from the great works of art of European culture, rewriting them and integrating them into his own original poetry. As Gerard Genette sees it, we, modern creatures, are condemned to "faire du neuf avec du

⁵ Hugh Witemeyer, *The Poetry of Ezra Pound (Forms and Renewal, 1908 - 1920)*, University of California Press, 1969.

⁶ T.S. Eliot, *Introduction to Selected Poems of Ezra Pound*, Faber and Faber, London, 1928.

⁷ Roy Harvey Pearce, *Toward an American Epic (1959)*, in *Foster and Sutton, Modern Criticism. Theory and Practice*, The Odyssey Press, New York, 1963.

vieux". We are maternally linked to our past tradition, never escaping it, for ever repeating the words of our ancestors, this theory being clearly articulated in Pound's poetry. **The Cantos** are a model of what Genette calls "hypertextualite". Hypertextuality is "toute relation unissant un texte B (que j'appellerai hypertexte) a un texte anterior A (hypotexte) sur lequel il se graffe d'une maniere qui n'est pas celle du commentaire". The resulting text is "derive d'un autre texte preexistant"; "J'appelle donc **hypertexte** tout texte derive d'un texte anterior par transformation simple ou par transformation indirecte (imitation)"; "Un texte peut toujours en lire un autre et ainsi de suite jusqu'a la fin des textes"⁸.

Not only hypertextuality, the hidden thread uniting us to other cultures, but also language can connect our cultural productions. **The Cantos** are a collection of voices, a poliphony of ten different languages that Pound himself knew very well. The mixed language of *The Cantos* was built up by way of borrowings, word invention and transferring words from one language to another. Pound invents a personal language, impossible to equal or imitate. The reason for using multilingualism is to be found in Pound's theory that: "The sum of human wisdom is not contained in any *one* language, and no single language is CAPABLE of expressing all forms and degrees of human comprehension"⁹. "One **needs**, damn well needs, to know the few hundred words in the few really good poems that any language has in it"¹⁰. Pound thought that gaining access to a culture meant learning the modes of its expression in language. Because language is the matrix of civilization and writers of different languages inhabit different worlds. Understanding the mechanisms of several languages important for the European culture, was of vital importance to Pound. Pound's dream of Europe was according to Donald Davie, "...a Europe that spoke Latin and its Romance derivatives, including English as the most remote and partial of those derivatives. (...) Pound wanted to create or re-create a lingua franca of Greco-Roman Christendom in which English would operate as a sister language with French and Spanish and Italian"¹¹. Davie's assumption is generally correct, in spite of the exaggerations. Pound was a too well refined linguistic scholar to assert that English and Romance languages had the same origin. Yet Pound thought of a brotherhood of languages and wanted to discover the genius of those languages which created the peaks of European civilization.

In a culturally integrated Europe, communication between different cultural environments is essential. Therefore, Pound's theories may prove valid in the context of redefining new cultural identities which are seeking to discover their common points of reference. We just need to continue the tale of our tribe, the tale that Pound and others tried to put together.

⁸ Gerard Genette, *Palimpsestes* (La litterature au second degre), Editions du Seuil, 1982.

⁹ Christine Brooke-Rose, *A ZBC of Ezra Pound*, University of California Press, 1980.

¹⁰ *In a letter to Iris Barry, august 24 1916, Ezra Pound, Selected Letters* (1907 - 1941), edited by D.D. Paige, NDP, 1971.

¹¹ Donald Davie, *Romance Languages*, London, 1975.

THE IMPACT OF TRANSITION UPON THE TERRITORIAL ADMINISTRATION IN ROMANIA: BETWEEN LOCAL AUTONOMY AND CENTRALISM, TOWARD THE EUROPEAN INTEGRATION

MARIUS SUCIU¹

ABSTRACT. After the 1989 revolution, the new leadership of Romania is doing special efforts in order to find new structures for the society, structures that could handle the political, economical and social changes we are facing. They proclaim quickly their adhesion to the principles of decentralization and local autonomy. This choice comes out more as an external constraint than as a national debate and a change of mentality inside the society. Because of this, there are special problem that resulted from an early adoption of an external model without considering the real estate of facts in the society.

There is no doubt that these changes are very necessary in order to find effective structures able to take to an end the steps for European integration. But this process is not easy at all, the old structures proving themselves not able to adapt smoothly to these transformations. New structures are needed, while others would have to be cut off. There will be a need for new social actors and new relations between them. That is why a redistribution of competence and power in territory can be foreseen, and new projects are necessary in order to reshape the territory affected by previous unsuitable strategies.

At the same time, appear new actors and is increased their position. This fact will cause new social relations, often conflictual, and a new restructuring of the power. These all will lead to the creation of new territories as a consequence of the competition between different plans concerning the territory.

Many researchers, from Romania and abroad, have praised the administrative policy of the totalitarian regime. There is no doubt that the administration of space and society seems to be less difficult in a totalitarian regime than in a democratic one. There was a strong belief that the communist regime could be the only one that create a perfect equilibrated territory, and could

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introduce the absolute equality in the society. Anyway, after 50 years of communism, Romania shows us an almost gloomy image of the living space: new cities like new ghettos, impoverished, aged and degraded villages, industrial giants, standing oddly in the middle of a generous natural environment, upside down social structures.

Before 1990, territorial arrangement was based on the Law 58/1974 called the law of territorial arrangement. Taking care of a faster and controlled development of the country the unique political party installed a centralized system of elaborating, approving and authorizing plans for territorial arrangement. The most insignificant detailed plan concerning town-planning had to be presented to the head of the state, who could change everything he wanted (e.g. demolition of historical centers of some cities, arbitrary change of development plans, inappropriate change of polluting industries, etc.)².

In its position of unique investor, wanting to bound by all means the private property, especially the land property, the State created a uniform pattern for urban development and projected a general plan to plan the villages. This plan has been implemented, fortunately, only in a few villages around Bucharest.

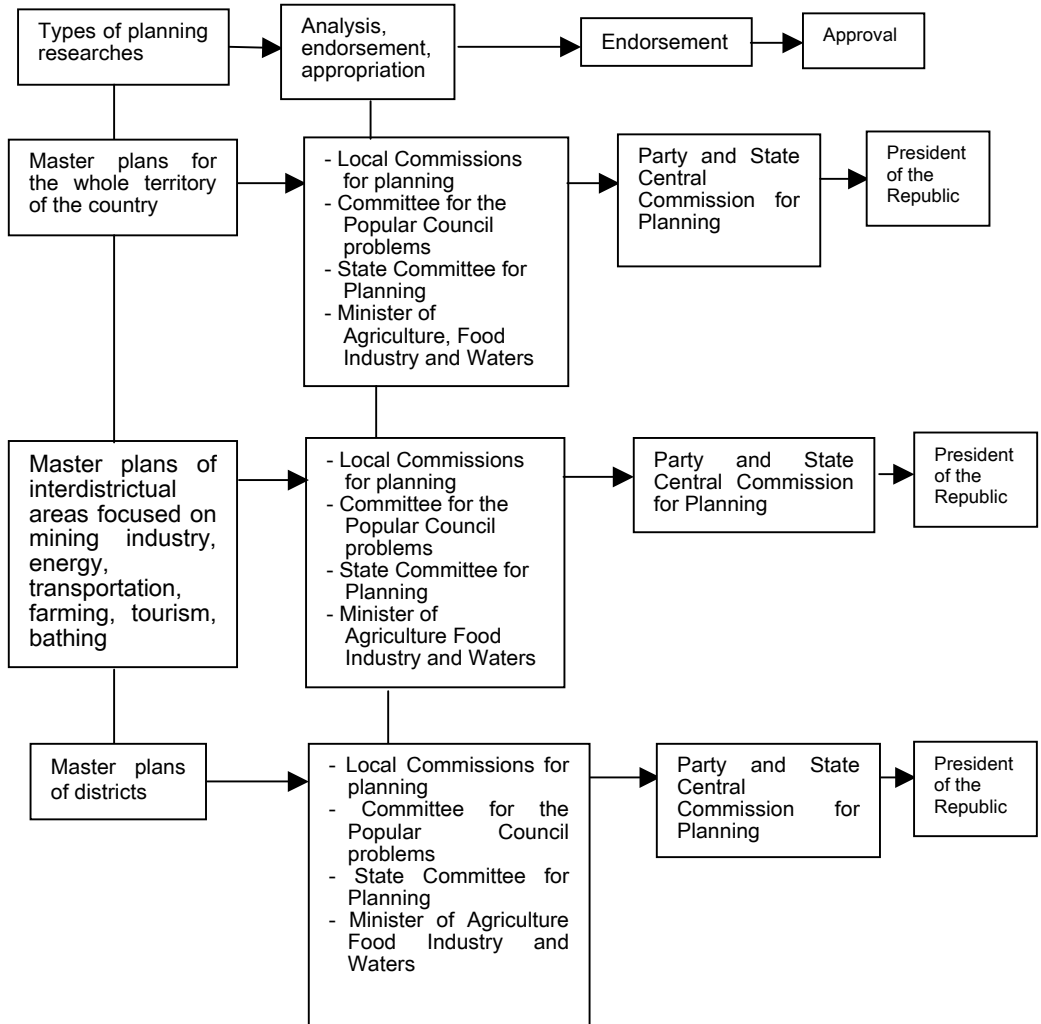
As regards the people participation to this administrative policy, even though the law stated the principle of a "large participation of the people", this was reduced to its simplest way: the propaganda in mass-media and the representation of the models and plans to the habitants. These projects were anxiously studied by the people in order to find out whether their home would be demolished in the near future. In a system that took as a purpose to uniformize the society, it was useless to allow citizens to participate at the elaboration of the territorial development policy³.

² L. Ianas, *Rapport sur l'aménagement du territoire en Roumanie*, In :Partage des competences relative l'aménagement du territoire dans certaines pays européens, Ed. Conseil de l'Europe, 1995, pp. 64.

³ Idem, pp. 66.

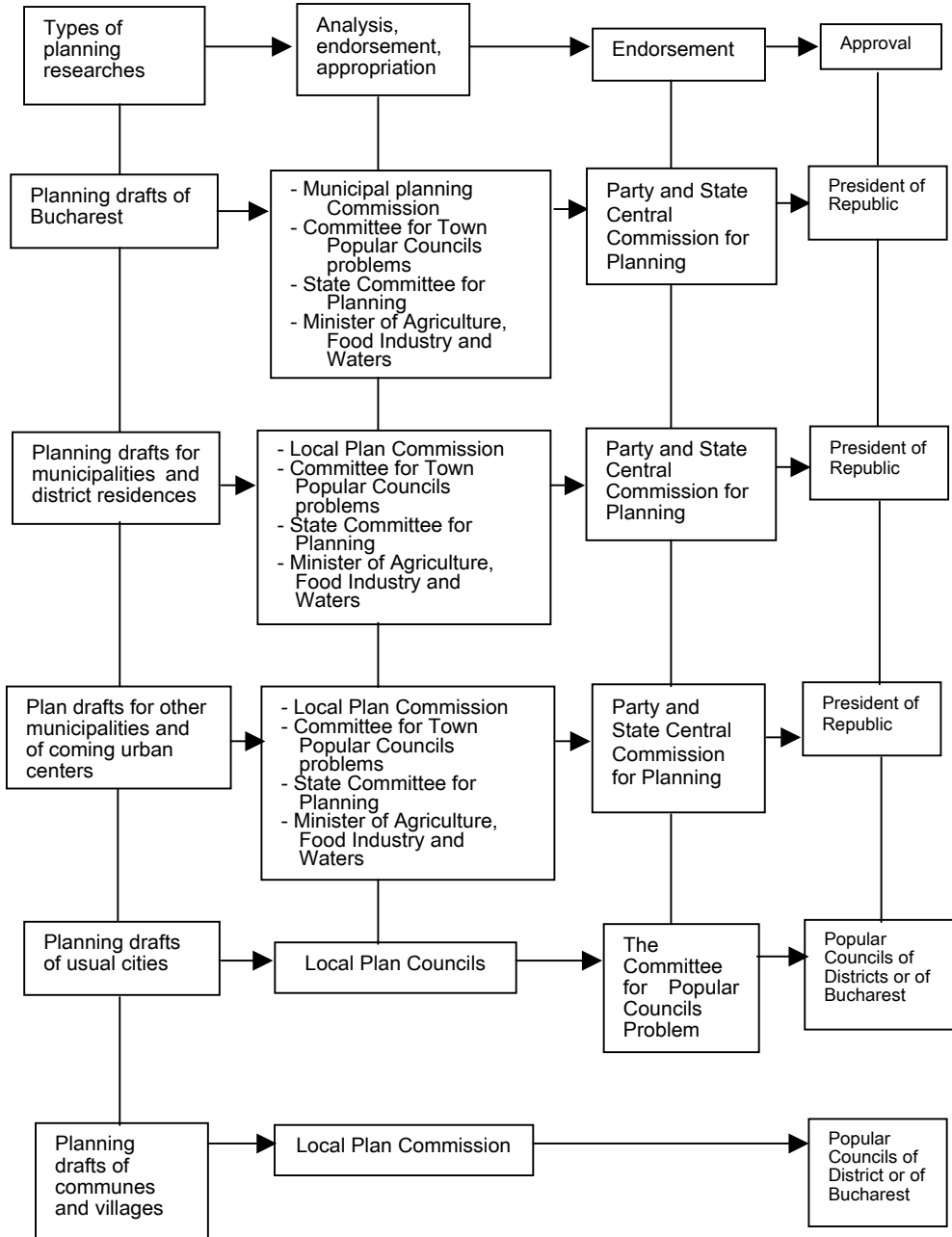
Endorsement and approval of planning researches⁴

A. Master plans

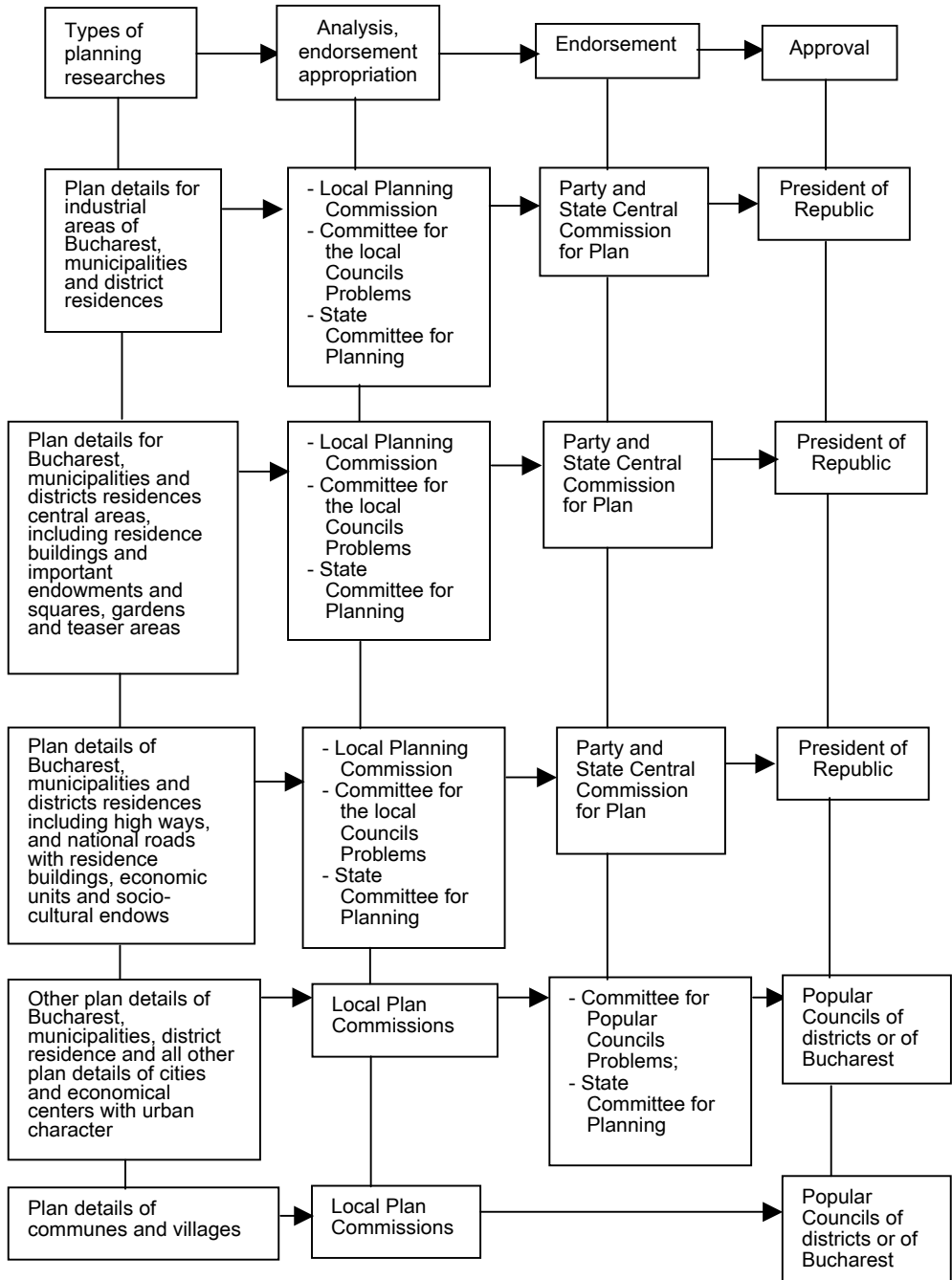


⁴ The law 58/1974 published in Buletinul Oficial al Republicii Socialiste România, nr. 135/1 Novembre 1974.

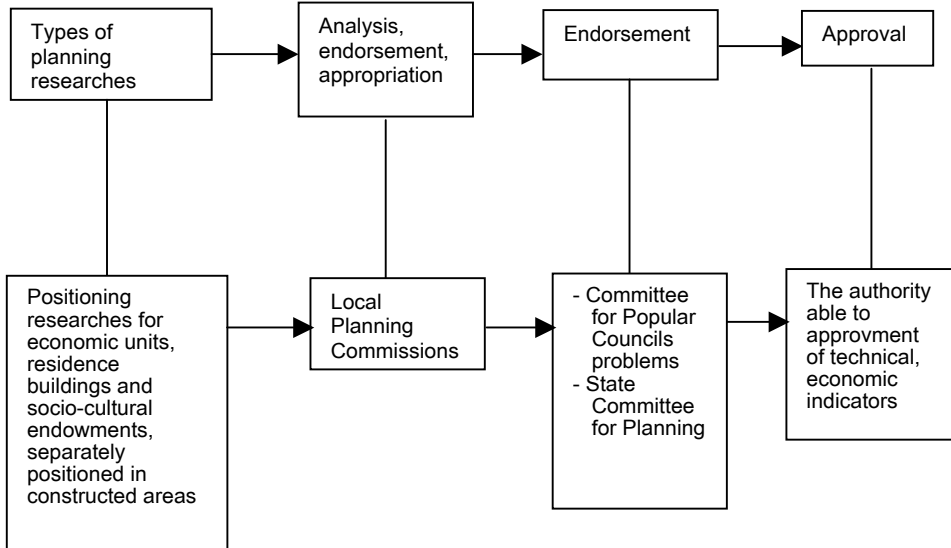
B. Planning drafts



C. Plan details



D. Positioning researches



Note: Plan details for residence buildings over 25 millions lei in districts and over 50 millions lei in Bucharest were endorsed also by the Committee for Local Councils Problems and by the State Committee for Planning.

We do not consider as demagogic the assertion that the result of administration policy during the communist regime in Romania was a great failure. If we refer to international statistics, it will not be a great surprise to find from a 1989 research of UN Economic Committee that Romania had 23rd position from 24 countries considered. It was the same position as at the end of the Second World War, even though its industrial production increased by 50 times, GNP was three times and a half under the European medium level, and for the same GNP unit Romania used 10 times more energy than the Western countries⁵.

The Romanian Revolution was not meant only as a revolt against hunger and frost, but also as an attempt to change this failed system. New political leadership is looking for new administration policies, both for geographical space and for society. New models are sought for, either in democratic historical past of Romania, or in the traditionally democratic space of Europe. Regarding the European model, the main problem is not how to import it, but how to implement it.

⁵ A. Delcamp, *Les débuts de la démocratie locale en Roumanie*, In: *Pouvoirs Locaux*, nr. 24 I/1995 (mars), pp. 118 - 121.

The new leadership of Romania has announced quite soon its closeness toward the principles of decentralization and local autonomy⁶. It is obvious administration logic is one focused on decentralization and local autonomy. But this choice is more a result of an external constraint than of national will.

Administrative structure of Romania (1992)

- 22,810,000 inhabitants
- 2,688 communes
- 260 cities, 62 municipalities
- 40 districts (judete). The district is the main division of state administration that is represented by a prefect.
- Local budgets: 3,8% GNP and 11,3% from state budget.

In Western countries decentralization is a full-progressing process that started 20 years ago. In order to built the new Europe, decentralization and the accomplishment of local autonomy are considered as top-priorities as a possibility to reorganize the political power. If at the beginning of the Modern Age, nation-states have centralized and uniformed territories under the label of modernity, nowadays, under the flag of the same modernity the states transfer more and more of their techniques to local communities, especially to bigger cities in order to ensure fundamental changes. "What is important nowadays at the level of local echelon is just this ideology of the second modernization. It could allow local communities to act effectively because of their proximity to the problems, and it could also lead to invigoration in front of the danger of being dispossessed of initiatives by the steam-roller of modernization"⁷.

H. Belorgey considers that decentralization marks "the end of welfare state. It will be a difference from now on between an eminent state in the service of nations, and an operating state which should coordinate its actions with those of local communities. Thus, the indivisibility of the republic and the state unity become two different concepts"⁸.

Inside the traditionally democratic societies, decentralization is presented as a process which agrees with the modernization, with the progresses registered

⁶ The Art.119 of Romanian Constitution of 21 Nov. 1991 states the basic principles of local public administration. Chapter V, dedicated to public administration, defines that "public administration in territorial administrative units is founded on the principles of local autonomy and decentralisation of public services." Articles 120 and 121 stipulate the election of local and districtual councils as institutions that replace the previous Popular Councils, abolished by the Law-Decree 2/27 December 1989. Until the local elections of February 1992, Popular Councils were replaced by local councils of National Salvation Fdront. More significant impact over local public administration had the Law 69/1991, concerning local administration and the Law 70/1991, concerning local elections, On 1st October 1994, President I. Iliescu signed, at Strasbourg, the Council of Europe Local and Regional Autonomy Chart. In 1996 spring, the two above-mentioned laws were changed under the influence of the Council of Europe.

⁷ S. Biarez, *Le pouvoir local*, Ed. *Economica*, Paris, 1989, pp. 3.

⁸ H. Belorgey, *Vers la fin de l'Etat Unitaire*, In: *Pouvoirs Locaux*, nr. 22 III /1994 (oct), p. 37 - 41.

on juridical concepts that founded the democratic working of the society (i.e. individual rights, collective rights), with the emergence of local elite who are able "to oppose a real power to central authorities"⁹. But it is very difficult to have a relevant estimation of the results of decentralization. It provokes contradictory debates, harsh arguments and disputes between researchers and politicians. F. Gravier considers that "in French case, decentralization must be must be totally re-thought. It has to be known very clear which tasks and abilities are accorded to each community, and, especially, to what extent these are able to be accomplished. It is unrealistic to give large competencies to small territorial units that do not have the appropriate technical support"¹⁰.

In these conditions, fear and doubt manifested by Romanian state toward decentralization can be considered as justified. A fast decentralization implies many risks, taking into account that a genuine civil society has not been built here. At the end, we are facing a Romanian society characterized by individualism and often by intolerance. The Romanian state, trying to redefine itself, fears that it could lose control, and it fears about a break of the "unitary nation" which almost 80 years of history tried to create.

There is no doubt that new juridical framework, with all its failures and gaps, will help to the emergence of a less-known concept of "local". Thus, a new geography of power begins to be outlined. Will this "local" succeed to define a new logic of administration, a more effective one, a logic that will guide the society toward the modernity, toward the europenisation- so mediated now in Romania- of structures and values? Or will it provoke the creation of local oligarchies which, behind of some dear excuses like: local specific, cultural identity, will try only to promote and to defend their own interests more or less hidden? Will be this "local" able to have relations of cooperation and complementary with central power in order to realize a minimal coherence for the administration of territories, or will it cause strong breaks in society? Comparing to the previous regime that built a very strong hierarchic structure, the actual evolution reveals the existence of disfunctionalities between different levels.

The existence of "local" can not be ignored. The manner in which it acts in the process of space modeling, its role in territorial joints or breaks can be understood only by the analysis of actors which belong to this concept. More pertinent for the study of the emergence and action of local is the district as decentralized territorial community consisting of two types of communities: urban and rural ones. But what is, in fact, a district? The question does not refer to what it should be a district, but to what really it is. The district represents an invention of Romanian modern state of 1859 and 1918, created in order to realize a better administration of national space and, why not, a way to uniformize it. The Romanian system of "districts" tries to imitate the French model of "departments". The communist regime keeps almost entirely the previous districtual system, but

⁹ M. Gauchet, *La métamorphose actuelle des pouvoirs*, In *Pouvoirs Locaux*, nr 27 IV/1995, p. 20 - 25.

¹⁰ F. Gravier, *La décentralisation est é repenser entièrement*, In *Pouvoirs locaux*, nr. 26 III/1995 (septembre), p. 56 - 59.

reduces the number of districts¹¹. In this period the districts become simple administrative units where central-appointed local actors only implement central decisions. Even though during communist period the district was called political administrative unit, it was difficult to find the political role of the district. After the revolution, by the Law 69/1991 the district is understood as a decentralized community having autonomy. This law gives the right to diversity, to local initiative. There takes place a transfer of abilities from the center to the district. The wind of change is blowing all around. But who asks for this change? What is its purpose? What are its aims? What are its consequences?

These are only a few questions whose answers remain unclear because of the confusion and incoherence resulted after the implementation of the administrative reform. There is no doubt that this change will not only alter the juridical status, but it will guide the modification of the existent human relations and of the worth of the district' space. The department is thus having the opportunity to become a real space of collective action. But will this change be able to introduce more effectiveness in action comparing to the previous situation?

If we consider the district as a system of collective action, we'll have to agree that "power" as relation ("power over") has an important role and to take into account the contingent character of any collective action.

We will try to figure out some points concerning the emergence of local power at districtual level.

In order to make things easier we'll try to outline the actual situation at the districtual level. We classify the different groups of actors involved at the districtual level in three distinct but strongly interrelated categories:

- economical
- social
- political

All these 3 categories, through the relations established among them, complete or oppose to logic state of administration. Anyway, we should not forget that the local is not entirely autonomous, that is not allowed to create. It has to develop partnerships with other levels of power in order to finish its actions. We are interested here to find out how to reach different administrative strategies in the frame of a common authoritative system, how can rise, in this context, the individual character of "local".

The beginning of local democracy in Romania can be settled as being on the local elections in February 1992, elections based on law 69/1991 and law 70/1991. Local political level means nothing more than the level on which the local social and economical actors try to legitimate their power, to promote their interest and to control new stakes created on relation to the central power.

The gallery of local political actors has resulted from the fight between the different interest groups that flourished in Romania after 1989. Local elections in 1992 show us another aspect of the district: from an ideal unit aimed to implement the centralized policy, from a space unit considered as homogenous, this space

¹¹ The number of the districts in Romania was 58 in 1937; 38 in 1968; 40 in 1981 and 40 in present.

crumbs suddenly in a lot of territories. It becomes a conflictual area where more or less divergent interest groups are confronting each other. There are new stakes and new interests involved at districtual level. All these have led to the structuring of some "privileged" zones at districtual level. We are watching mediated by electoral phenomenon, a real hunting; of such key areas, that become genuine "political territories".

An institutional actor considered as symbol of decentralization and local autonomy in Romania, is the Council of the District. But our research (in the district of Arad) has led us to assert that this institution, in fact, is still far from being what it is supposed to be. Established by the law 69/1991, the Council of the District represents an important new authority for decentralization. For the first time, the district has its own elected institution¹². Anyway, this institution cannot be considered as absolutely new. It comes to be inserted in a previous system. Popular Council of the District, as a central power body at districtual level before the revolution, is transformed at the end of 1989 in the Districtual Town hall. According to law 69/1991, this one will split in the Prefecture and the Council of the District. The last of them, also, has three specialized divisions that help the accomplishment of its tasks:

- Public Administration Division
- Programs, Prognosis, Budget, Finance Division
- Regional Planning and Environment Division.

We have to note that these divisions are inherited from the previous Popular Council of the District, that became The town hall of the District. The split of this latter institution has also meant to share the existent abilities and competencies for the districtual public service. If we analyze this sharing, we will understand the real relations between the Council of the District and central power, represented by the Prefecture. The services that belong to the Council of the District (heating, urban and inter-urban transports, public districtual roads) represent, in income relation only 20 % from the districtual public services, the rest of 80 % being administered by the Ministers' Divisions, that are subordinated to the prefect. And if we add to all these the lack of Patrimony Law and of Local Budgets Law, we can say that the extent of action of this institution is quite small. An essential problem for this stage of decentralization is the point of representativity of this institution. Whom represents, in fact, the Council of the District ?

The Council of the District has as its main task to coordinate local councils. There is no subordination between these institutions and the districtual body. The only one link between them is the budget. The Council of the District votes the budget and the final account of the budget for the districtual territorial units. In fact, there is no coordination, and the communication with local councils is almost null. The latter prefer to have a closer relation with the Prefect and his institution, because this institution controls in fact their action. The habit to consider the

¹² The Council of the District is elected by indirect vote.

districtual center only as a relating-point between local and state and not as a center of local power has an important place in this view.

The impact of this new institution, as a symbol of local power, on the public opinion, is a weak one. The name of the president of the Council of the District is less known than those of the Prefect or that of the mayor of Arad city, in spite of the former professionalism and personality.

In spite of the hopes that had been invested in its creation as a symbol of local power, the Council of the District has not succeed yet to link very well with collectivizes that elected it. All these have led to the fact that its role is a small one, to coordinate some less important public services. The progress on international cooperation level of the Council of the District are important, but we should not forget than here comes again, the state interest that has to prove to the West that local autonomy in Romania works. For the moment, Districtual remains an ineffective body, an institution that still looks for its real identity at local level. We can prove this statement with the example of the president of Arad District Council who has no hope about the institution he leads in the near future and he candidates for a much more important job: the mayor of the Arad city.

In such circumstances we can assert that the districtual development still is in the hands, as a strong actor, represented by the institution of Prefect. First researches, at the level of Arad district allow us to assert that the power of this institutional actor results especially from the law than from its ability of identifying and solving problems. At an administrative and political type of approach, we can believe that the local power at districtual level almost does not exist. But during the research, we have discovered a place where local power takes shape: business world, represented by the Commerce and Industry Cambers. This non-governmental institution, typical for market economy, independent from local administration and political forces, represents the interests of economical agents of the district. Established again, after almost 50 years, this institution becomes a very important actor for economical and even political life of the district. We will not analyze very deeply this institution now, but we will try to motivate the assertion referring to it as a place where local power at district level takes shape.

Economical liberalization has helped the emergence at the districtual level, even though in a beginning stage, of a local middle class composed by the merchants, directors of private companies, bankers, foreign investors, important local persons who have large interests on districtual levels: urban land, commerce areas, buildings, sold companies, big infrastructure projects financed by international bodies, free commerce areas. They are those who use Commerce and Industry Chamber as a connection between them, between them and international economic world, between them and territorial communities, between them and central power. Even though their interests are often divergent, there is, anyway, a common one: to create an auspicious environment at district level as a point for their business development. In this respect, they need a connection able to position them toward administrative political actors and local and central political actors. At this stage of transition, there is a strong interdependence between "economical" and "political" between businessmen and political men. The power of signature is more important that the power of law. Personal relations between

these two categories of actors are often more important than the money used in order to start a business. According to the relations established between entrepreneurs and new local political actors, they are special ones. We can consider that here show up first real local interests, here emerges new local elite. Commerce and Industry Chamber proves a deeper understanding of the present and seems to be very interested about the future. There are elaborated strategies, and, also, people look for connections that can invigorate the possibility of action of the private and local foreigner investors.

It is obvious that things are changing at districtual level: its status, the human relations, emerging new social, institutional actors and relations between them. But if we consider this change as a logical step of an evolution with clear aims, it is the result of following the reform, then it will be almost impossible to understand what really happens here. The change has to be considered as a problem whose final points are difficult, if impossible to foreseen¹³.

Administrative reform in Romania, aimed to install the local autonomy and to stimulate the local possibilities in order to increase development, succeeded only to isolate local communities. To elect of the Council of the District has been considered as a task imposed by state.

Because of this reason, the local communities consider this institution less important, preferring to be subordinated to the Prefect and his institution. All these lead us to the conclusion that in order to be effective a political reform has to take into account the real stage of society, not only to imitate an external model.

Economic liberalization seems to be able to unleash the emergence of a real local power due to the fact that administrative reform did not succeed to do this. The structuring of a local elite, of a local middle class, that could have a strong position toward the center is a continuous process.

Local power settles up and concentrates upon the places with resources and when these resources can be increase. The existent cleavages (economic, social, even cultural ones) will deepen. Political discourses remain the only place for equity and equality. This is the moment when the fight begins and seems to be a rough one.

The categories of actors at districtual are multiplying. There are view relations established between them. There are new and various interests. A new system of action will emerge and it will be responsible for the future evolution of the districts. In order to understand how this system works, we will have to consider the concept of "game". The "game" (le jeu) is the key-concept that allows us to understand different phenomena of the relation, negotiation, power and interdependence that characterize a collective system of action. "The game (le jeu) is more than an image, it is a concrete mechanism that help individuals to structure power relations and regulate them with the extent of liberty they allow. Game is the instrument that people have elaborated in order to organize the cooperation among them. It is the main instrument of organized action. The game represents a reconciliation between liberty and constraint"¹⁴.

¹³ M. Crozier, E. Friedberg, *L'acteur et le systeme*, Ed. de Seuil, Paris, 1977, p. 96.

¹⁴ M. Crozier, E. Freidberg, *op.cit.* p. 108.

We can note that in Romania the democratization of local life, manifested from almost 7 years, has led to the emergence of several groups that have started the fight for the administration of districts territory. More precisely, these groups have started the fight for obtaining the new stakes shown up in the district. Then it is no doubt that these groups bear a new logic of administration, but this logic encourages some areas and it is liable to certain interests. The local democratization at districtual level did not succeed to assure more effectiveness and coherence in the district administration, but it splits and differences the deepening more and more. Any political party has succeed to promote and inspire a real policy for district development. Anyway, the multitude of political parties at local level determined a strong fragmentation and an isolation of local communities, facts that show us that the constitution of the logic of territorial solidarity is still far off. In the context of this flourishing of interests, of the lack of means and initiative at local level, the interest of district so difficult to be defined, is still to be discovered. We can re-assert the idea that local power participates rather to a process of splitting territories than to a unifying one.

At central level, a new law of territorial development is being discussed. This law aims to promote a "regionalized" policy of territorial development that will give to the local communities the liberty and the responsibility for the development of their territories. But a lot of problems stop the implementation of this law. First, the majority of politicians have not a proper view about the regional development and the urban planning. From this point results the conflicts between the specialists with their long term programs and the politicians with their short term goals. Then, to hire and to pay office workers and technical experts represent very delicate problems both for local and central public administration.

A large majority of architects and engineers who work in the urban planning and territorial development divisions prefers to focus on private sector. Usually, the lack of experience and inability to react at rapid changes are widely manifested. To all these problems are added political conflicts and corruption fact that also complicate the situation. The lack of legislation in this fields promotes speculation without counting the relations between center and local powers. And we should not forget that we are in a strong crisis now, that the very necessary financial means are almost null. State stipends that it represent the main source of incomes, it can only support minimal work of the public infrastructure. We can consider that "regionalized" policy of territorial development represents now only an interesting idea. A main condition to implement this idea is closely linked by the future of the Council of the District, which should become a real institution for the local government. This means that the president and members should be elected with direct vote, it must have minimal authority upon local councils and it also should have a strong body of experts. In this way, it could be possible to find at districtual level a real force able to arbitrate and coordinate the activities, a force able to introduce a minimal coherence in the new logic of administration.

It results very clear now that the democratic administration of territories is much more difficult and complex than the communist one. This is the reason why it is not enough to announce the democracy in order to have positive results. The factors involved must have an objective, realistic and modest approach of the real

state of facts in order to foresee the perverse effects of the democratization process of the society.

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TOWARDS AN EUROPEAN INFORMATION SOCIETY MAJOR EU INITIATIVES

HOREA TODORAN

ABSTRACT. The development of the European Information Society implies coherent action at both Member States and, in the first place, EU level. In order to outline the main European priorities in this field, we shortly present the major EU initiatives which have been taken until the end of 1996. These include political statements, action plans and concrete measures. For those who want to study themselves all the documents, a visit to ISPO's Web Site (<http://www.ispo.cec.be>) is recommended.

As a normal consequence of the rapid development in fields like information technologies and communication, there is already talk of a **third industrial revolution based on information**, on the scale of that which rocked the XIXth century. The development of new means of communication and new multimedia services and applications combining sound, text and image, brings important economic advances in terms of both work organisation and creation of new jobs. It also provides the opportunity to improve the quality of the education and health systems and to facilitate the dissemination of cultural values all around the world. And, after all, information, the main commodity in this new system, is delivered to users on "pollution-free" information highways.

This process of deep economic, social, educational and cultural changes is gradually transforming our society into an **"information society"**.

Realising the enormous importance of information for the society of the third millennium and the fact that the United States and Japan have a head-start when it comes to promoting information and communications technology (both countries have the advantages of a single system of standards and a single national language), EU started the preparatory work for the advent of the information society already in the eighties.

Managed by the Directorate General for Industry of the European Commission, the **ESPRIT programme** (1984) is an integrated programme of industrial R&D projects and technology take-up measures. It was the first major research&development programme on information technologies launched by the EU and has been followed by the **RACE programme** on advance communications and by the first three programmes on telematic applications: **AIM** (health care), **DRIVE** (road transport) and **DELTA** (distance learning), launched in 1986.

All these programmes have been extended in the **"Fourth framework RTD programme"** (1994-1998), implemented through 18 telematic specific programmes which are grouped under the four priority areas set out in the Treaty on European Union:

- Research programmes aimed at promoting co-operation with and between undertaking, research centres and universities (first priority);
- Promotion of RTD co-operation with third countries and international organisations (second priority);
- Dissemination and optimisation of Community funded RTD results (third priority);
- Stimulation of the training and mobility of researchers in the Community (fourth priority); Each of the specific programmes establishes a "Work programme", which sets out in detail the activities to be pursued during its lifetime. Companies, research centres and universities are invited to present project proposals through periodically published calls for proposals (15 March, 15 June, 15 September, 15 December).

An initial indication of what measures were to be taken to create the European Information Society is included in the Commission's **White Paper on "Growth, competitiveness and employment: the challenges and courses for entering into the XXIst century"** (Brussels, 5 December 1993).

The development theme entitled "Information networks" and included in the Part A of the White Paper stresses the importance and urgency of developing **a Pan-European information infrastructure** to help the revival of the European economy and to create new markets and jobs. An action plan based on five priorities - promote the use of information technologies, provide basic trans-European services, continue to create an appropriate regulatory framework, develop training on new technologies, improve industrial and technological performance - has been proposed and the amount of ECU 150 billion has been estimated as needed over the next ten years.

The fifth chapter of the Part B, entitled "The changing society, the new technologies", outlines the idea that the move towards an information society is irreversible and that the creation of **a common information area** is a factor for economic and social improvement. Not only the objective and the means to attain it are presented, but also the instruments and bodies necessary to ensure the compatibility and interoperability of products and services within a common information area.

On the proposal of the White Paper, the European Council asked for a high-level group of experts to suggest concrete measures for the implementation of the information society.

Led by the European Commission Vice-President **Martin Bangemann** and including key figures from both industry and users, the group presented to the European Council of Corfu (June, 1994) a report entitled: **"Europe and the global information society - Recommendations to the European Council"**.

Also known as the "Bangemann Report", the document confirms that Europe is already participating in the new revolution based on information, but with an approach which is still too fragmentary and which could reduce expected benefits. In order to avoid the circulation of information being impeded by different national regulations, the EU and its Member States should create a coherent statutory framework. On the other hand, the financing of information infrastructure is mainly the responsibility of the private sector.

Considering that the communications systems combined with advanced information technologies are keys to the information society, the Group recommends the strengthening of the existing networks and accelerating the creation of new ones.

The EURO-ISDN (Integrated Service Digital Network, late 1993), an European network which offers the opportunity to send voice, data and even moving images through telephone lines, based on common standards, is the first step towards the multimedia world. The extension of its availability is also recommended by the "Bangemann Group", as well as reductions in tariffs to foster the market.

The Group considers that the Council should support the implementation of an European broadband infrastructure, based on ATM (Asynchronous Transfer Mode) technology, and should also secure its interconnectivity with the whole of European telecom, cable television and satellite networks.

Urgent and coherent action at both European and Member State levels, to promote the provision and widespread use of standard basic services (electronic mail, file transfer, video services), is recommended. INTERNET and its services, growing very fast, cannot be ignored but, nevertheless it has notably serious security problems.

In its final part, the Report proposes ten initiatives concerning experimental applications of the new information technologies (see Annex 1). The purpose of these "ten 'test drives' on the information super-highway" is to promote more widespread use by demonstration.

On 19th July 1994, at the invitation of the European Council, the Commission presented a Communication entitled **"Europe's way to the information society. An action plan"**. This is an overview of the Commission's work programme on the information society and it is accompanied by a timetable for 1994 and 1995.

The plan proposes concrete action covering four very important areas:

- the regulatory and legal framework;
- encouragement of initiatives in the field of transeuropean networks, services, applications and content;
- social, societal and cultural aspects linked with the development of the information technologies;
- promotion of the information society.

In order to encourage and facilitate the setting up of partnerships for launching applications, the Commission proposed the creation of **Information Society Project Office (ISPO)**.

The main objectives of ISPO are to help industry and users (eg. local authorities, associations etc.) contact the Commission and use in an optimal way the existing instruments and resources, to act as a broker of ideas, experience and expertise and to create awareness of the potential impact of the information society. It also aims to contribute to the learning process among relevant participants and to facilitate the acceptance and adoption of applications and solutions related to the information society by encouraging the demonstration of efficient implementation techniques and strategies. Last but not least, ISPO is meant to act as a link between potential participants from the private sector and the Commission services responsible for international co-operation.

As the European Commissioner, Mr. Martin Bangemann declared: "Europeans can expect new jobs opportunities, new services and new markets to develop in the wake of the Information Society. ISPO's mission is to help all interested parties benefit by offering a new source of assistance and orientation, and a new market place for ideas."

In order to strengthen its links with the Central and Eastern European Countries (CEECs) and to involve the authorities, industrialists and telecommunications operators from these countries in an open European dialogue on the Global Information Society, the EU has participated (through its representatives) in two **common EU-CEECs Information Society Forums**.

The first Forum - Brussels, 23 June 1995 - was aimed to identify new areas for industrial and technological co-operation, on the one hand, and to discuss the achievements and future developments for the both sites, on the other hand. The main debated topics have been:

- 1) political, economic and social impact of the information society - including markets for products and services, employment, quality of life and protection of citizen's rights;
- 2) regulatory framework and competitive environment - competition policy; liberalisation of markets for information, communications equipment, services, infrastructure, media; access to information networks; protection of industrial rights; investment opportunities and problems;
- 3) R&D co-operation - ongoing activities as well as schemes for further co-operation.

During the second Forum - Prague, 13 September 1996 - another step forward was made. The European Commissioner, Mr. Martin Bangemann, proposed a more concrete action plan entitled: **"Towards the Information Society in the Central and Eastern European Countries. Twentyseven ideas for European initiatives"**. The plan outlines the role of pilot projects in developing the Information Society and presents the twenty-seven themes for European initiative and action structured on three groups: awareness, economy and public interest (see Annex 2).

The importance and the necessity of this kind of bilateral meetings (EU-CEECs) is reflected by the growing number of countries which sent their

representatives at the Forums¹ and by the decision taken to meet again in Brussels, in October 1997.

Aiming to accelerate schools' entry into the information society, to encourage widespread application of multimedia pedagogical practices and to reinforce the European dimension of education and training with the tools of the information society whilst enhancing cultural and linguistic diversity, an action plan entitled **"Learning in the Information Society"** has been presented by the Commission (2 October 1996) as response to a request from the European Council in Florence (June 1996) to propose an initiative for schools in the context of the European Confidence Pact for Employment.

The plan proposes four action lines, as follows:

- 1) encourage the interconnection of regional and national school networks at a Community level;
- 2) stimulate the development and dissemination of educational content of European interest;
- 3) promote training and support for the teachers and trainers in integrating technologies in teaching methods;
- 4) inform all the players of the educational opportunities afforded by audio-visual equipment and multimedia products.

Three possibilities for financing are outlined (making use of Community resources, promoting public/private partnership and encouraging the involvement of citizens and the emergence of talent), ten public initiatives for multimedia education in schools are presented and a timetable for 1996-1998 is proposed in the action plan.

After the high-level of experts, the "Bangemann Group", has been created on the proposal of the White Paper on Growth, Competitiveness and Employment, EU's policy concerning the development of the European Information Society became much more efficient. Numerous objectives have been identified and concrete measures and means aiming to achieve them have been proposed. Besides the abovepresented initiatives, other documents (eg. the Green Paper on audiovisual policy) have been adopted by the Commission and other programmes (eg. the Adapt Programme aimed at supporting vocational training) and applications have been launched by the EU.

The two common EU-CEECs Forums on the information society have stimulated the development of information policies in these countries (CEECs). At the same time, the EU Member States, under the "pressure" put by the "Bangemann Group", have intensified their preoccupations in this field.

But, nevertheless, further skilled management is required in order to overcome both internal and external challenges. The possible risks brought by the development of the information society (eg. losing jobs to countries where business costs and level of data protection are lower, using knowledge as an instrument of

¹ CEECs participants in the first Forum: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia. For the second Forum also Albania, Bosnia and Herzegovina and Republic of Macedonia sent their representatives.

abusing power, unequally distributed access to information within the Union etc.) must be limited. On the other hand, common standards should urgently be adopted and a competitive information infrastructure should rapidly be created, because the race is on at global level, notably US and Japan.

Those countries which will adapt themselves most readily will *de facto* set technological standards for those who follow.

ANNEX 1: Ten "test drives" on the information super-highway

1. Teleworking
2. Distance learning
3. Network for universities and research centres
4. Remote processing services for small businesses
5. Road traffic management
6. Air traffic control
7. Health-care networks
8. Electronic tendering
9. Trans-European public administration network
10. City information highways

ANNEX 2: Twenty-seven themes for European initiatives and actions (Prague Forum, 1996)

AWARENESS

1. EU-CEEC Secretariat - MISAC
2. Global Inventory Project - GIP
3. Access to Data and Expertise in Europe - ADE
4. Awareness Week in the CEE countries 96/97
5. Infodays on EU R&D Programmes
6. Awareness seminars on Language and the Information Society
7. Fellow Members of the Community Innovation Relay Centres - FEMIRC

ECONOMY

8. European Strategic Initiative in Electronic Commerce - ESIEC
9. MARIS Activity in the Baltic Sea - MARIB
10. European Chambers of Commerce Network - ECCN
11. Multimedia Action Group Network - Magnet
12. Investigation into obstacles to investment in telecommunications
13. Multilingual support for the Information Society
14. ITEA Award
15. Telematics Applications for Freight Operations
16. Telematics Applications for the Environment

PUBLIC INTEREST

17. European Local Authorities Networks - ELAN
18. Euromethod pilot project in the CEE countries
19. European Geographical Information System - EGIS
20. Trans European Research Networks - TEN-34
21. Web for Schools in Europe -WFSE
22. Videlecturing in European Universities - VILEC
23. European Computer Driving Licence - ECDL
24. Telemedicine Services delivered to the Point of Need - TEMEP
25. European Health Card - EHC
26. Crosscultural Education and Training TEL*LINGUA
27. Telematics for Teachers Training: REM, Trends, T3

THE LINGUISTIC CHALLENGE OF THE EUROPEAN COMMUNITY

WILLIAM VAN GRIT

ABSTRACT. The paper attempts at analysing the linguistic challenge of the European Community both from a theoretical perspective and an empirical one by emphasizing the important role played by different academic programs that promote language study in a multicultural Europe.

Europe is moving rapidly towards economic and political unity. After the 31st of December 1992, the twelve countries of the European Community will form one united economic body. At the same time, the countries of the European Community and the European Free Trade Association (Austria, Switzerland, Liechtenstein, Iceland, Norway, Sweden and Finland) will form a market practicing free trade. It will be the largest market in the world with a total population of about 375 million consumers.

It is clear that good linguistic communication is important for such a huge community, especially if we consider that the producers of all these countries will be producing and selling in a multilingual market.

In the twelve countries of the European Community, there are nine official languages: Danish, Dutch, English, French, German, Greek, Italian, Portuguese, and Spanish. Officially these languages have the same value and the representatives of each country have the right to use their own language in the organizational meetings of the European Community. It is important to remember, however, that French and English are the working languages of Brussels, Luxembourg, and Strasbourg where many EC organizations have their offices.

The goal of this paper is to examine the linguistic situation of the EC and Europe from the Atlantic to the Ural and to analyze the linguistic challenge faced by Europe. I will compare the situation of Europe to that of other continents and suggest some solutions.

When we compare the linguistic situation of Europe to America, Asia, Australia and Africa, we note that unlike these continents Europe is not dominated by one language. To be sure, some languages are dominant, such as Russian spoken by 170 million Russians, and German spoken by about 90 million people, There is English spoken by 61 million individuals, French spoken by about 61 million. etc. It is clear that there exists a very large linguistic variety in Europe: more than 25 major languages. Add to these the many dialects spoken in each region of each country and we come to a grand total of over 60 different linguistic forms of communication. This is the great linguistic challenge of the European Community.

There are several major languages spoken by the majority of Europeans and many minor languages spoken by the rest. The first set of statistics shows us the importance and expansion of German, English and French. It appears that German dominates the linguistic scene. These statistics and those following were all obtained from the Commission of the European Communities during a conference given by Le Centre International d'Etude de Langues, held in Strasbourg in July 12 - 19, 1991. (Lecture by Philippe Edel).

Languages	European Community (12 Members)	Western Europe (Common Market plus EFTA)	All of Europe (Former USSR excluded)
German	19 %	18 %	17 %
English	18 %	15 %	11 %
French	18 %	15 %	11 %
All Three	55 %	48 %	39 %

Let us compare the percentages of the population that speak a common language of several continents. For example, in Oceania English is the dominant language by a high percentage as explained by the following chart:

Oceania	80%	English
North America	75%	English
South America	55%	Spanish

While English is the first language of most North Americans, it is clear that Spanish and Portuguese are the languages spoken by the majority of South and Central Americans.

In Africa there is another set of languages spoken by three-fourths of the population as explained by the following statistics:

English	36%
Arabic	22%
French	20%
All Three	78%

The situation is similar in Asia. Almost 80 % of the Asian population speak three languages:

Chinese	30%
English	26%
Hindi	23%
All Three	79%

We can see from these figures that on every continent of the world but Europe, two or three languages are dominant. But in Europe, only 39 % of the people speak French, German or English, not counting the former Soviet Union.

All of the European countries and each region of these countries want to continue to speak their own language. Nothing is more natural, for language represents one's own culture and origin. It is often a question of national and regional pride to want to continue speaking one's native language. Politically speaking it is practically impossible to impose a foreign language on a country or people. The United States tried this once by trying to impose English on the people of Puerto Rico but to no avail. In Europe, despite many wars and conquests for many centuries, the nations have continued to speak their own language.

The European languages are identified with specific nations. Danish is spoken in Denmark, Swedish in Sweden, Greek in Greece, and Bulgarian in Bulgaria. There are some notable exceptions to this rule: Switzerland with its several languages, Belgium with its Flemish and French, and German spoken in a number of European countries. Generally speaking, each language has had its own territory in each country for centuries. It is true, however, that certain languages have been imposed by military conquest, such as Russian on some peoples in Eastern Europe, and English on the Irish, Scots, and Welsh.

And so the question remains: how can a politically and economically united Europe communicate when there is no apparent dominant language? To answer this question, we must examine the teaching of languages in Europe to see if one language could serve as a lingua franca.

According to the Commission of the European Community, the teaching of English prevails. 95 % of the school population in ten of the twelve EC countries study English. Nine out of ten of these countries teach French. French is the only foreign language taught in Ireland and the United Kingdom. In Germany, 95 % of the students study English while only 20 % study French. In Italy, the majority of the students learn English followed by French. In Greece, 60 % of the students study English, 40 % French. In France, 90 % study English, 20 % German and 20 % Spanish. In Spain, French and English are the languages studied by most students. However, in other countries such as Holland, Denmark and Belgium, three foreign languages are usually taught: English, French and German.

Who speaks what? On the following table? we see that the people of Luxemburg and Holland come first in learning foreign languages. The people of Luxemburg have a geographical advantage. Nestled between France, Belgium and Germany, 90 % of its inhabitants speak two or more languages. Second in line are the Dutch: 44 % of the population speak at least two foreign languages. Only 28 % of the Dutch admit to not speaking any, foreign language. The Irish, Italians, and British have the reputation of being the most monolingual even though each of their countries offer foreign language study. Most shameful is the linguistic status of Germany, France, Italy, Spain, and U.K. Only six to seven percent of their populations speak two foreign languages.

Evidently, the European Community faces a huge linguistic challenge. In response to this challenge, the EC has developed a university program called LINGUA. The aim of this program is to promote the knowledge and study of the

nine official languages of the EC. Irish and the language of Luxemburg should be added here (Guidelines for Applicants 2). Then there is Action II of LINGUA that operates several cooperative programs among a number of universities, grants scholarships to qualified students and financial aid to professors and university administrators. This program is managed by LINGUA and ERASMUS (European Community Action Scheme for the Mobility of University Students). ERASMUS has been in existence since 1987 and is also a community action program for students and professors. Its objective is to promote the mobility of students and the cooperation between universities. It permits students to obtain study grants, have their tuition fees waived, and validates their courses taken in other countries (Programmes d'initiative communautaire).

ERASMUS' programs are very diverse. The students who ask for a grant can specialize in any field they choose (Guidelines For Applicants 2). It must be mentioned, however, that this program favors students and professors who study the least known languages of the European Community, such as Danish, Dutch, Greek and Portuguese.

ERASMUS and **LINGUA** Action, II give, several grants on the university level a year to political science majors so that they will specialize in European or International Studies for six or twelve months while at a foreign university. The student's home university is obligated to acknowledge the courses the student takes abroad. All students can and must study the language of the foreign university before they arrive there. They will also have a university counselor to help with their social and academic integration abroad (ERASMUS / LINGUA 645).

The Council of Europe has also established the European Youth Center. This program offers the youth of the EC several linguistic programs, usually held during the summer, in England, France, Germany, Italy, Spain, and Portugal. This helps the young people who do not have time to study foreign languages during the regular school year to do so in the summer time. It also gives the young people who work in offices and factories a chance to study a foreign language during their summer vacation.

It is evident that the linguistic situation in Europe will become even more complicated after 1992, when the European Community and the European Free Trade Association will constitute one market of free commerce, because it must add Norwegian, Swedish, Finnish, and Icelandic.

Americans are often envious of the fact that the European youth are automatically taught a foreign language in school, usually in elementary school. One cannot deny that Europe has made much progress in the area of foreign language study. "At first glance, it appears that the average European youth's knowledge of foreign languages is very good as eight out of ten (compared to six out of ten in the general population) have studied at least one foreign language" (*Les jeunes Européens en 1987* VI). But this news may not be all good, for according to the same paragraph "Only one out of every two youth feels that he or she knows a foreign language sufficiently enough to carry on a conversation". We can see here a great need for teaching comprehension and conversation.

Generally, speaking the European young people must study one or two modern languages for several years in elementary school and high school. However, as Professor Reinhold Freudenstein, editor of the Federation Internationale des Professeurs de Langues Vivantes, stated at a conference in Venice in September 1990, there are numerous groups in the European Community who do not have the opportunity to study a foreign language. According to Freudenstein, the teaching of foreign languages has hardly changed since 1850 (*Europe After 1992: Chances and Problems For The Less Commonly Taught Languages* 9). The fact is that in Europe foreign languages are taught so that one may study the major literary works written in other languages and not mainly for international communication between the various nations of Europe. Emphasis is placed on the ability to translate the foreign language into one's mother tongue and on the knowledge of grammar. Translation is an important skill and very useful in all the necessary translations of the many documents of the EC. It is usually English, French and German that are taught in secondary schools. If a student wishes to study Russian, Danish, Dutch, Norwegian, Italian, Portuguese and modern Greek, he or she will have to wait until he gets to university.

Having looked at the statistics and problems of languages in Europe, we can ask the following questions: Will the new Europe be bilingual or multilingual? Will English be the lingua franca, the common language of communication between Europeans? A look at the trends in foreign language studies reveals that the majority of Europe's youth study English as their first foreign language. Many people are or will be bilingual, but not multilingual, as the table where? "Who Speaks What?" indicates. Only the inhabitants of smaller countries, who must adapt themselves to their larger neighbors, are up to a certain extent multilingual. The people of Luxemburg, the Dutch, Danes, and Belgians study more than one language.

Better linguistic communication is necessary between France, Germany, Italy, Spain and the United Kingdom. The teaching of foreign languages must be stressed, encouraged and diversified in these countries. The EC must adopt a more aggressive and effective policy regarding the study of foreign languages if it wants to be better prepared for true political and economic unity. The key word, according to professor Freudenstein, is "mobility". It seems that the word "adaptability" ought to be added here. Since production, trade and consumption within the EC and EFTA will be truly international, a large number of tradespeople, exporters, importers, transporters, business people, secretaries, and politicians who can communicate in several languages is a must. Above all, they should be able to speak the language of their neighboring countries. For example, the Portuguese must learn to speak French and Spanish.

One practical way for the peoples of the EC countries to learn more languages is to focus on the goal of understanding several languages, and not necessarily on reading, speaking, and writing each one of them. This makes it possible to be able to comprehend several languages without necessarily having the other communicative skills as well.

Another method is to ensure that each language can be studied in all areas of the EC either at school or in adult school (evening programs), by radio and/or television in each country. In this way, all of the EC would be given the chance of learning several foreign languages, particularly the least spoken ones. According to Freudenstein, it is necessary to offer more intensive language programs that last from two to three years. In elementary and secondary school, one or two languages should be taught for several years followed by the study of new languages.

This is the European Community's linguistic challenge: to diversify, increase and multiply the study of foreign languages at all levels, to back this study with financial aid and grants, and to emphasize the importance of learning several languages, beginning with comprehension, reading, then speaking and writing skills. Europeans must begin to see the "United-Europe" as a multicultural and multilingual unit where the majority of the population ought to have a knowledge and appreciation of at least two foreign languages and where all languages spoken in the European Community are equally valued.

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EUROPE UNITED BY MUTUAL CONSENT - A PATTERN IN ROMANIA HISTORY TEXTBOOKS BETWEEN THE TWO WORLD WARS

SIMION COSTEA

The aim of the history is to reproduce past reality objectively, yet the absolute truth cannot be known. Historical documents produced by human activity, as well as history itself which turns them to best account, convey only a subjective perception of reality, an image of reality from the angle of a certain conception, of a system of radius specific to those who produced them. This is also true of the History textbooks in Romania between the two world wars, which are history in themselves, but they are turned to good account in this research as historical sources; they offer a subjective image of reality, and therefore a subjective image of Europe, with a view to educating the young generation according to the ideas and values promoted by the Romanian society between the two world wars. A very large number of textbooks circulated simultaneously and competed against each others; all were elaborate according to the unique syllabus and had the approval of the Ministry of Public Instruction, but for the rest the authors had absolute freedom in their conceiving. However, observing their similitude as regards conception, discourse, images, stereotypes and linguistic clichés, we understand that there was the same image of Europe, the same European idea, a common European conscience in the mentality of the intellectual media in Romania between the two world wars. Furthermore, the European idea is an idea in expansion, spread and inculcated upon the entire school population who studied in a high school, upon the youth that was to become the elite of society in all fields.

The European idea promoted by the textbooks is in fact a system of ideas and it is structured in a series of patterns, each with its own consistency: Europe as a geographic and historical space, Europe as a civilization, Christian Europe, Europe as a political system based on European equilibrium, all suggesting a common European destiny, liable to bring a rapprochement among the peoples on the continent, its superior image being the image of a Europe united by mutual consent.

Romania was a state satisfied by the system of peace treaties from Paris (1919-1920) and that is the reason why it carried on a policy of peace and collective security, having in view the defending of its national interest. In this context, the Briand Project of European Union harmonized Romania's interest with

that of Europe, according to Titulescu's reckoning. He supported this project in 1930 at the General Assembly of the Society of Nations whose president he was elected. As a consequence, the textbooks comment favourably on this important moment in the history of European Idea when for the first time the idea of a Europe unified in a federal state reached the governing bodies which expressed their opinions about it. The Briand Project had in view that, by the mutual consent of the sovereign states, they would recognize a superior European public right, able to secure a close cooperation in Europe. The principle of unity by mutual consent stays at the basis of the European integration between the two world wars.

1) Iorga, in his textbook dating from 1919, in a moment in which the peace treaties were not signed yet, could not foresee such an idea of a united Europe, but at the end of his textbook he shows the necessity of peace for the future.

2) Lupaş, who wrote his textbook in 1930, when the problem of a Europe united by mutual consent was topical, gives the problem his careful consideration in the conclusion of his textbook, including it in the larger context of the fight for peace: "The Society of Nations with the purpose of promoting collaboration among nations guaranteeing peace and security among them. By the pact Briand-Kellog (1928) a promising step in this direction was made. Also, Briand and Condhove-Kalergi's insistence on founding the United States of Europe (Paneuropa) prepare the way for a peaceful approachment and systematic collaboration among the European states"¹.

In only one sentence, Lupaş includes the PanEuropean movement animated by Count Coudenhove-Kalergi, who prepared the spirit for the accomplishment of the United States of Europe, as well as the political initiative of the French prime minister A. Briand. Realistically, he observes that this problem is not about superstratum or disappearance of the national states, but about their consolidation through "peaceful rapprochement and systemic collaboration". Lupaş pleads for the success of his project, joining it with the Christian spirit of peace and harmony: "May perseverences for the elimination of wars among people and for guaranteeing the peace being the desired results, so to fulfill the Holy Scripture" prophecy that "peoples in discord will cut their swords to make ploughs of them and out of their spears they will make sickles, and moreover, generation after generation will not raise the sword and will not fight anymore, but everybody will rest under their vine and fig, and there will be nobody to frighten them; all peoples will walk on their own way"; and "Blessed are the peacemakers, for they shall be called Sons of God".²

Lupaş makes the warmest eulogy to the idea of European Union, subsidiary to the Romanian national spirit, to the Christian and pacifist spirit. The initiators of the federalisation of Europe are real "blessed peacemakers" and "Sons of God".

¹ Icons from World's History for the Second Form in High-School, Bucharest, 1930, p. 135.

² Ibidem, p. 136.

3) Bulat, who writes in the same hot moment 1930, dedicates a hole chapter to the theme "Federative Tendencies of European States". Their cause is the fact that "European civilization was shaken"³ by the war. "In order to remove this ruins an international peace and agreement are necessary. The Society of Nations works in this direction. Through the activity of the Small Agreement and the goodwill among the great European powers, this continent is getting towards a political and economic agreement, towards a federalisation of the States in Europe. A great fighter in this direction is the well-known French-Minister of Foreign Affairs, Briand".⁴

So, Bulat as certains the necessity of peace and European agreement among states; they can lead to a real "federalisation"; in this sense he remarks the activity of the small states in the Small Agreement, as well as the activity of the main powers, especially appreciating Briand's role, as regards politics and economics.

4) From the perspective of the year 1935, after the failure of the Briand Project and ascent of the warlike revisionist forces, Pătrășcanu appears much more pessimistic in the problem of European construction and peace: "The situation of aour continent is very discouraging. Today in Europe everything is shaking. The Spectrum of war threatens the world again with fire and sword".⁵

He names one of the sub-chapters "Pan-Europa" and he shows in it that "The difficulties and needs against which almost all European states struggle especially because of the restrictive measures, which gouvernments took one against another, and made many sociologist and science men thing about their remedy. Some of them brought forward to discussion the federalisation of all European states, a measure known as pan European.

Despite of the fact that this states have opposite interests, or there are national differencies at the basis, they are closely linked, by a series of common interests. The elemination of the customs barriers and the spiritualization of the borders, a real politics of desarmamement, a moral and cultural rapprochement among nations could unite all European states in a great federation. The exchange of products among the industrialized states and agricultural ones, made on another level than the present one, could bring an improvement of the economic situation all the entire continent".⁶

Pătrășcanu emphasizes first the economic difficulties that the protective nationals policies create on the continent. Recognazing the real existence of opposing national interest, the author think that European States are linked by a series of common interests, which, if cultivated, can bring an improvment of their economic situation.

³ Modern and Contemporary History for the Fifth Form in High-School, Craiova, 1930, p. 455.

⁴ Ibidem, p. 455.

⁵ Contemporary History for the Seventh Form in High-School, Bucharest, 1935, p. 335.

⁶ Ibidem, p. 326.

For these, borders must be spiritualized, creating an economic rapprochement, as well as a cultural and moral one among states, and disarmament at the same time. Moreover, "in front of the USA, creditor to almost the entire Europe and its great competitors on the other continent, the United States of Europe would present themselves as a strong group, and a real supporter of the peoples in this part of the world".⁷

Pătrășcanu shows that "It seems that this idea has become firm lately, since France, through its Minister of Foreign Affairs, Aristide Briand, supported the federalisation of the continent by bringing it to the debate of European governments"⁸. He is referring to the meetings of the General Assembly of the Society of Nations from September 1929 and September 1930, to the Memorandum sent to the European governments in May 1930, on which they expressed their opinion through written answers and speeches in Geneva.

Therefore, from the level of intellectual speculations, the European idea passed into the political level, at the top. The author emphasized the economic aspect of the federal idea from Briand's speech at Geneva in September 1929, also supported by the Romanian government in its answer in July 8, 1930 and in the decision of the Society of Nations in September 1930, and not the idea of the political Union promoted by the Memorandum in May 1930. He does not say anything about the reserves and objections of the European governments, reckoning that the failure of the Briand Project is due only to the personality's death: "But together with the death of this great man of state, the noble attempts were put aside, Europe searching its salvation through other formulas"⁹. The initiatives of European union are noble and they are meant to save Europe. Their failure is a disaster for Europe: "If Europe does not find its moral and economic equilibrium, deep shakes will bring the Doom of present civilization, whose tomb, unconsciously, is dug by most of the ruling people of today"¹⁰.

5) From the same perspective of the year 1935, Diaconescu ascertains two tendencies in international relations: "As a consequence, it is true that in mankind there is a manifest desire for peace, on one hand, and on the other hand, a quite determined will on the part of the states to increase their power in the world. Seems imperialism tries to be included sometimes within continental borders like the idea of Pan-America, in Europe also there was a debate upon the idea of a political, economic and cultural organisation of the continent under the name of Pan-Europa. Aristide Briand, who has been the Minister of Foreign Affairs for France and who was the supporter of a policy of peace among people emitted, in the Assembly of the Society of Nations, the idea of a federalisation of the European states, which was meant to have an economic character in the beginning. This idea was enthusiastically welcomed; however, it could not be put into practice. All

⁷ Ibidem, 326.

⁸ Ibidem, 327.

⁹ Ibidem, 327.

¹⁰ Ibidem, 335.

these attempts proved that the states, at least for the time being, eager for peace and still in search for the means to assure it"¹¹.

The author insists especially on the political and pacifist valences of the Briand Project, from the point of view of Romania's national interest which aims at peace, status-quo and the limitation of imperialism.

None of the authors clearly defines this proposed federalization, because Briand himself did not accurately describe the possibility of Europe's organisation. However, all regard it as a pacifist project, according to the external policy of Romania. The authors do not discuss the problem of the limitations of national sovereignty through the federalisation of Europe, thought as a whole didactic discourse pays such attention to the fight for the national independence; this shows the fact they clearly understood the sense of the Briand Project that explicitly stipulated that no sovereignty of any state would be touched. It was about a Europe of national independent and equal states, according to the treaties from Paris and the principles of the Society of Nations, not about a super-state as the European Union plans to be. This unity by mutual consent meant a cooperation among several states in the formula in which they were cristalyzed in 1930, as a hindrance in the way of the danger of revisionism and war. The Romanian nation was in its favour, and Romanian's external policy and the ideas expressed in textbooks proved that.

The fact that in some textbooks after 1930 the pan-European idea is not present can be explained by the fact that the authors made little account of this Briand Project, which proved to be ephemeral and destined to fail; the syllabus does not stipulate the treatment of this movement (it not so detailed). It was up to the authors the treatment of the subject it's treatment or it's lack of treatment. But the pleading in favour of the general principles of Romania's external policy appears in all the textbooks as an expression of the frame of mind of the nation and the school policy of the state. The lack of the federal idea from some textbooks does not mean a different attitude to the European idea (because there was also the possibility to express an unfavorable opinion (which did not happen); their whole discourse proves the same European conscience, the same European idea in all authors on the whole.

In the Memorandum sent by Briand in May 1930 to the twenty-six European governments it was asserted that the peoples had already expressed in the favour of the idea of Euroepan union and the governments were to take up the responsability of doing it. Romanian textbooks confirm Briand's assertion, through their restfull adhesion to the pan-European idea, which they attempt to inculcate upon the past in a concerted action. The Romanian textbooks and the pressspread propaganda in favour of the project of European union in the period between the two world wars, supporting the external policy of the Romanian state which approved the Briand Project, having infren a Europe of national states in harmony, going as far as federal formula, an idea which forerun the European integration after the war. Duroselle's conclusions that "the pulse of the European feeling was

¹¹ World's History, The Contemporary Epoch for the Seventh Form in High-School, Bucharest, 1935, p. 327.

not to strong in 1930"¹² does not apply to the attitude of the Romanian textbooks as concerns this problem at all. On the contrary, this show a powerfull European feeling on the part of the Romanians in the period of the two world wars, subsidiary to the national feeling; in 1930 in Romania spirits were ready for a European construction which did not have any chances than because of the revisionism, but which raises justified hopes today.

¹² The European idea in History, Paris, 1935, p. 281.

INTEREST DIFFERENTIALS AND THE EXCHANGE RATE INTERNATIONAL FINANCE TERM PAPER

PLESCA MIANA

ABSTRACT. In this paper I wanted to explain the behaviour of the exchange rate in a floating exchange rate regime as determined by international arbitrage both in the goods market and in the financial markets. My approach combines the theory of Purchasing Power Parity (PPP) and a particular case of the real interest differential monetary model of floating exchange rates. The data evidence I am considering concerns the Romanian nominal and real exchange rates for the dollar, and the interest rates in Romania and in the United States.

I. INTRODUCTION

The model which I start from has been developed by Jeffrey Frankel and it gives the interest rate differential between the home country and abroad as a determinant for the exchange rate. Frankel's model has two components, one in the short-run involving sticky prices and a gradual adjustment of the exchange rate to equilibrium, and one in the long run when equilibrium has already been attained. Because of reasons I will explain later, in this particular case there is no short run disequilibrium and the model exhibits the same behaviour in the short run as in the long run. The rate of currency depreciation is accordingly determined by the inflation differential in the home country and abroad, as implied by arbitrage in the goods market¹.

Another international arbitrage condition, this time in the market for assets, implies that the nominal interest differential between home and abroad equals the expected depreciation of the currency in the home country. This is known as Uncovered Interest Parity (UIP). If both UIP and relative PPP hold, it must be then the case that real interest rates are equalized across the two countries. The real interest rate is equal to the difference between the nominal interest rate and the expected rate of inflation.

In order for PPP to hold, we have to assume that there are no transportation costs or barriers to the free trading of goods. In the asset markets, where we believe UIP should hold, transaction costs are assumed to be zero and the home and foreign assets have to be perfect substitutes. Furthermore, in order to test for these parity conditions, agents are assumed to be risk neutral and to form expectations rationally.

¹ This international parity condition is known as relative PPP.

The empirical results I obtained show that in the case of Romania, for the time period considered² relative Purchasing Power Parity holds, but neither does Uncovered Interest Parity hold, nor are the real interest rates equalized. Therefore, one cannot speak about arbitrage between the Romanian and other financial markets. The exchange rate is mainly determined by the very big inflation differential.

II. THE MODEL

1) An Analytical Description

Frankel's real interest rate differential model accommodates both the monetarist view of fully flexible prices in the long run and the Keynesian short-run stickiness as special extreme cases.

In the short run, the rate of exchange rate depreciation depends on the gap between the spot rate and the equilibrium level of the exchange rate, achieved when Purchasing Power Parity holds. The PPP theory states that the level of the exchange rate, expressed as domestic currency units per unit of foreign currency, is determined by the relative price levels in the domestic and the foreign country. It means that, because of arbitrage in the market for goods, one and the same item should have the same price in two different countries, when the price is expressed in one common currency. A hamburger which costs 2\$ in New York should cost 2\$ in Prague as well, if the price in Czech crowns is converted into dollars via the exchange rate. It follows that the equilibrium nominal exchange rate is the one corresponding to a real exchange rate of one. In the long run the rate of currency depreciation is determined by the inflation differential home and abroad. If inflation in the home country goes up by 1% relative to the inflation abroad, the local currency should also depreciate by 1%. This expresses the relative PPP. As it turns out, for countries with a very high rate of inflation³ relative PPP holds.

Since the relative PPP condition is valid in the short run as well, there is no sustained deviation from the equilibrium rate and hence the behaviour of the model in the short run is the same as in the long run. The rate of depreciation is given by inflation differentials alone, because the short-run term of adjusting to equilibrium⁴ has vanished. Therefore, in this particular case we refer to a monetarist approach. Accordingly, when the domestic interest rate rises relative to the foreign interest rate it is because the domestic currency is expected to depreciate, therefore ensuring a positive relationship between the exchange rate and the nominal interest differential.

Within this framework, we assume UIP holds. This basically says that if interest rates in Romania increase by 5% relative to the United States' interest rates on corresponding assets (for instance, 3-month government Treasury Bills), the no-arbitrage condition requires that the Romanian currency depreciates by the same amount of 5%, by the maturity time of the asset.

² From April 1993 until August 1996, monthly data.

³ The case of Romania during the time period considered.

⁴ Dornbush's overshooting effect.

According to PPP and UIP, the rate of currency depreciation equals both the inflation differential and the interest differential. This means that in our case, the real interest differential should equal zero, or, to phrase it differently, there is no overshooting effect.

2) *A Formal Description*

The first assumption is that Uncovered Interest Parity (UIP) holds. UIP states that, assuming that agents are risk neutral, the interest differential should be exactly equal to the expected rate of depreciation of the exchange rate:

$$(1) \quad (i - i^*)_t = \Delta s_{t+k}^e$$

i is the nominal interest rate in the home country

i^* is the nominal interest rate abroad

Actually, i and i^* are approximations of, respectively, the log of one plus the rate of interest. But, for small values of i and i^* ,

$$\log(1+i) \approx i$$

$$\log(1+i^*) \approx i^*$$

Δs_{t+k}^e is the expected rate of depreciation of the exchange rate.

Under the hypothesis of rational expectations, $\Delta s_{t+k}^e = \Delta s_{t+k}$, therefore

$$\Delta s_{t+k}^e = s_{t+k} - s_t$$

s_t is the log of the spot exchange rate at time t

s_{t+k} is the log of the spot exchange rate at time $t+k$

(1) becomes:

$$(i - i^*)_t = s_{t+k} - s_t$$

The second assumption is that the expected rate of depreciation is a function of the gap between the current spot rate and an equilibrium rate in the short run when prices don't adjust, and of the expected inflation differential between the domestic and foreign countries in the long run, when the exchange rate is already at its steady-state equilibrium value.

$$(2) \quad \Delta s_t^e = -\theta(s_t - s_0) + \pi^e - \pi^{*e}$$

s_0 is the log of the equilibrium exchange rate

π^e is the expected domestic rate of inflation

π^{*e} is the expected rate of inflation abroad

θ is the speed of adjustment to equilibrium for the exchange rate

Again, we take expectations to be formed rationally, which means $\pi^e = \pi$ and $\pi^{*e} = \pi^*$ (π and π^* are the actual rates of inflation). Under this assumptions equation (2) becomes (2')

$$\Delta S_t = -\theta(S_t - S_0) + \pi - \pi^*$$

and it says that in the short run the exchange rate is expected to return to its equilibrium value at a rate which is proportional to the current gap, and that in the long run, when $S_t = S_0$, it will be driven only by relative inflation differentials.

One step further is to make the assumption that relative Purchasing Power Parity (PPP) holds. Given the high rate of inflation, it is quite likely that this assumption is supported by data results.

$$\Delta S_t = \Delta p_t - \Delta p_t^*$$

where p_t is the logarithm of the domestic price level and p_t^* is the logarithm of the price level abroad. Since $\Delta p_t = \pi$ and $\Delta p_t^* = \pi^*$ the rate of exchange rate depreciation depends only on the inflation differential.

Combining (1') and (3) we get $(i - i^*)_t = \Delta p_t - \Delta p_t^*$ or, rearranging,

$$i_t - \Delta p_t = i_t^* - \Delta p_t^*$$

$$r = r^*$$

where $i_t - \Delta p_t = r$, r is the domestic real interest rate
 $i_t^* - \Delta p_t^* = r^*$, r^* is the real interest rate abroad

Therefore, under the assumptions of UIP and relative PPP, it must be the case that home and foreign real exchange rates are equalized.

If relative PPP didn't hold in the short run, s_t would differ from s_0 and, according to equations (1') and (2'), in the short run the nominal exchange rate would be determined by the real interest rate differential: $S_t = S_0 - 1/\theta (r - r^*)$. This is the overshooting effect according to which a rise of the nominal interest rate over its long-run equilibrium level attracts a capital inflow which causes the domestic interest to appreciate instantly.

III. THE DATA

The data I have used consists of 41 monthly observations (April 93 - August 96) for the CPI in Romania and the United States, and the nominal exchange rate expressed in terms of leu/dollar⁵). The monthly CPIs for both Romania and the United States are computed as percentages of the same base period, December 1992. I use the CPI as a proxy for the price level. Since the CPI is an index (and not a nominal value) I can rely on it only for computing relative variables, like

⁵ *Leu* is the name of the Romanian currency.

inflation or inflation differentials. Therefore, I will test the only for the relative PPP.

The interest rates I intended to use were those on 3-month government Treasury Bills. I had no problem with the data for the United States, but the case of Romania was a bit more complicated. The government started to issue Treasury Bills only relative recently, in the spring of 1995, so I had only 15 monthly observations on the 3-month TB interest rates, from June 1995 till August 1996. Hence, I adopted three alternative solutions.

The first was to use the few data on the TB's I had. Another possibility was to use instead the 3-month discounted interest rates offered by the Central Bank to the member banks. On this I had more data (32 monthly observations, from January 1994 till August 1996). In the third case I imputed backwards the missing data on the TB's by assuming a linear relationship between the 3-months TB interest rate and the discount interest rate. I used a linear regression of the TB's on the discount interest rate to forecast the missing values. Although the regression had a pretty good fit ($R^2=.9$), I had to correct it for autocorrelation. Later, testing for interest rate parities, the results I got were pretty much the same (in terms of signs and significance), no matter which of the three types of assets I used: 3-month TB's, discounted rate of the Central Bank or the imputed rates for the TB's. In all three cases, before taking the logarithm of the interest rate I had to divide it by 4 to convert from a "percent per annum" basis to a three-month basis.

IV. ECONOMETRIC RESULTS

In order to see if the mentioned international parity conditions are valid or not, the following econometric models have to be tested:

1) For the UIP:
$$S_{t+k} = \alpha + \beta S_t + c (i - i^*)_t$$

$$H_0: \alpha = 0, \beta = \chi = 1$$

2) For the relative PPP:
$$\Delta S_t = \alpha + \beta (\Delta p_t - \Delta p_t^*)$$

$$H_0: \alpha = 0, \beta = 1$$

3) For the real interest rate differential:
$$(i - i^*)_t = \alpha + \beta (\Delta p_t - \Delta p_t^*)$$

$$H_0: (\alpha = 0) \beta = 1$$

For the test of the *uncovered interest parity*, I obtained the following results (t-statistics in parentheses):

When using the **discount interest rate of the Central Bank**:

$$S_{t-3} = 0.8096 + 0.91757*s - 1.05639*(i - i^*)$$

(1.14) (10.34) (-2.15)

R-squared 0.9934

F-statistic 826.36

Durbin-Watson stat 1.877 (after correcting for AR(1))

When using the **three-month interest on Treasury Bills**:

$$S_{t-3} = 1.8526 + 0.79142*s - 1.0951*(tb - tb^*)$$

(3.91) (12.54) (-3.4)

R-squared 0.9957

F-statistic 286.56

Durbin-Watson stat 2.246 (after correcting for AR(1))

When using the **imputed three-month interest on Treasury Bills**:

$$S_{t-3} = 1.8526 + 0.79142*s - 1.0951*(tbi - tbi^*)$$

(3.91) (12.54) (-3.4)

R-squared 0.9968

F-statistic 1716.82

Durbin-Watson stat 2.01 (after correcting for AR(1))

All three regressions show the same results, namely that the null hypothesis of UIP must be rejected. The regressions are significant at all levels of significance, and so are all the coefficients - with the only exception being the constant term in the first regression. The fit of the regressions is very good (R-squared = .99). All three regressions had to be corrected for first order serial correlation (using a Cochran-Orcutt procedure).

According to the UIP theory, the constant term should have been 0. For the first regression, we don't reject the null hypothesis of the constant term being zero at 5% level of significance. For the other two, we reject the null hypothesis that the constant term is zero.

The theory states that the coefficient on S, the current value of the exchange rate (in log form), is 1. For all three regressions we don't reject the null hypothesis that the coefficient is 1, so at least the coefficient on the current exchange rate has the expected value.

The most embarrassing result concerns the coefficient on the interest differential, which, according to the Uncovered Interest Parity theory, is supposed to be positive and equal to 1. The regression results show that the coefficient is indeed statistically equal to one, but with a minus sign. Or, to put it differently, a percentage increase in the 3-month nominal interest rate (or, a 4% increase in the annualized interest rate) should lead to a one percent decrease in the nominal exchange rate three months from now, other things being constant. This result seems to open unlimited arbitrage opportunities, unless some other factors (like political instability, restricted flows of capital) are taken into account.

The conclusion for this first set of regression results is that data evidence doesn't support the theory of Uncovered Interest Parity.

The test for the *relative Purchasing Power Parity* shows that relative PPP holds.

$$S_t - S_{t-1} = 0.06407 + 0.74261*[(p_t - p_{t-1}) - (p_t^* - p_{t-1}^*)]$$

(1.09) (2.96)

R-squared 0.2642

F-statistic 3.23

Durbin-Watson stat 1.88 (after correcting for AR(1))

INTEREST DIFFERENTIALS AND THE EXCHANGE RATE

The regression is significant, but has a pretty low fit (meaning that the relative price level isn't the only determinant of the exchange rate). After correcting for AR(1) the Durbin - Watson statistic shows that there is no autocorrelation of a higher order.

I used a Wald test for the joint hypothesis that the constant term is significantly zero and that the coefficient on the inflation differential is significantly one.

Null Hypothesis: $C(1)=0, C(2)=1$
F-statistic 612 Prob=.553
Chi-square 1.224 Prob=.542

Therefore, we don't reject the null hypothesis of relative PPP.

If PPP holds and UIP does not, *real interest parity* must not hold as well. Data results show that the hypothesis of *real interest parity* must be rejected. I report here only two regressions, when the dependent variable is the differential on 3-month Treasury Bills' interest rate, and on the imputed Treasury Bills' interest rate. The regression when the dependant variable was the discount interest rate was statistically insignificant.

When using the ***three-month interest on Treasury Bills***:

$$tb-tb^* = 0.1081 - 0.4747 * [(p_t - p_{t-1}) - (p_t^* - p_{t-1}^*)]$$

(7.76) (-2.2)

R-squared 0.7803

F-statistic 7.105

Durbin-Watson statistic 2.25 (after correcting for AR(1))

When using the ***imputed three-month interest on Treasury Bills***:

$$tbi-tbi^* = 0.0718 - 0.2755 * [(p_t - p_{t-1}) - (p_t^* - p_{t-1}^*)]$$

(0.41) (-1.24)

R-squared 0.9567

F-statistic 169.31

Durbin-Watson statistic 2.10 (after correcting for AR(1))

The hypothesis of the real interest parity implies that the coefficient on the inflation differential should be one, and instead I've obtained significantly negative coefficients. The fit is good enough, and both regressions are statistically significant. In the first regression, the constant term is significantly different from zero, but has a small enough value. The constant term in the second regression is statistically 0. Overall, the hypothesis of the real interest rate parity has to be rejected in both cases.

V. CONCLUSIONS

In this paper I have tried to bring empirical evidence regarding the validity of some international parity conditions involving the exchange rate. I took the case of Romania as related to the United States over the period of the last three and a

half years.

Data evidence supports the hypothesis of relative PPP for the time interval considered. Even more, in a test not reported here (because it holds no further relevance for the interest parity conditions tested later), I obtained that PPP holds for a longer period of time as well (for quarterly data starting December 1990 and ending February 1996). This results may be due to the very high inflation rates experienced by Romania during this time period. It may well be the case that inflationary factors dwarf every other thing which may influence movements in the exchange rate and therefore the exchange rate moves to adjust with the inflation.

When relative PPP holds (which is our case), if UIP holds then the real interest rates should be equalized as well. In the Romanian case, neither happen. Among the possible reasons are the assumptions we had to impose in the beginning. The most controversial ones are that domestic and foreign assets are perfect substitutes and that capital moves freely. This may be true for OECD countries, which have mature, highly integrated capital markets. But Romania is just at the beginning of the road in the glamorous business of international finance. Political and economic instability, lack of credibility and experience are only some of the issues which make Romanian assets not attractive enough for arbitrageurs, even though according to present results there would be enormous gains to be made from arbitrage. Other assumptions made in the beginning, like no transaction costs or no barriers to free trade, don't hold in reality. Also, nothing can ensure that agents are really risk neutral or that they can have rational expectations.

A nice way to continue the present work would be to determine the equilibrium level of the nominal exchange rate. For this, we need some supplementary data, like the price levels (for the base year, at least). Once this equilibrium rate is computed (assuming PPP holds for each period), we may test directly the real interest rate differential hypothesis,

$$\Delta S_t = \alpha + \beta(\Delta p_t - \Delta p_t^*)(S - S_0) + \chi(\pi - \pi^*)$$

If indeed we are already in equilibrium, then it must be the case that $\beta = 0$, $\chi = 1$.

It would be interesting to repeat the same analysis a few years from now, when there will be much more data available (and therefore the accuracy of the econometric analysis would increase) and also the Romanian financial market will acquire some of the necessary maturity and robustness.

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