CENTRAL EUROPE AS SEMI-BORDER AND SEMI-URBAN REGION AND ITS MARKETISATION

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Introduction or Brief Description of Central Europe

The notion of 'Central Europe' has traditionally attracted much attention. Numerous issues connected with this enormously complex and appealing region go beyond the extent of this article; however, it should be stated that, as defined by Milan Kundera, the area was "geographically in the Centre, culturally in the West, and politically in the East"[1].

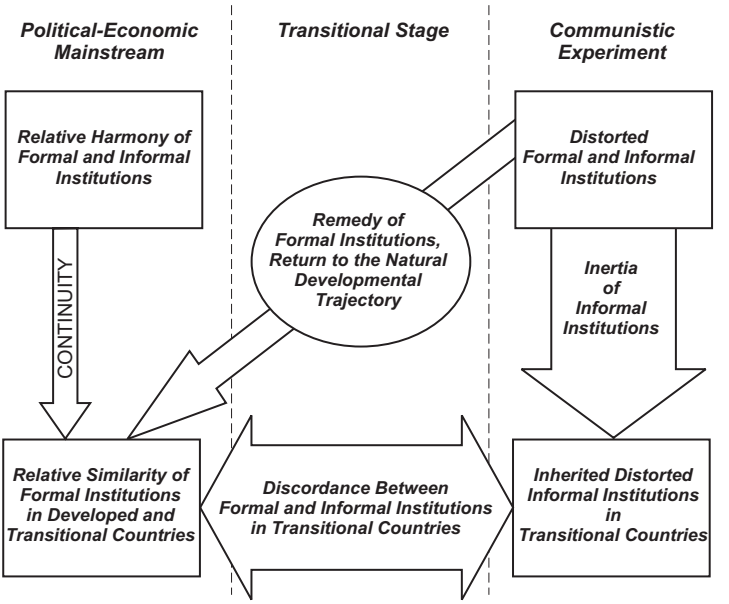
Various cultural and political streams, often almost antagonistic but at the same time intensely interconnected, have shaped the character of this territory. Before 1989, political arguments that stressed the absurdity of two separate Europes were prevailing in the context of the idea of a Central Europe. Since 1989, one has been able to observe the slow return of common pluralistic values so typical of Central European culture. Over the past years we have witnessed the rebirth of the idea of Central European partnership, which can be perceived as a process of positioning in the context of EU enlargement.

The region of Central Europe[2] is currently influenced by two relevant processes. The first one is a spontaneous process of economic and social restructuring. It involves the whole Central European space. The second is a specific process of transition in Central Eastern Europe that includes a major part of Central Europe. The problem of the transitional part of Central Europe consists mainly in the discrepancy between formal and informal institutions[3]

[1] Tomaszewski, A.: Central Europe: Cultural Property and Cultural Heritage, In: Central Europe: A New Dimension of Heritage, ICC, Cracow, 2003.

[2] The Central European region is composed of several countries: Austria, Czech Republic, Hungary, Poland, Slovakia and Slovenia.

Figure 1. *Central Europe in the Context of Political Economic Transformations*



In light of the preceding lines it is apparent that Central European history and development have been of a restless nature. The peculiar character of Central Europe embodies both historical and territorial dimensions of the norms and values that regulated human activities and shaped the essential elements and interactions in the framework of this entity as well as its relations with other socio-cultural systems and with the environment. All historical and today's functional, physical and social structures give us abundant evidence about Central Europe as an area of dialogue and conflict and a territory of borders, memory and traditions.

The main aim of this article is to show the opportunities for the marketisation of Central Europe. Since territorial marketing is based primarily on the bottom-up approach, the creation of trust and learning, it provides a truly useful tool

[3] Formal institutions are describable as the system of legislation, formal rules, public administration and all kinds of organisations. Formal institutions can be changed relatively easily since they are hierarchised. On the contrary, informal institutions that include human behaviour, attitudes, values and habits cannot be changed so quickly and they tend to be more continuous. Their modification is the subject of long-lasting, generational processes.

for coping with the discrepancy between formal and informal institutions in the daily life of transitional Central European countries. As is argued, both material and immaterial elements of a Central European heritage enhance the space for co-operation within this region and its subsequent marketisation.

Border Dimension of Central Europe

Cultural diversity is certainly a specific strength of Central Europe. In spite of unfavourable development in recent history, multicultural tradition still creates an inseparable part of Central European identity. Various cultures have coexisted alongside one another. This multicultural "melting pot" is even strengthened when taking into consideration that in the course of history the Central European territory has been criss-crossed by dozens of national, administrative as well as cultural boundaries[4].

At the same time, it is necessary to state that Central European borders were almost constantly moving and very often, they were easily penetrable. This contributed significantly to the specific charisma of Central European culture and could be succinctly labelled as 'relativity of borders in Central Europe'. Less fixed borders or semi-borders in Central Europe (with the exception of the communist era) in connection with the geopolitical position of this region have induced numerous important historical events (and it is questionable, whether Central Europe has been able to cope with these historical events).

Put succinctly, the qualities of Central Europe would not exist without historical semi-borders. Currently we are witnessing a new transformation of Central European borders. The process of the disappearance of the borders, which leads towards 'opening the space' has complex impacts on the developmental possibilities of particular territories that will be exposed to innumerable new socio-economic factors and trends.

From the wider perspective, the process of vanishing borders can be perceived as a return to the natural developmental spatial trajectory[5], which brings both opportunities and threats for particular areas. This process

[4] In this article, we are concentrating merely on manmade borders, i.e. economic, administrative, legislative or socio-cultural ones. We are not considering natural, physical barriers.

constitutes a new challenge for Central European sub-regions as their future development will be based not only on their spatial competitiveness but on their ability to co-operate as well as to learn[6].

The Urban Dimension of Central Europe

Towns and cities always constitute rather peculiar space. Intense and complex social, economic, cultural and other factors and relations are concentrated over a very small territory. Activities of urban populations usually form a considerably expressive cultural environment. In comparison with less densely populated territories and the countryside, cities and towns embody distinctive places of memory and tradition, as well as of dialogue and conflict. Both co-operative and competitive relations have traditionally shaped not only the urban development but also the atmosphere and spirit of particular places.

In comparison with other existing territorial structures and the settlement system in general, the city represents one of the highest ranks of developmental structures. At the same time, the area of a city is not usually so very great. We are entitled to consider cities as 'created environment'. In a nutshell, cities and towns form the nodes that express social, economic, cultural and historical characteristics of wider areas on a relatively small spot. This applies to the cities of Central Europe. Moreover, they represent a major part of Central European heritage and charisma.

It is not necessary to underline the importance of cities for Central Europe. Central European urbanisation had several specific features[7]:

- Slower, but steady pace of the concentration of people into urban seats in comparison with other territories,

[5] Since administrative borders represent the results of human activity, they should be perceived as an artificial product that brakes the spatial interactions and communication. Bigger transaction and transportation costs reflect these unfavourable circumstances.

[6] Disappearance of the borders certainly forms new room for endogenous development of Central European sub-regions. At the same time, it is necessary to underline that only, if particular Central European sub-regions are developed more or less proportionally, the whole project 'Central Europe' can work. If there exists functional cohesion and interconnectedness of particular sub-regions, stability of Central Europe can be reached. This intra-regional spatial socio-economic balance is unfortunately often omitted.

- Excessive number of middle-sized cities,
- Very dense network of cities. Central Europe was and still is one of the most urbanised areas in the world.

This is why the cities played a principal role in the history and the formation of Central European culture. It is undeniable that Central European cities were seriously hit by wars and other bigger or lesser disasters; fortunately, their physical and spiritual bases proved to be viable enough and nowadays they constitute living monuments and witnesses of the past.

Marketisation of Central Europe

Territorial marketing represents a relatively new concept and instrument of territorial development. This concept is based primarily on voluntary bottom-up activities in order to reach flexibilisation and debureaucratisation of the processes that lead to the development of a region or city. Thus, territorial marketing can be perceived as an example of so-called 'soft' concepts of regional and urban development.

In this article, an analytical-practical approach to the territorial marketing of Central European cities is shown. When evaluating Central European cities we have to bear in mind that:

- Central European cities stress their culture and history more than their counterparts in other parts of the world.
- Central Europe is a unique space, mainly in comparison with other regions and cultures. The complicated historical development of Central Europe has created a special charisma for this territory. A fine mixture of different cultures, nations as well as of remarkable personalities has formed a rather specific entity of distinctly idiographical character. Moreover, Central Europe is labelled with a positive good image.
- A high density of cities that are attractive from the tourist standpoint is typical of Central Europe. However, one can find many less conspicuous places that are relatively unknown to the wider public and that could complement traditional tourist spots (for instance, cities with industrial heritage).

[7] Horská, P.—Maur, E.—Musil, J.: Zrod velkoměsta, Paseka, Prague, 2002.

This analysis should be accompanied hand in hand by the identification of priorities for the future:

- Growth of local governance and decentralisation—the process of the development of the city involves economic, social, cultural and other dimensions and changes. Nevertheless, a institutional—organisational perspective (comprehended as the structure and the way of performance of public administration) has the priority to a certain extent. Particular policies and decisions are created and implemented at various levels of state government as well as local government. From this perspective, it is necessary to support strong local governments or self-governmental initiatives and activities. In the case of a city not possessing sufficient competences and financial resources, it can hardly increase its general competitiveness. The institutional—organisational framework defines, to a certain extent, the opportunities and limitations for other processes.
- Cities should create their strategies and visions for the future. In other words, they should plan systematically how to use their historical and cultural potential for sustainable development.
- Usage of emblems, symbols, logos and personalities for the promotion of the city. These elements form a succinct embodiment of the city.
- Cities should not merely satisfy tourist needs. A pleasant environment for the local population represents a desirable state as well. It is about the balance between the interests of tourist industry and the local population. In that way, the identity of localities can be supported, which is a substantial contribution to the principle of plurality in unity, so typical of (Central) Europe. Concentration merely on external relations a frequent mistake in territorial marketing.
- Layers of culture and history should be documented and stored. Currently, this is considerably facilitated by information technologies.
- Promotion of 'Cities as Narratives' or 'Magic Places'. At this point, documentary materials, such as films, poetry, music or exhibitions appear to be indispensable.
- It is worth stressing and 'cultivating' various elements of common Central European memory. Here are just a few tips: coffeehouses, spas and

parks, the aristocracy, celebrities, classical music, science, architecture and urban planning, a slower pace of life or ethnic and religious plurality.

- Creation of WIN-WIN NETWORKS AMONG CITIES SHOULD BE BASED JUST ON THEIR DIFFERENT OR COMPLEMENTARY CHARACTER. There is an opportunity to introduce new tourist routes that would gain their charisma just for the sake of the complementary character of Central Europe. Tourists could thus visit cities with historical architecture as well as others with industrial monuments, big lively metropolises on the one hand and small calm spas on the other.
- It would be worth introducing THE LABEL 'CENTRAL EUROPEAN CITY' that would indicate that the city in question fulfils newly created norms and standards of quality.
- The general principle of these possible changes is hidden in the following slogan: 'RATHER QUALITY THAN QUANTITY'. Sometimes, less is more and in the contemporary dynamic world, CENTRAL EUROPE could be labelled as the TERRITORY OF PEACE AND QUALITY OF LIFE. At the same time, we can contemplate the emergence of challenges for setting standards of cultural quality.

Obviously, the above analysis is far from complete. However, it should provoke the formulation of research agenda of Central European cities as well as the elaboration of a territorial marketing plan for Central Europe that would mainly stress the principles of sustainability and preservation and the utilisation of a common heritage and culture.

Apart from arguments already mentioned, there is also one deeper reason of philosophical nature that calls for further co-operation in Central Europe. As already indicated, in comparison with history, one can perceive a number of essential changes concerning the overall organisation of society. They are often called globalisation and modify certain substantial developmental principles on the planet. There is abundant evidence of growing intensity, quantity and complexity of social, economic, cultural and other factors and relations in daily reality. From the geographical perspective, the former 'space of places' is increasingly being replaced by 'a space of flows'.

The complicated historical development of Central Europe has induced the special charisma of this territory. A unique blend of different cultures,

nations as well as of remarkable personalities has formed a rather specific entity. In comparison with contemporary dynamism, historical events in Central Europe can be characterised as profound and long-lasting. Therefore, many legacies of Central European history continue to be alive and tangible. However, in order to preserve the multicultural and peculiar character of Central Europe, it is necessary to find a way of communication in today's globalised world. In the event of isolation there is always the danger of dissolution in the 'space of flows'.

Conclusion

Although the potential for Central European co-operation is not used to the maximum, the situation is gradually improving. Good territorial marketing undoubtedly represents a strong impetus for qualitative deepening of Central European co-operation from political, economic and socio-cultural perspectives. This marketing should be directed towards the utilisation of the huge potential that is offered by the Central European space as a consequence of its well-preserved heritage and historically created semi-urban and semi-border character.

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AUSTRIAN FOREIGN POLICY RE-DISCOVERING CENTRAL EUROPE

GERALD ROSSKOGLER

Background

After the restoration of Austrian sovereignty in 1955, the main goal of Austrian foreign policy was integration in the Western structures without neglecting the constraints imposed by the 1955 Vienna State Treaty and by the self-declared neutrality status.

Austria joined the United Nations Organisation in 1955, the Council of Europe in 1956, was a founding member of the European Free Trade Association (EFTA) in 1960 and succeeded in concluding association treaties with the European Communities in 1961 and 1972. In the 1970s, Federal Chancellor Bruno Kreisky tried to establish Austria as a neutral global mediator, engaging the country in the Middle East conflict resolution and in enhanced contacts with the communist regimes in Central and Eastern Europe as well as in the developing countries. Austria supported the CSCE process, and later the establishment of the Central European Initiative (proposed by Italy). As regards the Austrian federal countries, they were founding members of the Alps-Adriatic co-operation and of the Working Community of Danubian Regions.

The changes in the collapsing Soviet bloc resulted in the Austrian EC membership application, expressed in 1989. The generally positive avis of the European Commission on the Austrian application of 31 July 1991 was backed by the Commission's assumption that Austria could fulfil an important regional function using its special historical, cultural and political ties with its neighbours, and thus promoting their integration into the European structures. However, during the accession negotiations 1993/94, and in the period following the accession on 1 January 1995, the Austrian foreign policy was mainly focused on EU integration and did not show a clear concept regarding a special relationship with its neighbouring countries, except for activities like the annual meetings of the Central European Presidents and continuous efforts of personalities like

Erhard Busek to promote the importance of closer contacts with Central and Eastern Europe.

During the first Austrian EU presidency in the second half of the year 1998, negotiations were opened with the countries of the Luxembourg group including the neighbouring countries of the Czech Republic, Hungary, and Slovenia. In the negotiation process the Austrian side followed a partly hard but consistent line that did not lead to any blockade with the exception of the energy chapter in the negotiations with the Czech Republic.

In February 2000, the far-right Austrian Freedom Party (FPÖ) became partner in a coalition government. The other 14 EU member states answered to this development by imposing bilateral political sanctions against Austria, sanctions which were not supported by most of the Central European countries. Under these circumstances, Austria started to develop a special relationship with partners on the other side of the former Iron Curtain:

In 2001 the Regional Partnership (RP) was formulated as a political forum to support EU accession of the Visegrád 4 and Slovenia, and to find ways for common positions within the EU institutions.

In 2002 the Danube Co-operation Process was launched to underline the unique role of the great European river to help create economic, political and societal ties and to support co-operation in the region.

Regional co-operation

As there are undoubtedly different kinds of regional co-operation on various levels, we have to define which meaning the terminus will have in the further discussion in this paper.

In the context of the two initiatives mentioned above, regional co-operation can be described as a regulated political interaction among a group of neighbouring states with a low level of institutionalisation. Thus, highly formalised models like the European Union can be excluded as well as sub-regional cross-border co-operation, civil society interaction or ad-hoc coalitions.

The establishment of the regional partnership and of the Danube Co-operation Process (DCP) were of declarative character and their existence depends on the activities voluntarily undertaken by the actors involved. Both

structures have ideological conceptions behind them: The regional partnership is based on the assumption that there is a distinct Central European region, while the DCP underlines that the Danube is more than a river, but the lifeline for a common political and economic area.

The level of institutionalisation is extremely low. The establishment of a central office was avoided, the working process takes place in meetings on different levels at different venues.

Both initiatives are supported by the commitment of the member states to take stock of the possibilities provided by the platforms.

The strength of such a kind of co-operation might be flexibility, as purpose and agenda of the initiative can be easily changed upon request.

A weak point is considered to be the dependence on short-term interests of the member states.

Additionally, there must be a clear common goal as well as already established intensive ties, otherwise such a regional initiative resembles an empty bottle.

An important external factor is the high complexity of decision making in the enlarged EU that requires a closer co-operation between the member states, especially if they are small or medium sized.

Regional Partnership

The initiative was proposed by the then Austrian foreign minister Benita Ferrero-Waldner as "strategic partnership", and established on 6 June 2001 in Vienna. The member states are Austria, the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. The partnership has an informal character. It was created to support the EU integration of the participating accession countries and aims at a closer co-operation within the EU structures to define common interests and to launch initiatives.

The already existing partnership instruments in the Benelux region and among the Nordic countries served as examples.

The main function is to act as a kind of Central European lobby within the EU, co-ordinated by the ministers of foreign affairs. However, it was clear from the beginning that the initiative also has to address special policy areas apart from genuine foreign policy, and the working level below the ministerial one. Such steps were undertaken by the creation of a close co-operation in the field

of internal security (the "Salzburg Forum"), and by the establishment of the "Platform Culture Central Europe".[1]

The initiative has to face three major challenges:

1) The Visegrád co-operation already exists and is a rather well-working instrument for four out of six RP countries, thus there is a danger of overlapping activities. The Visegrád 4 has continuously stated that the RP should not replace Visegrád but is thought to have an additional value.[2] However, the idea of expanding the Visegrád co-operation to Austria and Slovenia has been mentioned recently. Another sign of good co-existance was the meeting of the Visegrád prime ministers at the end of 2004, followed by a meeting of the prime ministers of the RP.
2) Bilateral conflicts: Austria has a difficult relationship with the Czech Republic, especially because of the Temelin Czech nuclear power plant and of the so-called "Benes decrees" that legalised the expulsion of the German and Hungarian speaking populations from former Czechoslovakia after World War II. There are some irritations with Slovenia concerning the Slovene minority in Carinthia, a southern provice of Austria. Another conflict potential exists between Hungary and the Slovak Republic on the rights of the Hungarian ethnic minority living in the Southern part of Slovakia.
3) Missing coherence: The economic disparities between Austria and the other participating countries result in different points of view in major issues like the transition periods on the free movement of the labour force or the contributions to be paid to the EU budget. Another major factor is the different orientations in external security policy. While Austria still maintains its status as a neutral country, all the other members have joined NATO and have special relations with the US. Poland follows as a medium-sized EU member state with a more self-confident external policy than the

[1] Kraus, Herbert: „Regionalismus in der erweiterten EU", in: Focus Europa 5/2004, p. 8-10.

[2] Kiss, László J.; Königova, Lucie; Luif, Paul: „"Die Regionale Partnerschaft": subregionale Zusammenarbeit in der Mitte Europas", in: Österreichische Zeitschrift für Politikwissenschaft, 2003/1, p. 65.

smaller countries and is also involved in other regional forums like the Weimar Triangle or the Baltic Sea Co-operation.

These observations taken into regard, the trend to concentrate on specific fieldsof common interest such as internal security and culture is a rather good decision for the functioning of the initiative. However, it could be stated that there is no consensus in the very important "hard " policy areas such as external policy and economy.

In all events, labour-sharing within the EU is a requirement for all the partners. It is evident that there are manifest common interests in areas such as infrastructure development, home security and culture.

As the RP is an informal low-institutionalised process there is no need for permanent agreement among the partners: If the instrument is useful to the countries they will use it.

The mechanism can also serve as an important consultative process to overcome stereotypes and to find a better understanding.

The Austrian minister for Foreign Affairs, Ursula Plassnik, assessed in her speech "Co-operation for the best of all"[3], held on 27 April 2005 in Vienna, that the regional partnership had started to show practical results. The countries put forward a joint paper on the future of Kosovo, have intensified the fight against organised crime and corruption, and have established a permanent dialogue between the parlamentarians of the participating countries. It is an everyday experience that within the EU you cannot succeed alone.

There are also examples of well-working bilateral co-operation, like the common Austrian-Hungarian position paper on EU policy towards the Ukraine.

The recent political changes in the Ukraine were one of the most important issues discussed at the meeting of the foreign ministers in Warsaw on 12 January 2005. Apart from that, a closer consular co-operation was discussed in reaction to the Tsunami disaster in South-East Asia.

The most recent meeting, on 11 July in Budapest, was dedicated to the issues of the Western Balkans, Kosovo, the European Neighbourhood Policy

[3] Plassnik, Ursula: „Zusammenarbeit zum Besten aller", speech delivered on 27 April 2005 at Haus der Industrie, Vienna

and the Austrian EU presidency in the first half of 2006. Within the framework of the meeting, the opinions on the development of the EU constitution could be addressed, as well as the positions on the finances of the EU. The regional partners used the meeting for talks with the Ukrainian foreign minister Tarasyuk.

(1) Salzburg Forum

The annual meetings of the ministers of the interior, taking place since 2000, comprise praxis-oriented talks on the EU enlargement process, the creation of a regional area of security, models for regional co-operation and address common interests and problems. The main thematic focus is on combating organised crime and finding strategies for the protection of the EU external borders. In 2001 the co-operation was formalised by the signature of the "Salzburg declaration". The meetings of the "Salzburg Forum" were also attended by other distinguished representatives, like the EU commissioners Vitorino and Frattini, the Stability Pact special co-ordinator Erhard Busek or representatives of the acting EU presidencies. Beginning with July 2004 a half-yearly rotating chairmanship was introduced to underline the equality among the participating countries. However, the annual meetings remain to be organised by the Austrian side.

In July 2005 Romania was accepted as new participating country in the "Salzburg Forum", thus extending its membership beyond the RP.

Liese Prokop, the Austrian minister of the interior, expressed an intention to enhance the partnership within the Salzburg group. She assessed the partnership as an important precondition for the establishment of an optimal security environment in the center of Europe, but also for the development of common positions within the EU.[4]

(2) Platform Culture Central Europe

Since its establishment in 2001, more than 100 projects in different cultural areas have been developed within the "Platform Culture Central Europe". It has become a tradition that the platform organises a joint cultural event in the

[4] Prokop, Liese: „Innere Sicherheit erfordert internationale Zusammenarbeit", in: IDM Info 2/2005, p. 1.

country holding the EU presidency. In 2005, portraits of Central European book typographs were presented in The Hague, and in London a documentary film festival will be organised. In Autumn 2005 a common music festival was held in Beijing including a publication in the Chinese language on music traditions in Central Europe. Currently the inclusion of the Ukraine in the European cultural process is in progress.[5]

Danube Co-operation Process

At the foundation of the DCP it was underlined that this initiative should not create another regional institution, but function as a co-ordinating tool for existing initiatives. The DCP was launched by Austria and Romania, together with the European Commission and the Stability Pact for South Eastern Europe, to harmonise and set priorities for initiatives serving the development of regional co-operation in political and economic terms. The DCP was founded on 27 May 2002 in Vienna by the initiators and 11 other countries: Germany, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro, Bulgaria, Moldova and the Ukraine.

The process declared itself as operating on 6 dimensions: the economy, navigation, the environment, tourism, culture and sub-regional co-operation.

The ministers of foreign affairs meet every two years. In the interval period, civil servants will prepare ministerial conferences. The last conference took place on 14 July 2004 in Bucharest, and the next one is scheduled to take place in Vienna in 2006.

The main goals of the DCP are a better co-ordination of the numerous initiatives through exchange of information, and the provision of impulses for enhanced regional activities. The DCP makes available tools tools like the internet platform www.danubeco-operation.org and the Danube Region Business Conferences that take place in those years in which no ministerial conference is scheduled.

Of course, one could say that the DCP is a tiger without teeth: there is neither direct influence on ongoing projects, nor a budget for initiatives of its own. Another problem is the lack of awareness of the DCP's existence and its

[5] Brix, Emil: „Eine Außenpolitik der kulturellen Grenzüberschreitung", in: IDM-fokus europa, 4/2005, p. 15.

meaningfulness. Last but not least, not only is the heterogeneity of the members a fact, but also their very different attitude to the DCP. While Austria and Romania have strongly involved themselves, other countries show a rather limited interest in this kind of co-operation.

The "Declaration on the establishment of the Danube Co-operation Process" is the constituent document of the DCP. The Danubian countries express that "for the first time in history [they] share the same democratic principles and values" and that they "wish to co-operate to help bring stability, prosperity and better economic and social cohesion to the entire region."[6]

The process was evaluated for the first time in Bucharest. In the final document the countries decided tthat "the Danube Co-operation Process shall continue [...] to broaden and deepen present Danube co-operation taking stock of and using the existing structures and develop further the various initiatives already launched in different fields of present Danube co-operation."[7]

The current indicative work programme (2004-2006) foresees the following priority fields:

Development of sustainable transport solutions, pan-European dimension of Danube navigation, development of river infrastructure, free trade, database of entrepreneurs, adaptation of a Danube legal regime, protection of river basins, development of tourism, cultural networking, co-operation of universities, fostering environmental awareness, co-operation between cities, cross-border co-operation for sustainable development.

As the DCP cannot intervene directly in the mentioned fields, the activities are mainly carried out by the following institutions:

European Commission, Stability Pact for South Eastern Europe, Danube Commission, SECI, Steering Committee Corridor VII, Via Donau, ICPDR, DABLAS, international financial institutions, Danube Tourist Commission, Platform Culture Central Europe, Danube Rectors' Conference, and various NGOs.

[6] "Declaration on the establishment of the Danube Co-operation Process", http://www.danubeco-operation.org/Content.Node/files/idm/Declaration.doc

[7] "The Danube as a European Lifeline", http://www.danubeco-operation.org/Content. Node/files/idm/Finaldocument2.doc

Conclusion

The examples of the Regional Partnership and of the Danube Co-operation Process show an increasing involvement of the Austrian foreign policy in Central and South-Eastern Europe. The latter is additionally underlined by the active part Austria is playing in the peace-keeping missions in Bosnia-Herzegovina and Kosovo.

Despite the shortcomings of the two initiatives mentioned above, their establishment illustrates a substantial shift in Austrian foreign policy orientation after 2000. The sanctions of the EU 14 are no sustainable explanation for the change of priorities, but can be considered as one of the factors leading in this direction. Of higher importance is the strong engagement of Austrian enterprises in the region as well as the historical and cultural ties that link Austria with the other countries of the region.

The initiatives provide the participating countries with a tool to lobby for common interests (regional partnership) or to harmonise and prioritise their activities (DCP). It is not the structure of these initiatives that will be decisive for their success or failure, but mainly the commitment of the countries involved.

From the Austrian point of view, the establishment of the initiatives was an important step towards a closer co-operation with its neighbours and beyond. The framework for a more intensive exchange of views and for the realisation of common ideas has been created.

DEVELOPMENT OF THE CIVIL SOCIETY OF THE VISEGRAD REGION

Lucia Sedlakova & Tatiana Tokolyova

"Modern society was formed in the age of great revolutions which brought a relatively autonomous individual and on the other hand a whole integral structure of a modern social system."[1] Jan Keller states in his last work that the development of society has caused "gradual emancipation of the individual from outdated relations of a community type. This has become a significant feature of modernity."[2] Nevertheless the modern society also goes through gradual differentiation of the single component of the society. Keller, together with other sociologists, evaluates the developmental processes as a desirable demonstration of modernization but simultaneously warns against possible negative consequences.

The present phase of civil society was not gaining its popularity and potential so easily. The addition of sociological meaning in the form of the existence of institutional pluralism is more useful than the return to ideological traditions it has come from. It is not possible to explain the term itself through the comparison of antinomies or different understandings in the framework of an ideological spectrum. Its understanding in the background of its historical and philosophical development is essential because of the complexity of existing societies.

We can be very grateful for the rediscovery of the term civil society, especially to societal and political conditions that rose from the development of society in the middle of 20th century. Earlier, any person engaging in the concept of civil society would have been considered a historian, mainly because the term itself did not evoke anything lively and useable. However, thanks to the reasons mentioned above, it was rediscovered and has become an ideal. The reasons are

[1] Keller, J.: Dějiny klasické sociologie. Praha: SLON, 2004, s. 435
[2] tamtiež, s. 435

easy to explain. The state of society that this term is connected with has become much appreciated and politically attractive. It was not possible to talk about the existence of a working civil society in many countries. People began to perceive this lack and we can say that it began to hinder them.

Totalitarian regimes cancelled the separation of society from state, it subjugated the civil society to the state and excluded the validity of many rights and freedoms existing before the state and being independent on it. "In this extreme form of political society, the societal organisations were not the autonomous expression of interests but the additional tool of their amelioration and supervision. Therefore the restoration of the autonomy of the individual and civil society has become the main task in preventing the expansionism of the state, though it does not express that such a danger is connected only with state, because its source also exists in a civil society. State can then only be used as a kind of power instrument. Therefore the restoration of civil society also has this qualitative dimension—it requires the restoration of democratic citizenship and civil virtues."[3]

The absence of the existence of civil society was experienced particularly in strongly centralised societies, the sole political-economical–ideological hierarchy of which did not tolerate any competitor (rival, competition) and the only one concept defined not only the truth but individual morality as well. As a result "the rest of the society approached the state of atomisation and a dissident became the enemy of the people and the regime."[4]

In such a situation the need arose for a new ideal, which was re-established in the idea of civil society, in the thoughts of institutional and ideological plurality preventing from the establishment of power and truth monopoly and balancing the working of state institutions willing to gain monopolistic position. What is hidden under the term civil society? The simplest and also the most comprehensive definition of civil society comes from Ernst Gellner:

"The civil society is a complex of non—governmental institutions that is strong enough to function as a counterbalance of the state; while it leaves the

[3] Šamalík, F.: Občanská společnost v moderním státě. Doplněk, Brno 1995 s. 146

[4] Gellner, E.: Podmínky svobody (občanská společnost a její rivalové). Praha: Centrum pro studium demokracie a kultury, 1997, s. 7

state the function of peace guarantor and arbiter of fundamental interests, it prevents it from atomising the rest of society and gain control of it."[5]

Nevertheless this definition is not sporadic. Sociologist Jürgen Habermas continued the sociological concept of liberalism that established an interpretation of civil society on the idea of a human as a self—confident subject purely following laws connected with the social contract.

"Civil society is the summary of interpersonal relations, rules and duties arising from this agreement."[6]

The Blackwell Encyclopaedia of political thinking characterises civil society as an evolutionary stage of society that is synonymous with the term of political society. In its later meaning it is perceived as a societal and economical arrangement of principles and institutions standing out of the state framework referring to so-called non—political aspects of the present societal order.[7]

Slovak political scientists and authors of the Short Political Science Dictionary characterise civil society in the following way "the term has been used in social—political theory since the 18th century to define societal and in the narrow meaning proprietary conditions. Under the influence of natural—juridical theory, civil society was recognised as the consequence of natural qualities of human and governmental forms and morality. The present politological literature differentiates between political society, meaning the area of public power and state coercion, and its foundation—civil society as the summary of non—governmental institutions and social mechanisms."[8]

Different individual approaches of authors, ideological views, historical development and action in different political systems have pointed out the dissimilarity of the definitions. Primary assumptions of existence and identification signs remain the link of any interpretation. A democratic political system is the fundamental assumption of the existence of civil society.

[5] Gellner, E.: Podmínky svobody (občanská společnost a její rivalové). Praha: Centrum pro studium demokracie a kultury, 1997, s. 10

[6] Bělohradský, V.: Říkejmi si: Pokus o definici intelektuála. In: Literárni noviny, 22.12. 1994, č. 51-52/1994, s. 5

[7] Miller, D. a kol.: Blackwellova encyklopedie politického myšlení. Barrister & Principal, Brno 2000, s. 67

[8] Tóth, R.–Krno, S.–Kulašik, P.: Stručný politologický slovník. Bratislava: UNIAPRESS, 1990, s. 50

So we can interpret civil society as the space around individual interests and public solidarity. The individual has the potential of self-realisation through associations, churches, economic associations, trade unions and independent groups. Civil society presents the space for people to learn how to participate both in power and tolerance.

Polish political scientist Mielecký characterises civil society as an instrument to reduce the space of state operation, which at the same time makes the political system itself active by influencing the decision—making processes, rules of functioning, ways to realisation. Simultaneously it defines conditions for its existence and development: "the standard operation of civil society and its development is conditioned by the level of democracy of the political life of society and of cultural interaction with the political system."[9] The civil society could in these conditions be defined as "the sphere of human existence standing outside from the immediate influence of state power and has been more and more constantly used as the characteristics of the community of sui juris sovereign citizens who are able to fully take a part in democratic production and control of state power, as well as the societal and economical organisation, principles and institutions standing outside the state framework, referring to non-political aspects of the present society order."[10]

According to another view "civil society presents the range of organisations of public interest whose main task is to modify the existing social—political structures."[11] These organisations of public interest presents an asset in the process of the creation of the society structure, the creation of a political system and public institutions as well as in the process of dividing authority and decentralisation of power. So in the conditions of the present democracies it is "the establishment of the so-called third sector which is outside the formal state apparatus because it realises the needs of the citizens and at the same time has an influence on state authorities thanks to recognition of the citizens´ needs and supervision of state realisation of those needs."[12] The third sector, as understood

[9] Lysý, J.: Občianska spoločnosť. In: Kolektív autorov: Politológia. Nitra, Enigma, 2003, s. 69

[10] tamtiež, s. 70

[11] Gažiová, A.: Tretí sektor ako základ formovania občianskej spoločnosti. In: Politické vedy na prahu tretieho tisícročia (monografické štúdie). Nitra: UKF, 2001, s. 199

[12] Feťková, G.: Ochrana právneho poriadku a práv občana. In: Kresák, P. a kol.: Občan a demokracia. Bratislava: MRG-Slovakia, 1997, s. 169

by Gabriela Fet'kova is created by non—governmental corporations, its aim being to "teach people not to rely only on state help but to work to implement his /her own needs as well as the needs of the whole of society."[13]

We can observe the miscellany in the development and understanding of civil society through examples of its present creation in the countries of the V4 Region.

The Czech Republic—Czech political scientists in the discussion about civil society pay special attention to analysis of the problem of the purpose of its existence. Dualism has appeared in this discussion: on the one side are the conservatives (with the present Czech president Václav Klaus at their head), who perceive this discussion as the discussion of the ability of effective governance, while on the other side stand the group (represented by the last federal and the first Czech president Václav Havel) which perceive this discussion especially as the "issue of authenticity in politics. Discourse has made from the political decisions and views ordinary clichés which evoke in the citizens false expectations about what politics is able to give them."[14] The initiatives as Impuls 99 (Impulse 99) or Děkujeme, odejděte (Thank you, go away) were at the end of 20th century the most significant activity of Czech civil society. In the course of analysis it is necessary to remember that they did not accomplish the basic characteristic feature—to work as a counterbalance of the political system. "An effort to directly influence the political sphere was their specific feature. They exemplarily persuaded that if there are not exactly defined limits and the relation between politics and civil activity"[15] the existence of civil activities, initiatives and associations could not be effective. On the other hand, it is necessary to mention successful civil initiatives such as Manifest spisovatelů politikům (Manifesto from writers to politicians) from 1917 or Charta 77 (Charter 77). Despite the first one being written in wartime and the second one in the time of normalization, their influence on the political scene was not insignificant. Although they lost their influence after some years, it is necessary to remember them. "Both civil initiatives entered the magnetic field of politics thanks to its success. We can thank them that they graphically showed us their differences as

[13] tamtiež, s. 169

[14] Žák, V.: Spor o občanskou společnosť. In: Pocta Františku Šamalíkovi k 80. narozeninám. Praha: ASPI, 2003, s. 319

[15] tamtiež, s. 333

political parties. While in a working political party there has to exist a central authority able after discussion to go and act together, the civil initiative, because of the lack of such an authority, is never able to decide to do anything. And, if it can, the solution becomes split at its first conflict."[16] Therefore, Czech civil society is typical of its interconnection with politics, which makes it impossible to work effectively in the modern understanding of the civil society as the counterbalance of the state. The depth of its incomprehension is not only historical, but also stems from the attitude of the public. In spite of that, in searching for development since the 1990s we have to say that even so civil society has been developing and has taken the right direction to reach rational and effective operation according to the examples of developed democracies.

Another example of the development of civil society is the Republic of Poland. In the Europe of the 1990's a transformational wave was passed off which changed the conditions of the political systems of the Central European countries. Poland was the first country to start the transformational wave in the Central European region, thanks especially to its civil society, which started to be active. The movement Solidarity, whose activities came from below, is especially well-known. It had come into existence few years earlier and for its activities in favour of the citizens its activities were prohibited by the governing Communist party. Regardless of this, the movement continued to work and in 1989, also thanks to the position of the Prime Minister Tadeusz Mazowiecky, contributed—a first in Central Europe—, to the deposition of the authoritarian regime and to the establishment of democracy.

The first relatively free and partly democratic elections took place in 1989. The civil movement Solidarity reached not only its aim—economic and social rights for the working class—but also markedly contributed to the establishment of a democratic political system. Simultaneously it showed to other countries that civil initiatives arising from above and united by a common aim are effective and do not prevent their activity from solving the initial conflict. For further explanation we have to add that Solidarity associated people with different ways of thinking (left oriented, radicals, right oriented, conservatives as well as liberals) with a common aim. Civil society built on such a principle becomes the

[16] Žák, V.: Spor o občanskou společnosť. In: Pocta Františku Šamalíkovi k 80. narozeninám. Praha: ASPI, 2003, s. 333

equal partner to the state institutions and alongside to this it creates the space for all citizens to participate in public power.

In HUNGARY the third sector (with a narrower comprehension of civil society) restored its activities in 1987 when the new Foundation and non-governmental organisation act was adopted. These organisations significantly help to adopt the law of associations and their rights in 1989. Nowadays in Hungary there are approximately 60 thousand non-governmental corporations with nearly 400 thousand volunteers[17] (the highest number in the Visegrad region). Based on the law there actors of the civil society work in the form of organisations, foundations and civil associations. There is a need to stress that the state and its institutions can find some types of organisations. That was the way in which the state determined limits for the existence and operation of the civil society. The law concerning new organisations was adopted in 1993 and the Public Service Act in 1997. At the beginning of the '90s also the state supported the development of civil society, establishing a 1% tax contribution. This contribution created the better space for citizens to contribute to the operation of the civil society.

Civil society in the Hungary of the last decade of the 20th century was characterised by dualism derived from the founder of the single civil associations (10% of non—governmental corporations and associations were founded by the state). Civil society has now become too polarized. Modern trends which include legal economical regulations, rights and duties of non—governmental organisation have resulted in the third sector today being able to unify only in the area of the same interests. The solid unit, which could be an equivalent partner in the communication with the state and fill up the gap between the citizens and state institutions, is not so easy to create. To begin with, it is necessary to clearly define the space of civil organisations and associations, to define the role of the civil society itself and to set an economical and legal framework for existence.

Civil society in the SLOVAK REPUBLIC has developed within similar dimensions to those in the other countries of the Central European region. It has reflected development in the Czech Republic in many points; the difference is in the more active attitude of Slovak citizens towards civil service. The common campaign before the Parliamentary elections in 1998 was the manifest demonstration of

[17] The Visegrad Yearbook 2003. Budapešť: CESPO, 2004, s. 193

operation of civil society after several years. Thousands of volunteers took part in the campaign OK'98, accepting the help of foreign observers and financial resources. This campaign produced the first creators of non—governmental organizations and first founders of civil associations. Slovak civil society is characterised by the high rate of decentralisation as regards the number of activities they concern themselves with.

We can also see the trend of deputing power as existing in civil associations. They operate specifically at the regional level and fill up the space between the authorities of regional local government and their citizens. On the other hand there exist civil associations that operate working countrywide. These are often, in many cases, equal partners with state authorities, for example as special consultants in the new law preparation process (members of non—governmental organisations were members of working teams preparing the law dealing with conflict of interests, amendments to the Political Parties Act, etc.).

Contemporary modern civil society in the Visegrad region countries particularly reflects the principle of creating initiatives and civil activities from below, coming directly from the citizens and their needs. The civil society should also be created in this sense at the European level and to represent the needs of the member states citizens against European institutions.

Conclusion

19th-century Europe is for the most part characterised by the existence of centralised states which despite their power monopoly were not able to prevent disintegration of society. Segmented society was created as the alternative to the state and as an internal opposition to state power. Its objective was to influence within the system, but the state started to fight against the new segmentation phenomenon. It created the basis for separation of civil society not only from the state, but also from state instruments and institutions and for the formation of a new society order.

Civil society is based on the separation of the political establishment from economic and social life, in combination with the absence of the power holders´ domination over social life. On the other hand, political centralism is necessary because economic and social units are not able to take over state institutions´ role in guaranteeing order. As regards political control, the economic system

requires pluralism. Economic autonomy is needed, not only for reasons of efficiency, but also to ensure pluralism at its society base. Ideological and intellectual pluralism is required for the effective working of civil society.

In this way, civil society is becoming a strong element of new society systems created on the basis of dissolving socialistic establishments. It is represented by a complex of associations and institutions strong enough to avoid state tyranny. Every member of society has the opportunity to enter associations and to leave them at any time without suffering any consequences.

Civil society created in changing conditions in Visegrad region's countries is characterised by bottom up development. The actors are civil associations operating at a national level, but also ever more present at the regional level. The objective is to fulfil the gap in communication between citizens and states with civil institutions. In many cases their operation is limited in financial resources.

We can see differences in the development of civil society in the Visegrad region, depending on historical and social conditions, economic situation, cultural mentality and civil involvement. The first state starting "the revival" of the civil society in the above-mentioned region was Poland. The success of the civil movement Solidarity supported the idea of civil society restoration and its active role in changing society in former Czechoslovakia and in Hungary. Particular differences can be seen in participation in civil society restoration, in the structure of its members, in legislative framework and other determinants of its existence. Common signs are observable in civil society perception as the counterbalance to state institutions and possibility the implementation of all civil activities in public life.

In the case of the creation of the European Union as quasi supra-national union, civil society is starting to have a new dimension. Its function has changed; present informal existence is alternated by formal co-operation within the European Economic and Social Committee. Many questions arise: in which way civil society will develop, howit will develop in changing conditions, and how co-operation will be implemented after the elimination of barriers created by the borders of the member states.

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BRUSSELS AND THE DANUBE REGION—THE NOTION OF LOBBYING

Brigitte Krech

Preface: role-play

During the DRC Summer School at the workshop on social divergence in the Danube Region, a role-play was organised among the participants of this workshop. The role-play aimed to show possible mechanisms of lobbying, such as the creation of networks and informal alliances of different key players. After a general introduction done by "Ms Europe Lobby Legrand", the participants were actively involved and took over different roles in order to discuss and negotiate "how the DRC Summer School should be integrated into the EU Marie Curie Research Programme". The role-play was "held" as a public hearing in the European Parliament with representatives of the European Commission, Members of the European Parliament, a non-governmental organisation in the research field, diplomats from Missions of the Western Balkan countries, media representatives as well as lobbyists in the audience. The criteria for the integration into the Marie Curie framework were discussed (the content of arguments involved young researchers, mobility, and international co-operation). During the hearing, a voice from the audience suddenly entered the playing field: a member of the "Iberian Scientists' Association" urged the key-players to allocate more funding to the southern Mediterranean countries within the framework of EU Marie Curie Research Programmes and not to the Danube region; giving arguments such as the international importance of research institutes in Southern Europe for the EU and important links to Southern America, while offering the argument that sufficient funding had already been spent on the Danube region as well as additionally mentioning the Lisbon Agenda and the Bologna process. In conclusion, it was decided by the panel that more attention needed to be given to monitoring functions in the decision-making process, e.g. through observers.

Brussels—the notion of lobbying—quest on the Danube region?

The following essay will raise some aspects of lobbying. A link will be made to globalisation. European integration, transparency of EU institutions, and good governance are also related subjects. To this end, reference will be made to the Danube region.

We are living in a globalised world. Every citizen is affected by globalisation. There are many approaches towards globalisation, especially from an economic point of view, while the organisation of economic production has become more diverse, border and trade barriers are decreasing—or increasing. Barriers increase if one region is not part of an integrated entity[1]. Social, technical and communication networks are being created and established, while specific forms of political interaction have occurred. Before 1989 and during the transition period in CEE civil society played an important role in countries which are now member-states of the European Union. Some NGOs and pressure groups aim to act as watchdogs in order to decrease the negative effects of globalisation. Other political actors, lobbyists and interest groups are trying to influence political decision-making procedures.

If we leave our global view and we focus on a smaller level, let us enter the micro-cosmos of "star-ship Brussels". What can be seen? An estimated 100,000 people are working within the EU environment in Brussels. Civil servants in the EU institutions and seconded civil servants from the member-states are working as national experts in the European Commission: Members of the European Parliament, assistants, lobbyists, NGO campaigners, regional representatives and diplomats. There are an estimated 100 events per day in Brussels: breakfast policy briefings of think tanks, working groups in the Council, committee meetings in the European Parliament, luncheons, conferences, public hearings, mini plenary sessions, receptions, informal network meetings… Brussels is considered the capital of European bureaucracy, where important political decision-making is made. Billions of Euro are distributed in EU programmes and EU funds. Furthermore, the implementation of regulations, directives, green papers, white papers, or communications has a socio-economic impact in the EU member-states as well as to non-members. There is also a search for

[1] For further aspects, see the essay on globalisation, information in the bibliography.

dialogue between EU institutions and civil society. The Directorate General Environment of the European Commission is organising the annual Green Week, where a dialogue takes place between the Commission, NGOs, and interested citizens.

What does lobbying mean?

To give an example of the definition of lobbying: The internet encyclopaedia Wikipedia[2] defines lobbying as "the practice of private advocacy with the goal of influencing a governing body, in order to ensure that an individual's or organisation's point of view is represented in the government. A lobbyist is a person who is paid to influence legislation. Lobbying is in many countries a regulated activity, with limits placed on how it is conducted, in an attempt to prevent political corruption. … Most major corporations and political interest groups do hire lobbyists to promote their interests. Think tanks aim to lobby, by means of regular releases of detailed reports and supporting research." Furthermore (see Wikipedia) "A separate form of lobbying, called outside lobbying or grassroots lobbying, seeks to affect the legislature or other bodies indirectly, through changing public opinion".

The European Parliament refers to accredited lobbyists as bodies, which can be private, public or non-governmental. These bodies can provide the European Parliament with expertise on economic, social, environmental, and scientific topics[3]. An associated code of conduct has been adopted. The lobbyists (name and organisation) are recorded in a public register, which is kept by the Quaestors and can be found on the official internet site of the European Parliament (bibliography in the annex).

Summing up, lobbying is dealing with information (gaining information on specific issues or disseminating information on specific topics or political decisions), interest-raising (raising awareness on e.g. the economic influence of a political decision), interaction (especially with decision-makers), and influence. The influence on a political decision relevant for the company or industry and represented by the lobby-group might be difficult to measure. Lobbying can

[2] See bibliography for further details.

[3] See bibliography for further details.

offer a path towards corruption; the line might be narrow and sometimes difficult to clarify.

As mentioned before, there are also other actors implicated in the political field in Brussels. Regional interest groups are involved in different activities. Regional interest groups (e.g. representing regional governmental bodies) are serving certain aims. Regional offices are informing their citizens or businesses of the respective region on important issues, they are informing local governmental bodies on legislative matters, and the offices are promoting their regions through events in Brussels.

A Case Scenario

If the Danube region needs to be promoted in Brussels, what kind of activities may enrol? In the beginning, it needs to be assessed whether the Danube region (in our case, specifically the Danube Rectors' Conference) is already and adequately represented in Brussels. What kinds of organisations are representing the Danube region? In which field, e.g. economic or academic issues, is the Danube region represented? What kind of associations exist that deal with similar entities (and hence, lobbying activities)? What can be achieved in the mid-term and long-term? Who can help to build up contacts? And of course, how is the office going to be financed? These questions might arise, if representatives of the Danube region decide to establish tighter links in Brussels.

Conclusion

"Blue sky with golden stars"—some thoughts on the current discussion on the future of the European Union

Over the past decades, he European Union, the blue sky with the golden stars, has brought peace, freedom, democracy, human rights, a common currency and diversity within unity to Europe.

Where will the European Union lead us to? What kind of vision exists? The political and economic situation in the European Union is analysed by experts, politicians and scholars. Is the EU in a crisis? The present situation comprises a variety of problems such as the failed Constitution, negotiating the EU budget, the high EU-25 unemployment rate., future borders of the Union (Turkey?),

the phasing out of subsidies of programmes in some member states as well as reforming the Common Agricultural Policy.

The European Union is the result of European integration. Is the European Union a child of globalisation? Are increasing lobbying activities a phenomenon of globalisation, while it seems to become more important and more common in our complex society that legislation is trying to be influenced by certain interest groups? While it seems to be very important to be a member of a relevant social or informal network in order to receive the information needed?

The European Union is a complex entity. However, we should not forget that the European Union is not just a theoretical body: the Union exists of its citizens, people with different backgrounds and native languages as well as common values, and probably common concerns: will I keep my job or is my workplace being sourced out to the (Far) East? How about stability in the Balkans? Where does the border of the European Union end? Will the last Schengen exit be Iran?

Other questions may arise…more questions concerning the flag with the blue sky and the golden stars…which seems to be behind a cloud of haze… Who rules Europe? What does my deputy in the European Parliament vote for? What (for instance) does qualified majority voting exactly mean? Who can provide information on the Common Agricultural Policy?

One can also consider that the current "crisis" in the European Union encompasses a lack of communication and understanding between its shareholders and stakeholders; between the bureaucratic headquarters, national governments, the civil society, and Europe's citizenry. Something is missing. The European Union is about its citizens. Europe consists of an amazing and wonderful richness of customs and traditions in its population, a variety of languages, knowledge, and opportunities. The European Union is a political and economic entity, which—apparently—needs to be brought closer to the citizen. How are we to overcome the missing linkages between the centralised power in Brussels, and the population living far away, affected by the political decision-procedures? How is more transparency to be introduced into the decision-making process and to the role of lobbyists? What does good governance mean; how far is good governance implemented?

Let's try to provide some answers by asking more questions: how can we enhance general communication activities on European integration? Would it be advisable to e.g. introduce a new "Europe" subject at school? How could "Europe" be taught? The history of the European Union, the political procedures, the activities of different EU institutions, EU common policies, the interaction of the civil society, and the activities of lobbyists… What could be discussed? How far does the European Union influence the daily life of the local community, offering huge opportunities for school projects, role plays, and hence, a better and more transparent view of how the European Union works. Is it a way to involve more people in European activities in the future?

Coming back to Brussels, representatives of the civil society are actively present on the political parquet; civil society has an interest in more transparency. Some scholars are working on relevant concepts of good governance. The Vice-President for Administrative Affairs, Audit and Anti-Fraud, Siim Kallas, is actively involved in the aspect of transparency. The influence of lobbyists seems to be coming under a spotlight.

Coming back to the Danube region, new challenges arise for regions. Regions may have more opportunity to explain Europe from their own, specific perspective. The Danube region—with its unique spatial shape comprising new, old, and future EU-member states—can play an important future role.

References

The above-mentioned issues (comprising globalisation, European integration, lobbying, and transparency) have been widely discussed in the academic world. Since this paper was mainly derived from work experience in Brussels, the author refers to internet sites, EU-documents, and information from EU databases. The following references can be used as a first and broad introduction to the topic.

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EUROPEAN COHESION: FACING THE PROBLEM OF GROWING REGIONAL DISPARITIES

Rafał Riedeł

Through the cohesion policy, the EU performs its redistributive functions. The more redistribution, the less free the market. Therefore the extent, objectives and form of cohesion policy also answer the question on the economic and social model of Europe. The model that the European Union promotes. It is neo-liberals against regulated capitalism.

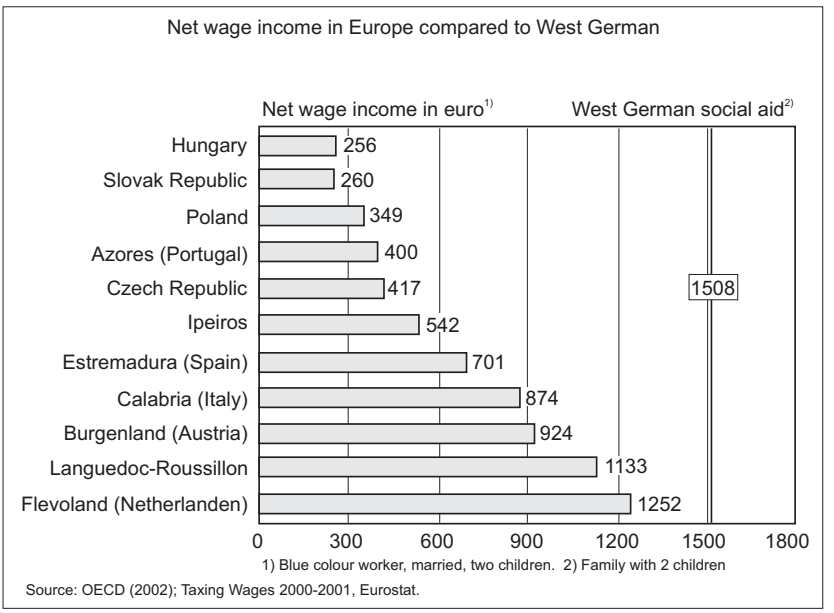
After the 2004 wave of European Union enlargement, Commissioner Péter Balázs stated: "One of the main, common objectives of an enlarged EU should be the reduction of the «wealth gap». The best tool to achieve this is a reinforced cohesion policy. (…)".[1] Such a conclusion is certainly true—after 1 May 2004, the economic development gap expressed in GDP per capita between the 10% of the population living in the most prosperous regions and the same percentage living in the least prosperous ones has more than doubled, compared with the situation in the EU 15.

But when looking for the best method of achieving set goals in reinforcing cohesion policy, it is clearly shown that the undertakings in this field so far have been estimated as highly imperfect.

The accession of ten new member states, representing on average of less then 50% of GDP per capita[2] of the EU 15, has brought new challenges for the integration process, especially for the cohesion goals. The "Third Cohesion Report" presented by the Commission at the beginning of 2004 included elements that summarized and formulated adjusted goals; however, the dynamics of politics and the scale of the problems seems to be much more challenging than was expected when presenting those objectives.

[1] P. Balázs: "Commission strengthens cohesion policy in the enlarged European Union", European Voice, Brussels 15.07.2004

[2] Expressed in purchasing power parity



In 2005, Europe was confronted with an EU constitution ratification crisis as well as a deadlock in budgetary talks.[3] Those circumstances were the worst imaginable atmosphere for searching for new, long-term solutions to the idea of cohesion in Europe. And the need is growing, if the EU still seriously treats the principle of solidarity as one of its fundamental values. Throughout their history, European Communities have shown the ability of their participants to overcome deep crises and emerge with new projects. Equally often, repeated waves of enlargement have been seen as the stimulator to finding new solutions. For the good of the future of Europe, the fresh blood pumped into the EU system in 2004 should also work as a pressure for being innovative, creative and reaching consensus.

Cohesion policy refers to the set of policies to "achieve greater equality in economic and social disparities between Member States, regions and social groups" (as defined in the First Report on Economic and Social Cohesion 1996, p.15).

This broad definition has no legal basis in the treaties, which define cohesion policy much more narrowly as "aimed at reducing disparities between the levels

[3] Among other matters of course, as many other elements should be taken into account, such as the elections in Germany.

of development of various regions and the backwardness of the least favored regions, including rural areas" (TEU, XIV, Art 130a.).

It was the Single European Act (1987) that reflected EC's role in promoting cohesion.

The Maastricht Treaty took the commitment one step further and included economic and social cohesion as one of the EU's priorities.[4]

Apart from formal understanding of the cohesion policy, cohesion as a rule is defined on the basis of characteristics of cohesion countries:

- The lack of physical technologies: scant financial resources have not allowed the accumulation of a strong knowledge base, either in the academic or productive systems. This is reflected in terms of insufficient infrastructure, a lack of R&D laboratories and limitations in the educational system.
- They differ from their trading partners in terms of social technologies: for the accession countries, the historic lack of stability in the macroeconomic and financial environment and the political regime led to behaviors of mistrust and nurtured the informal economy. Economic, political and other actors perform in short-term considerations (…).[5]

Following those legal and non-formal ways of understanding, cohesion reveals how many different phenomena are taken into account when discussing cohesion. This is why it is crucial to construct indicators which can assess the level of cohesion.

No universally agreed criteria for determining "cohesion" are available in order to suggest an easy answer to this question. According to one account, cohesion policy simply seeks to achieve an acceptable degree of real disparities.[6]

Until now, cohesion policy has been organized in primarily territorial terms, mainly at the regional level (since 1988), but new concern for sub-regional policy responses is increasingly apparent. Looking at the content of cohesion policy,

[4] Convergence of economic performance for the purposes of EMU.

[5] L. J. Tsipouri, Innovation for European competitiveness and cohesion: opportunities and difficulties of co-evolution. Economy and society, XII 2004

[6] S. De Rynck and P. McAleavey, The coheson deficit in Structural Fund policy. Journal of European Public Policy, VIII 2001

one finds that the European Commission is promoting a focus on the micro-level as a result of its aim to increase targeting.[7]

Around 70 % of the Structural Fund budget was allocated to regions with a GDP per capita of less than 75% of the EU average.

GDP measures the total value of all market and public sector goods and services that those working in a particular area produce. Differences in GDP per head are expected to be attributed to differences in productivity and employment rate.

GDP per capita as a measurement of disparity contains an obvious flaw related to the geographical unit of analysis at the so-called NUTs levels. The NUTs categories correspond to administrative rather than economic entities, leading to policy anomalies.[8]

The figures for areas such as Hamburg and Brussels tend to be overestimated owing to the large number of commuters who contribute to gross production in these areas.

There is a strong difference in reducing inequality among individuals and reducing disparities across regions.

Since most regions contain a mix of poor and better-off people, a programme aimed at redistributing resources to a region whose average income is low may simply result in an increase in the number of well paid jobs for the middle class[9].

The "clients" are mostly national or regional public administrations, training and development agencies, other governmental or semi-governmental bodies at sub-national level involved in economic development, research institutes and businesses in the eligible areas.[10]

The European Commission has paid surprisingly little attention to the question of how cohesion policy promotes redistribution within eligible regions.[11]

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[7] Ibid.

[8] Ibid.

[9] G. Majone, Regulating Europe. Routledge, London 1996

[10] S. De Rynck and P. McAleavey, The coheson deficit in Structural Fund policy. Journal of European Public Policy, VIII 2001

[11] Ibid.

Cohesion is, of course, quite a multidimensional phenomenon—it has its social, political, economic and many other perspectives. If we just follow one of its aspects—within social cohesion, the welfare state—it is clearly seen how different countries measure the level of welfare state commitment in cohesion. Social welfare systems—health, family, retirement—in many European countries have been extended to the entire population. Both the implementation of an ambitious European system of social protection and the creation of a harmonized system of national welfare systems have always been found to be impossible.[12] This is primarily because of the comparison of disparities and resources available, secondly, for political reasons, and, last but not least, thirdly because of difficulties in comparing the welfare systems in member states. Some examine the social system cohesion purely through traditional GDP per capita, while others look at the share of social expenditures in GDP.

This situation clearly shows that so far the Commission has not worked out a satisfactory system of indicators allowing effective allocation of cohesion funds. There is a remarkable difference between the policy goals and the parameters taken into account when deciding how to target cohesion.

The "cohesion situation" after EU enlargement is considerably more challenging than when the EU policy was launched in 1998.[13]

The "cheap enlargement" (an asymmetrical situation in the negotiations in favour of the EU) cost 0.15% of EU GDP between 2004 and 2006, about 25 EUROs for each EU citizen.

It means that for example in a year Hungary receives 0.7% of its GDP from UE transfers, whereas cohesion states have received 3-5% of GDP from UE assistance.[14]

Accession is not an end in itself but represents a starting point for further integration efforts (which should allow—in time—the populations of all Member States to enjoy comparable social, economic and environmental conditions.)

[12] D. Bougt, Convergence in the Social Welfare Systems in the Europe: From Goal to Reality. Social Policy & Administration, nr 6, XII 2003

[13] D. Bailey, L. Propris, EU Structural Funds, Regional Capabilities and Enlargement: Towards Multilevel Governance. European Integration, nr 4, 2002

[14] L. Hooghe, UE Cohesion Policy and Competing Models of European Capitalism. Journal of Common Market Studies, XII 1998

The Eastern European countries have entered into close relationships with Western Europe and especially with Germany and Austria. This will yield gain from trade and specialisation for all and it will bring internal peace and general prosperity to Europe.[15]

But there will also be problems because of the migration processes to be expected. Although migration is good in principle, this is only true if it meets with flexible labour markets and if it is not artificially induced by gifts of the welfare state.[16] This explains the necessity to develop a way of handling the welfare state disparities among members, which is a part of the problem of European cohesion in general.

The Europe of Six in 1958 was homogeneous in its productive structure and remained so after the first enlargement. Considerable diversity first emerged following the accession of the southern countries and the 2004 enlargement further increased the lack of homogeneity.[17]

When on January 1, 1973, after 20 years of its existence, the European Community had its first wave of enlargement, many expected the system to succumb to its new weight, short of institutional capacity, and either to disintegrate or be reduced to a customs union.[18]

Brussels' repeated warning rhetoric that "widening" would necessarily be at the cost of deepening, has been contradicted each time by the facts.

The truth is that territorial expansion has proved to be a sure recipe for unblocking the gridlock besetting the EU as a dominant bureaucratic entity.[19] The "fresh blood" smashes the traditional, well established way of functioning, bringing new challenges.

Fortunately, from empirical knowledge we know that—according to the economic theory of integration—the abolition of trade barriers and the expansion of markets result in a general increase of wealth. There is empirical

[15] H. W. Sinn, EU Enlargement, Migration and the New Constitution. CESifo Economic Studies, nr 4, 2004

[16] Ibid.

[17] L. J. Tsipouri, Innovation for European competitiveness and cohesion: opportunities and difficulties of co-evolution. Economy and society, XII 2004

[18] EU enlargement and government, by "The Board". Legal Issues of Economic Integration 31 (3) 2004, Kluwer Law International, Netherlands, 2004

[19] Ibid.

evidence to prove the fact that trade openness and economic growth are in a positive relationship with each other. There is also evidence that trade openness affects income disparities.[20]

Serious thinking about social and economic cohesion requires some level of political unity. The choice between single market and political union is over-simplified. Even an effective single-market requires some political integration. On the other hand the people of Europe increasingly question the need for supra-nationalism.[21]

The truth is that the first transnational experiment on joint law-making is following a unique institutional pattern of its own. Its is simultaneously supranational and intergovernmental. It has been memorably described by former Prime Minister Giuliano Amato as an "unidentified flying object."[22]

Although forerunning generations talked freely about the United States of Europe and made frequent comparisons with the USA, current discussions make no reference to such a model. Even the word "federalism" is unpalatable.[23]

For political Community you need a mutually compatible set of values. And this set of values seems to have departed together with Helmut Kohl's generation. The most powerful driving force behind integration right up to Helmut Kohl's generation was the desire to put an end to the history of bloody wars in Europe.[24]

The new generation of political elites is weighted much more toward a game of economic interests, however much in his brilliant speech on May 28 2001, the French Prime Minister Lionel Jospin referred to this "European way of life" as the core of the political project." Until very recently, the efforts of the EU focused on the creation of monetary and economic union. … Today, we need a wider perspective going beyond this, otherwise Europe will become simply just another market which will disintegrate under the effects of globalization. After

[20] K. E. O. Alho, V, Kaitila, M. Widgren, Speed of Convergence and Relocation, New EU member states Catching up with the Old. Working Paper nr 34, IV 2005

[21] Lord Howe of Aberavon, Europe: single market o political union?, Economic Affairs, XII 1999, Oxford Publishers 1999

[22] EU enlargement and government, by "The Board". Legal Issues of Economic Integration 31 (3) 2004, Kluwer Law International, Netherlands, 2004

[23] J. Habermas, Toward a European Political Community. Society, July, August 2002

[24] Ibid.

all, Europe is much more than a market. It symbolises a social model whose growth has historical dimensions."[25]

When one discusses political cohesion and unity within the EU, he cannot forget one quite important imperfection of the European system. The dense layers of European decision making, the lack of transparency as to how such decisions come about and the absence of opportunity for European citizens to get involved in the decision-making process create mistrust among the people.[26]

What is lacking is the collective singular known as people. There is no "DEMO thesis".

A nation of citizens should not be confused with a community bound together by a common fate unconnected with politics and characterized by shared origins, language and history.

The public space in Europe is simply mainly national.

This is why it is so crucial to generate many more EU activities to intensify this common public space by creating some kind of a Common European Communication Area.[27]

The key word for good common governance is partnership.

And cohesion policy is more and more embedded in a context of intergovernmental bargaining on budgetary allocations that structures the core of the policy around the yardstick of GDP per capita[28].

For a full understanding of cohesion policy, it is essential to look at how the budgetary envelope is agreed. Decisions concerning financial redistribution between member states are taken at the level of the European Council, according to a compensatory logic of intergovernmental package deals[29].

It is through cohesion policy (among other factors), that the EU performs its redistributive functions.

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[25] Cited after: J. Habermas, Toward a European Political Community. Society, July, August 2002

[26] Ibid.

[27] L. Hooghe, EU Cohesion Policy and Competing Models of European Capitalism. Journal of Common Market Studies, XII 1998

[28] S. De Rynck and P. McAleavey, The coheson deficit in Structural Fund policy. Journal of European Public Policy, VIII 2001

[29] Ibid.

The more redistribution, the less free the market. Therefore the extent, objectives and form of cohesion policy also answer the question on the economic and social model of Europe; the model that the European Union promotes. It is neo-liberals against regulated capitalism.

The struggle between competing models of European capitalism has only begun.[30]

It is also a question of the role of the public actors (state, supra-national organizations) in the economy. Some analysts typify these tensions as being between the neo-American model and social democracy model[31], the Anglo-Saxon vs. the Rhine social market economy[32]

Proponents of regulated capitalism—which seems to be winning in Europe—want to create a European liberal democracy capable of regulating markets, redistributing resources, and shaping partnership between the public and private sectors. They contend that the single market works more efficiently if political actors provide collective goods such as European transport or communication infrastructure, research and development. Redistributive policies empower weaker actors so that they can compete in a liberalised economy.[33] And here is the space for cohesion policy projects.

[30] L. Hooghe, EU Cohesion Policy and Competing Models of European Capitalism. Journal of Common Market Studies, XII 1998

[31] S. Wilks, Regulatory Compliance and Capitalist Diversity in Europe. Journal of European Public Policy, nr 4, 1996

[32] M. Rhodes, B. van Appeldorn, Capitalism versus Capitalism in Western Europe, in: M. Rhodes, P. Heywood, V. Wright, Developments in the West European Politics, New York 1997

[33] L. Hooghe, EU Cohesion Policy and Competing Models of European Capitalism. Journal of Common Market Studies, XII 1998

SOCIAL AND ECONOMIC PROBLEMS IN CEECs

Filip Chybalski

Introduction

After the break-up of the communist system, Central and Eastern European countries (CEECs) started chasing after the western part of our continent. This process is still being continued and will be continued for a long time. Some of the countries from our region will achieve the life standard of Western Europe sooner and some of them later because the differences in their economical and social conditions and development perspectives are significant.

The main aim of the paper is to diagnose the current economic and social situation in CEECs. Problems described in the article can be embraced under two headings:

1. Problems of "today":
- Unemployment
- Human development
- Road to a better Europe

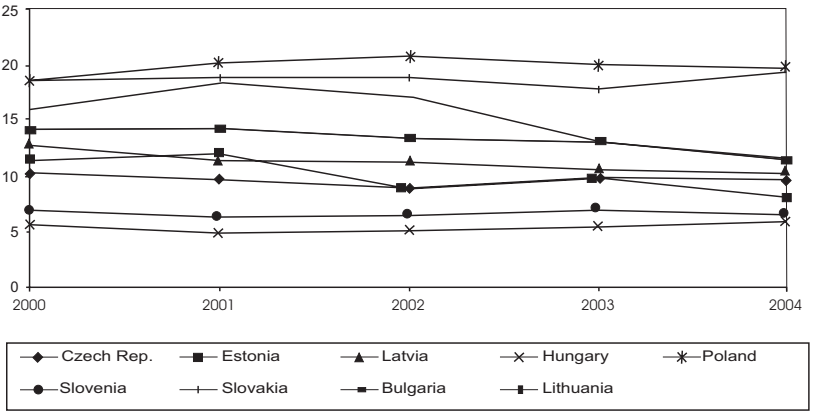
2. Problems of "tomorrow":
- Pension systems in CEECs—present state and future

PROBLEMS OF TODAY

1. Unemployment

The highest rate of unemployment in Poland was in the years 2000-2004 but at the end of the mentioned period Slovakia showed nearly the same unemployment rate. The indicator in those countries was at a level of 19-20%. Romania, Hungary and Slovenia had the lowest unemployment rate at 6-7%. Bulgaria demonstrated the most significant decrease of unemployment. The unemployment rate decreased in that country from 18.4% to 11.5% in years 2001-2004. The unemployment rate in all analysed countries is shown in Figure 1.

Figure 1. *Unemployment rate in CEECs*



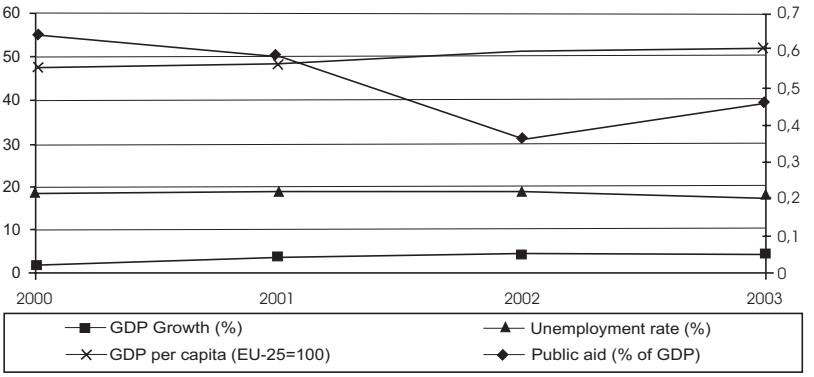
Source: Eurostat

It is worth comparing changes in the level of unemployment and other variables related to the unemployment rate. These are GDP growth and FDI as a proportion of GDP, which stimulate new jobs and influence the unemployment rate negatively. In all analysed countries GDP growth was for the years 1998-2003; only in 1998 and 1999 was negative growth shown in the Czech Republic, Estonia and Lithuania. The lowest value of the two indicators (GDP growth and FDI/GDP) was displayed in Poland and Slovakia, and those countries had the highest unemployment rate, characterized by a positive trend. In Latvia and Hungary, where the GDP growth and FDI/GDP were very significant, the unemployment rate decreased vastly. But in others countries with high GDP and FDI growth, the unemployment rate remained stable (Czech Rep., Estonia, Lithuania). The reason could be the less flexible labour markets in those countries which react weakly to economy growth, which was probably caused by the stiff labour laws.

The most significant cutting of public aid was in Latvia in years 2000-2003 (from 0.54% of GDP to 0.10 % of GDP). At the same time the GDP growth in that country was at the 6-8% level, which resulted in an increase of GDP per capita from 35.2% of average for EU-25 to 40.6%. Poland is the only country where the GDP per capita calculated in comparison with the EU-25 decreased (from 45.9% to 45.6%). It is very important to mark that the highest increase of public aid (1.78% of GDP) was in Poland. The graph of public aid is very

interesting in Lithuania, where the government had a "tender heart" every two years (Figure 2).

Figure 2. *GDP growth, unemployment rate, GDP per capita and public aid in Slovakia*



Source: Eurostat

A very important problem of contemporary societies is the share of women in the total number of unemployed persons. This indicator is very diverse in CEE countries. The highest value of that indicator in 2003 and 2004 (61.5% and 58.2%) was in the Czech Republic. Estonia is the only country where the number of unemployed women was lower than the number of unemployed men (the value of the indicator was 44% at the end of 2004). When we look at the graphs showing the structure of unemployment in years 1999—2004, we can see that the analysed indicator was increasing very fast in Lithuania (from 44.9% to 52.3%) as well as in Hungary and Latvia. The most significant decline was indicated in Poland (from 56.5% to 52.3%).

The educational structure of unemployment measures which of the selected groups had the highest probability of being unemployed and what the differences of that probability in analysed countries were. We have three education levels:

- lower secondary: includes no education, primary and lower secondary results,
- upper secondary: includes upper secondary and post-secondary but not tertiary qualifications,
- tertiary education: includes tertiary education qualifications.

The Czech Republic, Poland, Hungary and Slovakia were the countries in which the unemployment rate for citizens with lower education level was increasing. The highest value of that indicator (48.9% at the end of 2004, the total unemployment rate equal to 19.3%) was in Slovakia. The lowest unemployment rate for the group with tertiary educational level and the highest for the group with lower education level were in each analysed country. The differences between the unemployment in those three groups were very diverse. The much bigger difference between the groups with the second and the third level than between the groups with the first and the second level was in the Czech Republic, Hungary and Slovakia. The opposite situation was in Lithuania, where the more significant difference was between the first and the second level. In 2004, the chance of becoming unemployed was over 12 times higher for the people with lower education level than for people with tertiary level in the Czech Republic. In every analysed CEE country the relative difference between unemployment in the first and the third group was greater than the average for EU-25 (2.4 times higher probability of being unemployed for Level I than for Level III).

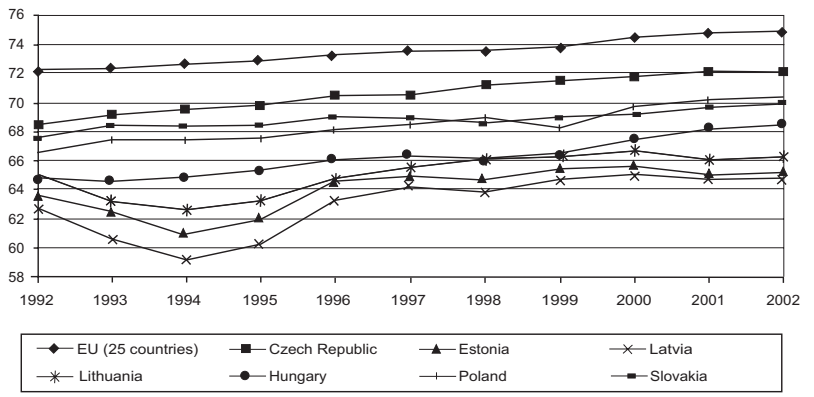
2. Human development

Life expectancy at birth is the most objective measure of the quality of life. That indicator for men and women was significantly lower in all analysed countries than it was in 25 EU countries (81.1 years for women and 74.8 years for men), but it was increasing and was proof of an improving social situation in CEECs. Differences in life expectancy in CEECs were significant. The lowest values of that indicator were in Latvia (76 for women and 64.8 for men) and the highest ones were in the Czech Republic (78.7 for women and 72.1 for men). In Poland the life expectancy for women was also 78.7 years. The breakdown of analysed indicators was very interesting in all Baltic Region Countries in years 1993-1995. In that period the life expectancy at birth for women and men decreased in Estonia, Latvia and Lithuania (in Latvia in 1994 72.7 years for women and 59.3 years for men). Life expectancy at birth for women is shown in Figure 3.

The human development index is a composite index that measures the average achievements in a country in three basic dimensions of human development (Human Development Report 2003, Oxford University, New York 2003):

- a long and healthy life, as measured by life expectancy at birth,
- knowledge, as measured by adult literacy rate and the combined gross enrolment ratio for primary, secondary and tertiary schools,
- decent standard of living, as measured by GDP per capita in purchasing power parity (PPP).

Figure 3.



Source: Eurostat

The HDI for CEE countries and for countries with the highest and lowest value of that indicator is shown in Table 1.

Table 1. *Human Development Index (HDI) in CEECs and in Norway (the highest HDI value) and in Sierra Leone (the lowest HDI value)*

Country	HDI value in 1995	HDI value in 1995	HDI value in 2001	HDI rank in 2001
Czech Rep.	0.835	0.843	0.861	32
Poland	0.794	0.810	0.841	35
Hungary	0.803	0.807	0.837	38
Slovakia	..	..	0.836	39
Estonia	0.814	0.793	0.833	41
Lithuania	0.819	0.785	0.824	45
Latvia	0.803	0.761	0.811	50
Norway	0.900	0.924	0.944	1
Sierra Leone	..	..	0.275	175

Source: Human Development Report 2003, Oxford University, New York 2003

All CEECs were classified in the high human development group, which includes 55 countries with HDI value greater or equal to 0.800. In this classification limited to CEECs the Czech Republic was the most developed country with a HDI value equal to 0.861 (HDI rank was 32). The least developed country in the analysed group was Latvia (0.811, HDI rank was 50). The Baltic Region Countries (Estonia, Lithuania and Latvia) were the only countries where the positive trend in the time series of HDI broke down in 1995.

3. Road to a Better Europe

If we suppose that all European countries expand at the same tempo as in the last four years, they will achieve the average value of GDP per capita, calculated for EU-25, in the time presented in Table 2.

Table 2. *Time of chasing EU-25 average value of GDP per capita by CEECs*

Country	GDP per capita in compare with EU-25 average	Average tempo of chasing after EU-25 in 2001-2004	Years
Czech Republic	70.0	2.15	17
Estonia	49.8	3.68	19
Latvia	43.2	5.25	16
Lithuania	47.8	5.76	13
Hungary	60.5	3.36	15
Poland	46.7	0.43	176
Slovakia	52.0	2.29	29

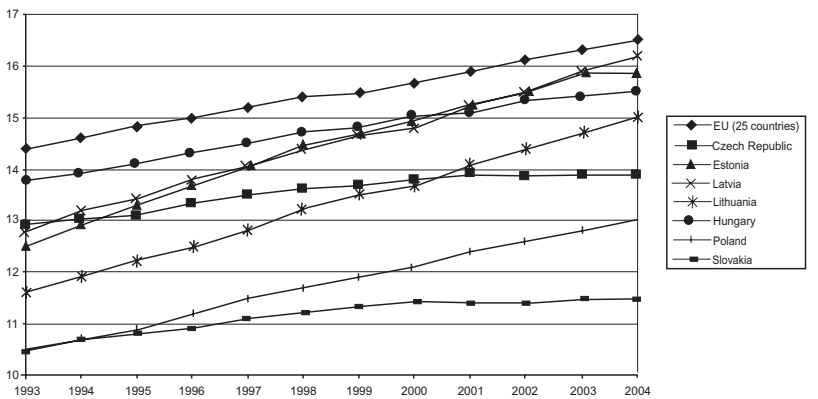
Source: own computation

This perspective is for Poland especially pessimistic. But the distance between Poland and EU-25 increased in 2001 and 2002. Although Poland indicated a higher economy growth in 2003 and 2004 and reduced that distance, the tempo of GDP per capita growth was very low. If Poland were to keep this tempo, it would be chasing after Europe for 176 years. We can only hope that this pessimistic forecast will be not materialise. Taking presented simulation into consideration, all analysed CEECs without Poland will achieve the European GDP per capita level in the next 30 years (Lithuania in 13 years, Slovakia in 29 years).

PROBLEMS OF TOMORROW

The ageing society process is very alarming for many countries. It is also observed in Central and Eastern Europe. But in every analysed country the proportion of population aged 65 and over in the whole population was lower than the average for EU-25 (16.5%). The lowest value of that indicator was in Slovakia (11.5%) and the highest value was in Latvia (16.2%) in 2004. The positive trend of analysed proportion was in all CEECs in years 1993-2004 (Figure 4.) inclusive. This problem is the main reason for reforming pension systems in many countries all over the world.

Figure 4. *Proportion of population aged 65 and over (% of population)*



Source: Eurostat

1. Pension systems in CEECs—present state and future

We have three kinds of pension systems: PAYG, funded and mixed.

PAYG (pay as you go), an unfunded system—contributions paid on social insurances "today" are designed for today's pensions. This system involves the solidarity between generations because generations working now fund pensions of the old generations.

Advantages of PAYG system:

- resistance to changes on financial markets,
- possible resistance to inflation, but can be non-resistant to hyperinflation because, in the period between inflow of contributions to the system and outflow, pensions from the system can decrease the real value of the money.

Disadvantages of PAYG system:

- lack of resistance to unfavorable demographical trends (ageing society process),
- limited resistance to increase of unemployment rates, which results with a decrease of the sum of contributions paid to the system,
- limited resistance to real wages decrease, which results in lower contributions paid to the system. But this situation should be treated as normal in the system based on solidarity between generations because if the real wages of the generation working "today" are decreasing, the real pensions of older generations should also decrease.

The funded system involves investing money paid to the systems on financial markets. Everyone is responsible for his future pension today because of the ability to make decisions about in which pension fund to invest money.

Advantages of funded system:

- resistance to unfavorable demographical trends (ageing society process)
- resistance to increase of unemployment rate
- resistance to real wages decrease (in a short time) because profits on investment made by pension funds can cover decline of sum of contributions

Disadvantages of funded system:

- no resistance to changes in financial markets
- possible non-resistance to long-term inflation

The mixed system is the connection between two described systems: the unfunded system and the funded system. The one part of money paid to the system is designed for today's pensions and the second part is invested and expands retirement capital. In this way this kind of pension system integrates the advantages of two previous systems: PAYG system and funded system.

The main reasons for reforming pension systems in CEECs are:

1. Demographic trends and retaliated costs and spending on pensions:

- population growth will likely slow down (graph) and dependency ratio (proportion of the population aged 65 and over to the population aged 15-64 years) will increase. The PAYG system,which involves paying pensions

from the contributions flowing now to the system, will not be sufficient. The proportion of population paying contributions into the system will decrease and the proportion of population receiving pensions will increase
- life expectancy at birth is still increasing and people receive pensions for a longer time

2. Inefficiency of labour market (unemployment) and its future results:
- high unemployment rate, especially in Poland and Slovakia, which influences the flows to the system negatively

2. In search of an Optimal Pension System—the Three-Pillar Pension System

The reform of pension systems in CEECs is a transition from the PAYG system to the mix system consisting of three pillars:
- mandatory repartition part (I pillar),
- mandatory funded part (II pillar)
- voluntary funded part (III pillar).

This system makes the diversification of the risk through the connection of unfunded and funded part possible because the first is free of many disadvantages of the second and the second is free of many disadvantages of the first. So the main advantages of the three pillar system are:
- diversification of risk related to unfavorable demographical trends; inefficiency of labour markets and changes on financial markets
- the state and the citizens are responsible for the future pension because in the funded part of the system citizens have a possibility to choose the fund which is the institution investing their money
- stimulation of GDP growth by funded pillars in which the contributions are invested on capital markets and can influence the amount of investments
- citizens are able to influence their future pension through choice of institution (pension fund) in the second, mandatory pillar and additionally the investment or insurance product in the third, voluntary pillar. The system is very flexible because everybody can find something for himself, taking his income into consideration.

The main future effect of the pension reform is the fact that predicted pension expenditures will remain stable in the nearest 50 years, although the dependency ratio will increase over two times in this period. It is worth comparing CEE countries with France which has significant problems in convincing its society that a reform of the pension system is necessary (Table 3).

Table 3. *Dependency ratio and pension expenditures in selected CEE countries, in France and in OECD (average)*

	Dependency ratio (in%)		Pension expenditures as proportion of GDP (in %)	
	2000	2050	2000	2050
Poland	20.4	55.2	10.8	8.3
Hungary	23.7	47.2	6.0	7.2
France	27.2	50.8	12.1	15.8
OECD (Average)	23.8	49.9	7.4	10.6

Source: World Population Prospects, United Nations Population Division

Main problems of the pension reform are presented in the example of Poland:

- delayed cash flow from public social insurance institution to pension funds,
- citizens have limited knowledge of finance and pension funds activity and their decisions concerning choice of pension fund are irrational. The criteria which should be taken into consideration (rate of return, assets of the pension fund, contributions for the management) are not correlated with the decisions. This behavior of citizens does not induce pension funds to the competition in the field of the effects on investments. Pension funds have

very similar investment portfolios and because of that their rates of return are not significantly different. In this way the funds reduce the probability of not achieving a minimal required rate of return and the need of covering shortage of assets. Open pension funds in Poland compete especially through advertisement policy because the results of research show that people choose funds that spend more money on advertising.

Conclusion

Attempts by the CEE countries to solve their many important social and economic problems is the price which should be paid for chasing after Western Europe. The begun reforms give effects very late and societies incur their costs. The privatization process often results in high unemployment, which is the biggest problem in our region. The ageing society process is the main reason for reforming pension systems. However, CEE countries along the "road to better Europe" success have clearly specified aims. One very important one was achieved in 2004, when those countries acceded to the European Union. The next aim, still to be realised, is the convergence in living standards with Western Europe.

REGIONAL CO-OPERATION AND ECONOMIC PATTERNS OF THE UKRAINIAN DANUBE REGION: SOVIET HERITAGE AND POST-SOVIET REALITIES

Vsevolod Samokhvalov

Introduction

The Reni district (rayon) is situated in the southeast of the Odessa region (oblast), at the juncture of three states (Moldavia, Ukraine and Romania) and just a few kilometers from the confluence of Pruth and Danube. The whole course of the history of the Reni district represents an odyssey for the border town of the disputed region of Bessarabia. The aim of the present paper is to analyze the changes of trade and economic patterns of the Reni district, once a major transit port on the routes stretching from the USSR via the Danube to Western Europe. The analysis of the paper will be focused on the significant changes of the trade and economic patterns of the district of Reni and its decline as a major transit point. The paper concludes that the changes that took place in the 1990s made it quite a complicated task to launch successful trans-border co-operation schemes in the region of the Lower Danube despite some attempts made in this respect in the region.

Historical Background

The first written references on the Reni settlement are dated to 1548. The etymology of the town's name originates most likely from the old Slavic word ren'—wharf, pier. In the 16th century, Reni belonged to the Moldavian Principality. In 1621, the Ottoman Sultan Osman renamed the town 'Tomarovo'[1]. The area of Reni was actually a distanced province of the Ottoman Empire bordering with the expanding Russian Empire. The colonisation of the region started in the period of the Russian-Turkish wars—under the reign of Catherine the Great—in the late 18th century. According to the articles of the

[1] "Bessarabar Newsletter", edit. P.A.Krushevannik, Moscow, 1903.

Kuchuk-Kainardji Peace Treaty (signed in 1774), the protectorate of the Russian Empire was set over the principality of Moldavia and Valakhia. Some of the Orthodox and Slavic subjects of the Ottoman Empire started to seek asylum in these areas, which resulted in regular inflows of Bulgarian, Greek, Serbian, Jewish and Romanian refugees into this area from the right bank of Danube.

The Russian Tsars paid special attention to the development of the town and port of Reni to further develop the area and to ensure, via the Danube shipping, access for Russia to the Balkan and European markets, as well as trade routes in the Black and Mediterranean seas. Eventually the foundation of the port in Reni in 1816 boosted the economic development of the town. In 1821 the settlement received municipal (gorod) status. In 1827, the town had 2,290 inhabitants[2]. Ten years after the port was founded, 22 ships entered the port. They flew the following flags: Russian—8, Turkish—2, British—8 and Ionian—4. In 1830 a customs service was established in the town. Despite the fact that in first decade the trade turnover was not that considerable and included mainly exports of tobacco, wine, cereals and spices[3], the town of Reni started to acquire features of an urban center. Reni was not only a bigger settlement surrounded by several villages, but also a significant trade, transport and production center. The number of craftspeople in the town of Reni had increased from 40 to 150 (bakers, butchers, tailors, shoemakers, stove-setters, harness-makers, carpenters, dyers, soap-boilers) in the period from 1828 to 1844. In 1856, 3 brickyards, 4 soap and wax factories, mills and distilleries operated in the city. A new Izmail district (uezd)—a separate administrative and territorial unit—was established in the area in 1878[4]. Efforts made by Saint Petersburg aimed not only at encouraging the development of the district, but at further incorporating Reni into the imperial economic complex. In 1877, a special 'Reni-Bendery' railway line connected the district not only with other districts in Bessarabia, but also with other provinces in Russia. This had a positive effect on the development

[2] P.N.Batyushkov Bessarabia. Istoricheskoye Opisanie (Bessarabia. Historic Description), Saint Petersburg, 1892.

[3] Statisticheskoye Opisanie Bessarabii, tak bazyvamemoi ili Budzhak (Stattistic Description of Bessarabia), Published by Akkerman Local Council (Zemstvo), Akkerman, 1899.

[4] Zhivopisnaya Rossiya (Picturesque Russia), Part II., edit. P.P.Semenov, Saint Petersburg, 1899.

of the port of Reni. Active trade with the Black Sea and Balkan ports started. The relatively small firm of Duke Gagarin which initiated river transportation was transformed into the major 'Black Sea-Danube Shipping Company' in 1866. In the latter part of the 19th and early 20th century, Southern Bessarbia experienced an explosive economic growth. According to the census of 1897, the town of Reni numbered 6,941 residents[5]. In 1913, 100 trade enterprises were based in Reni with an annual trade turnover of more than 200 thousand rubles. In 1913, the port of Reni had processed 105 thousand tons of cargo, of which 92 thousand tons were exported. In 1913, Reni numbered 10,500 residents[6].

Most of the population was employed in the port and the accompanying enterprises (packing houses, shipping yards, and coal and wood stores), the railway station, saw-mill and brickyards. Some of them were self-employed in gardening and track-farming. However, more than 400 of the latter had as supplement, self-employment transportation services from the town to the port[7].

Soviet Rule and Qualitative Changes in the Status of Reni

The return of the district of Reni into Soviet Union on 26 August 1944 flagged a new epoch in the history of Reni. Due to its location on the Danube, port was to play a role of serious transport knot between the USSR and other states of the Soviet block in the new situation of the East-West confrontation. Special attention was paid to increasing transport capacities of the rail way station and the port. The port of Reni was ranked to the first category. While in 1945 the port was processing 225 thousand tons of loads, in 1963 the volume of the processed loads increased up to 3985.5 thousands tons, 18 times as much as in 1945 and 2.5 times as much as in 1953. The level of mechanization of the

[5] Pervaya Obschaya Perepis' Naselenia Rossiyskoy Imperii, 1897 goda. III Bessarabsiaya Guberniya (First General Census of the Russian Empire 1897, III Bessarabian Government), Saint Petersburg, 1905.

[6] Iz donesenia pomoshnika nachalnika Bessarabskogo Zhandarmskogo Upravlenia na pogranihnom uchastke v gorode Reni (From the report of deputy head of Bessarabia Gendarmerie in Reni Border Department), F.297, D.1.

[7] Iz donesenia pomoshnika nachalnika Bessarabskogo Zhandarmskogo Upravlenia na pogranihnom uchastke v gorode Reni (From the report of deputy head of Bessarabia Gendarmerie in Reni Border Department), F.297, D.1.

embarking-debarking process had increased from 25% (1945) to 42% (1946), and reached 96% in 1977.

The Reni railway station acquired strategic importance as the town became the final transit point of the Soviet loads into COMECON states. At the peak of its activity, the Reni railway complex processed up to 40 thousand tons of freight on a daily basis[8]. The railway complex included several railway terminals which stretched at a distance of 20 kilometers: 'Reni-Passenger', 'Reni-Port' (where loose goods were loaded on barges), 'Reni-Pouring' (where tank-wagons were being filled with oil for export), 'Reni- locomotive depot', 'Reni—wagon depot', and three more auxiliary capacities as well as a number of special infrastructure objects. At the beginning of the 1960s steam-engines were substituted by diesel traction and Reni was ranked as an exceptional complex for its proceeding capacities[9].

With the return of the Soviets into the region, the process of collectivization of villages of Southern Bessarabia was launched at a rapid pace. While in 1946 only 2.7% of district agriculture was collectivized, in 1949 this number was 91.3% (1947–24.1%, in 1946–56.7%). In those years one more Stalinist measure on melting all ethnic groups of the USSR into one "community of Soviet people" took place—the translation of all village names from the ethnic language of their founders into Russian.

The collectivization and integration of the district into the centrally planned economy had as a result the creation of new trade patterns in Reni. A significant volume of agricultural production—up to 70 thousands tons of cereals, 15 thousand tons of milk, 12 thousands tons of meat annually—allowed Reni to become a supplier of agricultural products for the Odessa region and the Ukraine. Moreover, the warm climate of the south Odessa region allowed Reni villages to produce rare for Ukraine agricultural products—e.g. Nagornoye village had been producing onions for Central and Northern Ukraine, while Novosel'skoye grew sweet pepper and aubergines.

[8] Interview with the engineer of Reni railway station V.F.Lobayev.

[9] V.Yunkevich Dunay I dunayskoye parohodstvo (Danube and Danube Shipping), "Sea Transport", M.1962., P.275-275; Annual Report of the Reni Trade Commercial Port, 2003.

Collapse of the USSR and Changes in the Economic and Trade Patterns of the District

After the collapse of the USSR and in the course of the last 15 years, the general situation in the port of Reni has been changing negatively. The port of Reni, which used to be a powerful transit knot at the route from the Soviet republics of Central Asia and Russia to Europe, from Europe to the Black Sea and Middle East and Russia lost a major segment of its freight flow, partially because of the collapse of old economic ties between the USSR and former Soviet satellite-states and partially because Romania actively promoted the operation of the Chernavoda—Constanta channel—the shortest artificial water way connecting the Danube to the Black Sea[10].

After the collapse of the Soviet Union one of the most important elements of the Reni transport complex—the railway connection with Odessa—was actually cut off since several kilometers of this railway cross the territory of Moldavia. Customs fees, delays due to prolonged customs procedures and high level of corruption resulted in the decrease of clients for the services of railway transportation from Odessa and Chishinau to Reni. It should be mentioned that the port of Reni was mainly export-oriented in Soviet times. Therefore, breaking off transport and trade routes with the rest of the USSR had as a result a considerable decrease in the workload of the port. At the same time, the Romanian port of Galati continued to acquire more importance because the navigable Sulinskoye arm of the Danube delta is situated in Romanian territorial waters[11]. Several years after the collapse of the USSR, the Ukraine attempted to

[10] It was accepted by analysts that the Cernavoda-Constanta channel seriously harmed the economic interests of the Ukraine, see M.Derugasov, Mors'ki Porty Ukrainy: Chas Aktyvnyh Reform (Sea Pots of Ukraine: Time for Active Reforms), Zerkalo Nedeli (Weekly Mirror Newspaper), 1-7 February 2003.

[11] This aspect of Danube shipping is closely connected with the recent international dispute between Romania and the Ukraine. Kiev, in order to break Romanian monopoly on the shipping in the Danube delta, launched a project—digging works for deepening another Danube branch—the Bystroye. This decision of Kiev side provoked harsh criticism on behalf of the Romanian side and a number of environmentalist organizations since it would produce fatal consequences for the flora and fauna of the Delta of the river. The European Commission intervened with a call to the Ukraine to stop digging until a special independent review would be conducted on the possible impact of the project. Ukraine postponed the materialisation of the project. For further information see the website of the Delegation of the European Commission in Ukraine www.delukr.cec.eu.int.

break the railway isolation of the port of Reni. Special Ukrainian-Moldavian negotiations on border issues resulted in a compromise according to which Moldavia made a concession to the Ukraine of several kilometers of the railway 'Odessa-Reni' and the Ukraine in exchange provided Moldavia with several hundred meters of the Danube bank, where Moldavia started construction of its own port. This new project will provide Moldavia with access to the Danube River and the port on it, which will provoke further competition between Moldavia and the Ukraine in shipping in the Danube and make their co-operation less and less feasible. The Yugoslav crisis caused serious damage to the Ukrainian Danube Shipping Company due to the embargo on transit cargo from/to/through the Yugoslav part of the River Danube. For the same reasons the operation of the Reni Railway Complex faced a dramatic decrease in traffic and had to cut its operating capacities, mainly in terms of human resources. According to some analysts, the Port of Reni as well as the Railway Complex of Reni are currently exploiting only 15% of their operational capacities, which once received a huge inflow of investments (more than 1 billion dollars). In the course of the last 15 years, Reni has declined from a strategic transition point, part of the crossroad of several routes, into a town—administrative center of a mainly rural district.

Migration patterns from the Reni District

The population change dynamics for the Reni district from 1989 up to 2001 demonstrate the social consequences of the economic decline in the region. The main reason for the considerable decrease of the urban population—14% (3,186 people)—was of course the crisis in port and railway complex activities. The outflow of the urban population, mainly of the workers of the port and railway station, increasing the poverty of the city negatively affected the rural areas of the district which used to provide supply of agricultural goods for Reni. The outflow of population from the rural areas is not that high but still noticeable—5% (1026 people).

	Population numbers		Numbers of the year 2001 as % of numbers of the year 1989
	2001	1989	
Total population of the district	39903	44115	90.5
Urban population	20481	23667	86.5
Rural population	19422	20448	95.0
Villages			
Novosel'skoye	3583	3350	107.0
Limanskoye	3190	3302	96.6
Orlovka	2980	3083	96.7
Nagornoye	2592	3063	84.6
Kotlovina	2570	2854	90.0
Dolinskoye	2552	2644	96.5
Plavni	1955	2132	91.7

Table 1. *Dynamics of population changes in Reni District analysed for each administrative-territorial unit*[12]

Over the last decade the agricultural complex of Reni district has been passing through a structural crisis. For the Head of Directorate for Agriculture of the State Administration of Reni District I.G. Koval'zhi, the main reason for this crisis is disintegration of the kolkhoz and sovkhoz—major mechanized and equipped agricultural producing complexes—which used to secure the full circle of agricultural production, as well as the disorganization of the structure of planning, support, production and sale of agricultural goods[13]. For the time being, *Kooperativnye Sel'skokhoziastvennye Predpriatiya* (Cooperative Agricultural Enterprises), created to substitute the kolkhoz, have not as yet managed to establish serious co-operation structures and ensure effective management of chains of production in Ukrainian agriculture.

On the other hand, the process of the formation of farm enterprises is still considerably delayed due to lack of progress in the introduction of private ownership for land. This delayed progress withholds the formation of fully-fledged farm businesses and prolongs the life of vestiges of the kolkhoz regime. Institutional uncertainty in agricultural production, as well as obsolete

[12] Reniysky Vestnik ("Reny Herald" Newspaper), 4 March 2003.

[13] Interview with the Head of Directorate for Agriculture of the State Administration of Reni District I.G. Koval'zhi, 5 January 2005.

equipment and techniques, enforce villagers to restrict their commercial use of soil to small plots of land attached to their houses of 600 square meters, while having at their disposal 3.5 hectares. In these restricted plots peasants make dairy products for the whole population of the district and half of the meat foods for the whole district. However, to overcome the crisis the agricultural sector of the district would need serious investments for the melioration of the soil, fertilizers, new techniques and equipment. While this remains an unachievable task for the peasants, a migratory trend is unfolding in the rural areas of Reni.

The basis of this trend remains the economy. Those leaving the villages of the Reni district do not necessarily head for their historic motherlands. Among 280 departures from the Moldavian village of Orlovka, 100 peasants left for Russia (Moscow, Saint Petersburg), 50 for Italy, Spain and Portugal, 15 for Turkey and 10 for France and Germany[14]. On the other hand, most of the pupils who are leaving to study in Romania insist that the main reason for this decision is the economic conditions: scholarships, free accommodation, more opportunities for further employment[15].

Co-operation structures in Ukrainian Bessarabia and participation of the Reni District

Since the complex of economic integration in the post-Soviet space was suddenly destroyed and Reni was thrown out of the main stream of most trade routes, the new local and national leadership has been striving to find some ways to include Reni in the complex of international co-operation. As a result of such attempts, the "Lower Danube" Euroregion (ER) was created in 1998. The Lower Danube ER includes the border areas of Romania, Moldavia and the Ukraine. In the founding process the ER experts used to refer to common problems that the "Lower Danube" was called upon to solve: poverty, unemployment, environmental degradation, health care, illegal activities, trafficking and migration. Several meetings of the heads of police and military

[14] Interview with the Head of Orlovka Community Council I.V.Kiranaki, 11 January 2005.

[15] Ukrainskie Moldavane Predposhitayut Uchitsa v VUZah Rumyniyu, (Moldavians of Ukraine Prefer to Study in Higher Education Institutions of Romania), Zerkalo Nedeli (Weekly Mirror Newspaper), 4-10 November 2000.

structures were held within the framework of the ER. Additionally, the ER has launched a TACIS project named the "Business Infrastructure of the Odessa Region" which ran until July, 2005. The Agency for Trans-border Co-operation opened in Reni in the context of this project. It is supposed that a network of special foundations will remain in Reni to contribute to the development of democracy and market economy in the district. Among the joint projects, the municipalities of Reni (Ukraine) and Galati (Romania) have elaborated a trans-border "Joint study of social-economic development of Galati and Reni, preservation of environment and transport system" project. The development of trans-border co-operation will include the construction of the 8-lane 'Galati-Reni-Odessa' highway, a constituent part of the European transport corridor No. 7. Its approximate budget is 880 million USD. The project also foresees the construction of an international airport and a power plant.

In order to boost economic development in southern areas of the Ukraine, the local leadership lobbied for the founding of a Special Economic Zone (SEZ) at the territory of the Port of Reni, which was established on 23 March 2000 by Ukrainian law "Regarding the Reni Special Economic Zone of," that foresaw the establishment of simplified customs and tax regimes for a period of 30 years within the territory of the port of Reni. Eventually the main goal of the Special Economic Zone is to attract foreign investment, boost trade relations and local entrepreneurial activities. To this end, the cargos that arrive at the Port of Reni are not subject to taxation and customs duties, and all the income received from the investment projects on the territory of the port of Reni is subject to 20% tax for the whole period of existence of the Reni Special Economic Zone. The 'Reni-Ruse' ferry boat line was launched as well, which was part of four transport corridors. Simultaneously, several investment projects were launched in the SEZ "Port of Reni". Among them were the "Proceeding Soy" (25 million USD) and the Russian-Ukrainian project, "Reni-Forest" (2,4 million USD). Millions of tons of sapropelic deposits, marl, drinking water, and possibly natural gas and oil are to become the raw material base for the implementation of future projects in the Reni SEZ. The Reni SEZ is included in a triple Special Economic Zone network which consists of three national special economic zones—those of Reni (Ukraine), Giurgiulest (Moldavia) and Galati (Romania) (R-G-G).

According to Serghey Kolevich, Mayor of Reni, the logic of the development of regional co-operation structures in Southern Bessarabia will demand from the town the establishment of new structures for social and economic development known as sociopolis. Sociopolis is social-economic structure closely knit within a certain territory. Such a structure should contribute to the formation of a new socialized economy, bear special legal status and be targeted towards the promotion of advanced sustainable development. In the Reni District the idea materialized in the project of "Sociopolis Reni-Dolinskoye-Limanskoye". The concept of sociopolis elaborated by leading Ukrainian specialists foresaw the production of electronic systems, attracting know-how and information technologies, and an increase of labour productivity to ensure high competitive potential for Reni District and to include it in a global production complex.

The aforementioned trade initiative, if properly carried out, would produce a positive effect on the border of the region. Encouraged business activities if profitable would increase general public awareness in the neighbors of the Ukraine across the Danube, as happened in the early 90's when the Soviet-Romanian border was opened for large-scale passage. These projects would gradually weaken borders among the three sides. However, despite the best intentions, most of the designed projects did not produce the expected results either at the local or the regional level. The aforementioned business projects launched in the framework of the "Lower Danube" Euroregion trans-border co-operation and SEZ structures are mainly bilateral or even unilateral initiatives of large-scale enterprises, which could hardly influence the structure and character of the agricultural production at the local level. They could not seriously boost trans-border trade since they involve specific producers frequently outside the district, and are aimed at taking advantage of preferential taxation and customs regimes but have nothing to do with cross-border trade. Therefore, despite the fact that the structures for trans-border co-operation had been established within the territory of the district, they could hardly influence the character of local production and trade patterns of the local farms or small urban enterprises. The major local enterprise of Reni district—its port—has competitors on the Romanian (Galati) and Moldavian (Giurgiulest) sides. And this situation cannot contribute to development of trans-border co-operation.

Among the reasons for the failure of trans-border co-operation projects, some local officials name the lack of political will of the national and regional leadership to invest in such projects since the Ukrainian political elite sees trans-border co-operation in Ukrainian Bessarabia more as a headache or even a potential threat for the integrity of the country, rather than as an opportunity for economic development. Trying to reinforce the borders of Ukrainian Bessarabia and following this logic, regional authorities preferred to support the Odessa-oriented trade patterns of local peasants, promoting for that purpose specific projects such as the "Renaissance of the Region", which foresaw special treatment for those agriculture producers who come to the Odessa markets from distant districts of the region. The general disappointment of the high level political elite of Ukraine with the special economic zone of Reni was portrayed in the decision to abolish State Administration of the special economic zone of Reni early in 2004. Later on, one of the first actions taken by the new leadership of the Ukraine was the decision taken by President Yuschenko to abolish special economic zones as they did not produce added value to cross-border trade and served more as tax evasion harbors for some entrepreneurs.

Another serious hindrance in launching effective trans-border co-operation of the Reni District with Moldavia and Romania is the fact that productive relations in the Reni district in Soviet times were, in the case of agriculture, reoriented to the other enterprises in the Odessa region. Peasants of the local villages are hardly able to start exporting meat or milk to Moldavia or Romania, while they can easily sell it at the local market or transport their goods to Odessa. A similar logic is valid for vegetables produced by local farmers, which are profitable while sold in the Ukraine instead of being exported to Romania or Moldavia. The level of rural economy in Ukrainian Bessarabia has not yet reached the level where it would seek new markets and export opportunities. This is why all the aforementioned projects rested on local enthusiasm and did not drastically change local trade patterns and the economic situation in Ukrainian Bessarabia, which for the time being remains a one of once important transport intersections that has lost its geostrategic position.

Conclusion

Bessarabia is a historic and cultural entity, which has been a border region between different forces from ancient times. Due to this position, the area was either the arena or the object of a number of struggles among major forces which surrounded it. Until the 20th century, regular exclusions of Bessarabia from and inclusions into different state projects, frequent changes in the border configuration of those projects, as well as massive migration of the population contributed to the weakening of the borders of the region, as well as the state borders inside the region. The creation of the USSR signaled a new epoch in the history of the region.

First of all, the deteriorated relations of Romania and the USSR resulted in the introduction of a tough border regime between the two states. The incorporation of Bessarabia into the Soviet Union was a real separation from its cultural cradle—the Romanian space. Moreover, following the logic of Communist ideology aimed at the creation of a single Soviet people, the Communist regime divided Soviet Bessarabia into two uneven parts—the Moldavian Soviet Socialist Republic (Moldavian Bessarabia) and southern districts of the Odessa region (Ukrainian Bessarabia). Despite the fact that the administrative border between the two parts was quite transparent, an economic division was launched by this administrative partition. While Moldavian Bessarabia mostly remained a rural economy with specific agricultural production in the USSR, Ukrainian Bessarabia was deemed to be incorporated into the Soviet industrial complex as a transport component.

After the collapse of the USSR, this administrative division had as a result two parts of the single historic region of Bessarabia to become parts of two different states: the Republic of Moldavia and the Ukraine. Some attempts to reunite the region met with the following obstacles:

- A new vector of economic and trade patterns of the two parts of Bessarabia
- Lack of skilled and devoted personnel
- Internal agenda of the new political leadership of Ukraine.

Therefore, the conclusion can be drawn that the division of Bessarabia was not overcome after the collapse of the USSR. The division between Ukrainian and Moldavian Bessarabia has become even deeper. The same process is likely

to unfold on the border of the Ukraine and Romania after the accession of the latter to the European Union in 2007. Introduction of the Schengen area system, single external trade tariffs and quotas, as well as other respective measures, which are likely to be taken by the EU in order to prevent illegal migration, smuggling, trafficking in human beings, etc,—all these will reinforce the existing Romanian-Ukrainian border. On the eve of its new enlargement, the EU should pay special attention in order to avoid drawing new dividing lines in Europe. To this end, special measures should be taken by the European institution in the framework of the European Neighborhood Policy of the EU towards Ukraine. The priority in the future co-operation should be given to establishing inter-ethnic and intra-ethnic reconciliation, people-to-people co-operation, trans-border co-operation, raising public awareness and civil society development, reforms in education. If properly implemented those measures can ensure not only a successful development of the trans-border co-operation in Ukrainian Bessarabia, but also a successful transition of the societies of the region.

LIBERALISING CAPITAL MOVEMENTS AND THE INTEGRATION PROCESS

Bledar Striniqi

So far we have not been able to read in newspapers of Albanians investing in shares or stocks or in bonds in the Frankfurt Stock Exchange or buying real estate properties in Vienna or Graz. Many of them would make these investments today, but there are some restrictions when regarding capital outflows.

Albania is committed to liberalising its capital account and it has agreed to do so within a certain time limit. In the Report of the Working Party on the Accession of Albania to the World Trade Organization, removal of capital controls is one of the horizontal commitments. The report states that: 'the Bank of Albania reserves the right to maintain capital controls which will apply on national treatment basis. The regime currently in place will be removed NO LATER THAN 2010

Albania is preparing to sign the Stability and Association Agreement, which is a first step towards integration in the European Union. This agreement will impose on Albania certain conditions regarding the sequencing of Capital Account Liberalisation and it will set, similarly to the commitments signed with WTO, a time limit AFTER WHICH THE CAPITAL ACCOUNT OF ALBANIA WILL BE FULLY LIBERALISED. This limit will depend on the time when the SAA (Stability and Association Agreement) will be signed.

The unrestricted movement of capital[1] *is clearly asserted in 'Principle', Part One of the Treaty of Rome, as one of the axioms underlying the activities of the Union, alongside the freedom of movement for goods, persons, and services, and the right of establishment (Article 3). All these rights stand on an equal footing. Yet the subsequent provisions in the Treaty governing the movement of capital were drafted more cautiously than those relating to other matters.*

The principle of unrestricted movement of capital is set out in Article 67 (1), which is the fundamental provision on the subject in the Treaty. This Article provides for the gradual abolition, during the transitional period, of restrictions on the movement of capital belonging to persons resident in member states, and of any discrimination based on the nationality or

residence of the parties or on the place where the capital is invested. Restrictions were to be abolished gradually 'to the extent necessary to ensure the proper functioning of the common market'.

1. Some words on capital account liberalisation

Capital account liberalisation means complete removal of controls and restrictions on movements of capital from and to a country. That means not only legal prohibition but also when quantitative restrictions are imposed, and even in the cases when, for a given transaction, approval from an authority such as the central bank is required. As the controls and the restrictions on the capital movements are both of quantitative and qualitative nature it is difficult to determine whether a country has a liberalised capital account or not.

The analysis for the level of interest rates in different countries and the development of a financial infrastructure indicates that countries with a more developed financial infrastructure benefit more than countries with a less developed financial infrastructure and suffer less in cases of crises (Sebastian Edwards)

International movement of capital allows countries with limited savings to attract financing for investment projects in the country, enables investors to diversify their portfolios, spreads investment risk and promotes future contractual trade—the trading of goods today for goods in the future

There are also opponents to capital account liberalisation, who say that capital movements do not always help total factor productivity growth.

Analysts conclude that liberalisation of capital account is a measure to reduce the distortions in economic development except in cases when domestic capital goes abroad. That is the reason why many debates actually concentrate upon the disciplining of the effects of capital account liberalisation.

There are authors (On the Benefits of Capital Account Liberalisation for Emerging Economies- Pierre-Olivier Gourinchas Princeton University, NBER and CEPROlivier Jeanne, IMF and CEPR. Draft, May 2002) who point out that politicians may open the capital account as a way of "locking-in" domestic reform, even when they cannot commit to either decision. Traditional trade arguments (e.g. Stolper-Samuelson) would argue that domestic capitalists would oppose financial integration as it reduces the return to capital, while workers

would typically favour it. The political economy of financial integration does not seem to reflect these predictions.

1.1. Arguments for capital account liberalisation

The classical theory suggests that international movement of capital allows countries with limited savings to attract financing for investment projects in the country, enables investors to diversify their portfolios, spreads investment risk and promotes intertemporal trade—the trading of goods today for goods in the future.

If capital is free to move from one country to another, then individuals, firms and countries can consume as much as they want to by borrowing from abroad when their income is not sufficient. Borrowing from abroad helps smooth business cycles and allows domestic firms and individuals to keep consuming and investing even when domestic production and income are at low levels.

Capital account opening has been found to raise credibility among monetary authorities. According to William McGruben and Darryl McLeod, who compared inflation performance of countries that liberalised their capital account during the 90s with that of countries that did not do this, the continuous lifting of controls can bring down the yearly rate of inflation by up to 3 per cent. A similar conclusion has been reached by Eichengreen, Rose and Wyplosz (1996b). They studied the record of macroeconomic variables in countries that underwent crises, while some of the countries selected had liberalised their capital account and others had not. The authors found that inflation, money growth and trade imbalances are higher in crises occurring in the presence of controls. In another study done by Alesina, Grilli and Millesi-Ferreti (1994), it is made clear that countries imposing controls tend to have higher inflation and greater seignior age revenue but lower real interest rates.

Johnston and others (1998) find that the intensity of capital controls is negatively correlated with economic development and positively correlated with the level of tariff barriers, the black market premium and the volatility of the exchange rate.

[1] Acquis Communautaire; Chapter 4: Free Movement of Capital; Source: http://www.europe.eu.int

1.2. Arguments against capital account liberalisation

Several economists around the world bring different arguments against full capital account liberalisation:

- countries with a more developed financial infrastructure benefit more than countries with a less developed financial infrastructure and suffer less in cases of crisis (Sebastian Edwards)
- it is hard to measure the net benefits that a country has from CAL, while, under normal conditions, it is impossible to predict the losses that the country might incur in the face of a capital crisis.
- other economists say that the process of liberalisation should be carried out gradually, because going back to a controlled state of economy from a liberalised one is known to be very costly

2. Capital account liberalisation in Albania

The last twenty years have been characterized by a continuous easing of controls on capital movements and many countries have completely liberalised their capital accounts.

A lot of Albanians in the near future will invest their funds in European Capital Markets (as well as World Capital markets) and in immovable properties around the World. Foreign and domestic firms are treated equally under the law in Albania and are guaranteed safety from expropriation or nationalization.. There is only one case in which foreign investors are not treated in the same way as residents of Albania. Foreign investors who invest in Albanian Treasury Bills must pay a 15 per cent tax on their profits as opposed to a 10 per cent tax imposed on Albanian residents.

The movement of capital to and from Albania is regulated

For the moment we have no restrictions for capital inflows but a lot of restrictions on capital outflows. Every Albanian citizen can transfer abroad for personal reasons amounts up to 3,500,000 ALL (nearly 30,000 EUR)

But capital account liberalisation would help further economic growth and would increase diversification opportunities

Johnston (1998) found that the intensity of capital controls is negatively correlated with economic development and positively correlated with the level of tariff barriers, the black market premium and the volatility of the exchange rate.

Other authors consider two classes of benefits of capital account opening:

- the benefits in terms of international allocative efficiency (Eichengreen 2001)
- incentives are given to good policies or reforms that are generated by an open capital account, including the different ways in which capital account openness may improve domestic policies, practices and institutions. This means the market discipline on domestic macroeconomic policies is induced by the threat of capital flights.

Capital account liberalisation requires: stable macroeconomic parameters, a stronger institutional and regulatory regime, especially in the financial sector, appropriateness of the exchange rate regime and a sound balance of payments position. In general, a combination of structural and macroeconomic reforms.

Foreign and domestic firms are treated equally under the law in Albania and are guaranteed safety from expropriation or nationalisation.

The movement of capital to and from Albania is regulated by the Regulation on Foreign Exchange Activities (FEA) amended on 30/7/2003.

Foreign investments coming to Albania and analysis of hesitations (informal economy and lack of regulations, level of financial infrastructure development, regional and political risk).

Advantages form possible capital account liberalisation: empirical evidences support the idea that capital account liberalisation promotes economic growth in developing countries, meeting the requirements of WTO and other international organisations, with perspectives of integration in international financial markets.

Controls in general and controls on outflows in particular are far from being effective in restricting the movement of capital between countries. It has been found that controls have to a large extent failed to inhibit portfolio capital flows, especially when devaluation was anticipated.

Theory suggests that a country that has liberalised outflows is more attractive to foreign investors. The scheme is simple. Less or no controls on outflows encourage inflows and more inflows help the country to efficiently allocate resources, to provide opportunities for risk diversification, to develop its financial system and to attract better technology and know-how from the investors. Many studies and surveys have concluded that developing countries that have liberalised their capital accounts have experienced economic growth at higher rates than under closed capital account.

Albania is committed to liberalising its capital account and it has agreed to do so within a certain time limit. In the Report of the Working Party on the Accession of Albania to the World Trade Organization, removal of capital controls is one of the horizontal commitments. The report states that: 'the Bank of Albania reserves the right to maintain capital controls which will apply on national treatment basis. The regime currently in place will be removed no later than 2010 (Report of the Working Party on the Accession of Albania to the World Trade Organization; Schedule GATS—Albania, WT/ACC/ALB/51/ Add.2, 13 July 2000).

The process of capital account liberalisation in Albania goes parallel with the developments in the financial system, and especially in the banking system.

Liberalising the capital account does not mean forgetting the fight against money laundering. All commercial banks report all suspicious cases on a 72-hour basis to the Anti-Money Laundering Authority.

Most capital comes to Albania in the form of FDI and capital transfers (credit) to the government. There are no portfolio investments from abroad, whereas in the past three years domestic banks have purchased, in very limited amounts, foreign debt securities. Although we are aware of the benefits stemming from the diversification of incoming capital, we would like to investigate some of the reasons that have held back foreign direct investment (FDI) in the past few years. Inward direct investment is particularly beneficial for the host country. In a widely-held view, foreign direct investors are believed to increase domestic capital formation, to augment host country stocks of technology and managerial know-how, and to improve access to export markets and to a comparatively stable source of external financing.

On the other hand, FDI is typically regarded as less responsive to adverse macroeconomic developments. It is associated with fixed investment, which can only be liquidated at a substantial loss. (Lehmann 2002). Albania seems to have been less of an attraction for foreign investors than other south-eastern European countries, even compared to the ones of similar size such as FYR Macedonia or Croatia.

Why do foreign investors hesitate to invest in Albania?

- Financial system and banking system development. SME are credited at low levels from the commercial banks.
- Technological factors: only in recent years has Albania attracted new technology.
- Institutional reasons: risk of confiscatory taxation, the presence of informal economy, unclear property rights and uneven application of laws and contracts.
- Information asymmetry and insufficient marketing, which have also impeded foreign capital in entering the country.
- Increasing concerns about repayment which are related to the current account balance situation.

In most OECD countries[2] foreign investment in equity is considered extremely important to sustaining the liberalisation process. One reason is simply that foreign corporate investors are not usually willing to make long-term commitments unless they have an opportunity to exert influence on the enterprises they invest in. Equity investment provides a way of doing this. Foreign equity investment also has the potential to enhance local corporate governance practices and the investor can help develop the financial infrastructure and institutions needed to cope with free capital flows. Furthermore, equity investment, unlike debt-creating instruments, imposes no obligation on the debtor to make pre-established interest payments and to reimburse the principal at a set date. Equity investment is also generally denominated in the currency of the recipient country so that the exchange-rate risk is shared by the foreign investor.

Concluding remarks

As we proceed towards a more open capital account, we will also enhance the chances that the Albanian capital and financial market become more integrated with the international market.

The more markets are integrated, the better aligned the interest rates are and the easier it is to make educated choices about investments at home or abroad.

Albania's integration with international financial markets will be a gradual process and maybe it will need some time.

Opening the capital account exposes the domestic financial system to foreign competition

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[2] Liberalising Capital Flows: Lessons from Asia; By Pierre Poret

MORE THAN SOME COINS IN OUR POCKET. ANALYSIS OF WOMEN'S EMPOWERMENT THROUGH MICRO-CREDIT.

Isadora Bergami

Introduction

Women's ability to benefit from financial access is often still limited by the disadvantages they experience because of their gender. Micro-finance has the potential to have a functional impact on women's empowerment and, although it is not *always* empowering for all women, most women do experience some degree of empowerment as a result.

This paper mainly aims at taking an overview of micro-credit as world-wide strategy to reach women's empowerment and it is the result of a more detailed study pursued during a research period of six months that I spent in Mongolia (November 2003-May 2004). During this lapse of time the collected material mainly focused on micro-credit projects targeting on women and implemented by NGOs. Also considering my background studies (University Course in Contemporary, final research in Anthropology), the analysis of micro-credit issue takes distance from the economic analysis, turning into the social-anthropological one. Therefore, in such cases where economic details are provided, they have not the presumption to enlighten micro-credit matter from a scientific point of view; on the contrary, they should be considered with the purpose of acquiring a deeper and more complete understanding of micro-credit as a starting point for women's economic independence towards a social and cultural empowerment.

The decision not to have a focus on single existing projects is linked with the belief that each context requires a specific project aimed at its proper cultural and economic background. This is not the appropriate context to develop such a wide and detailed study. When turning the focus on single examples it would be necessary to better understand the whole process, that preferred to

select countries belonging to Danube Region, according with the information exchanged during DRC Summer School 2005.

Where bibliography references are marked with the acronym FD (Field Diary), this refers to information collected in Mongolia.

Before ending this introduction, it may be useful to briefly describe the structure of the paper. Firstly a description of what the term "empowerment" means in relation with gender issue is provided. Then a general definition of the structure of a micro-credit initiative is introduced and linked with the matter of the feminisation of poverty that constitutes the core of the third paragraph. The final part consists of a critical view of micro-credit projects implementation, which is followed by general conclusions.

1. Empowerment

The term "empowerment" is now widely in use, especially in the field of development when discussed from a feminist gender perspective. There is no single definition of "empowerment"; rather, many definitions exist. For the purpose of this discussion, the conceptual framework that was expounded by United Nations[1] seems be a useful starting point.

Empowerment is defined as the processes by which women take control and ownership of their lives through expansion of their choices. Thus, it is the process of acquiring the ability to make strategic life choices in a context where this ability has previously been denied (http://www.unescap.org/pdd/publications/bulletin2002/ch6.pdf, p. 1).

Within the feminist empowerment paradigm, gender subordination is seen as a multi-dimensional and complex process affecting many aspects of women's lives such as individual consciousness, household, work, legislation, state structure and government choices, and the international and political system. Discussing women's empowerment from a more detailed angle, Lemire Beverly[2] asserts that there are four different points of view to understand women's

[1] United Nations, 2001, Empowerment of women throughout the life cycle as a transformative strategy for poverty eradication, EGM/POV/2001/REPORT.

[2] Between her professional experiences she figures as Professor of History at the University of New Brunswick and University Research professor. She is also a specialist in the field of gender issue linked with the informal and formal economic patterns during the rise of industrial capitalism.

emPOWERment: *power within*, *power to*, *power with* and *power over*. Referring to *power within*, the author speaks about the promotion of the individual internal change related to self-confidence and self-awareness, which are prerequisite abilities of the individual to be capable of making choices; with the term *power to* Lemire defines women's increasing capacity to act in order to make decisions and to solve problems, i.e. to be an active subject within society; the collective mobilization of females and the constitution of a group with the common purpose to achieve goals collectively is named *power with*; to conclude, *power over* is women's challenge to change paradigmatic, pre-constituted, historical gender subordination (Lemire, Person, Campbell, 2001, p. 248).

In order to have a clearer idea about the concept it is useful to understand the causes of the powerlessness that lie behind it.

One approach is to think about women's powerlessness as focused on patriarchy and the subordination of the female role to the male domain inside the close and primitive society that is called family. This traditional system denies women's access to public space and public life, excluding the female subject from the possibility to reach a socially recognized position and a gainful employment outside the home.

Another reason for women's lack of power lies in the definition of woman as a reproductive and productive subject. From this point of view, society recognizes women firstly as mothers and then as workers, assigning them a place in the so-called "care economy", before including them in the "market economy" (UNIFEM, 2001, p. 53). The care economy involves women in the care of the other family members, primarily children and elders. This "invisible work" tends to be hidden by male work, considered visible due to its monetary value. In the introduction to the Italian edition of Ester Boserup[3]'s book "Women's work. The sexual division of labour in the economic development", Cristina Savio quotes Hanna Papanek as the inventor of the term "family status production", referring to all women's activities that are concerned with the support of the family members, such as children education, cooking, household organization, and so on. In this term women's contribution to the family sustainability and social imagine is clearly expressed, nevertheless a contribution that makes efforts to be recognized around a public circuit (Boserup, 1982,

[3] Danish economist.

p.18). The result of such a condition lies in women's denied access to and control over productive resources, with the immediate and visible consequence of labour market segmentation. Examples are provided by the world-wide high rate of female unemployment and the proportionally large number of women who are employed in low-paid, temporary jobs or who find a working alternative in the informal sector, a characteristic of the sexual division of labour widely diffuse all around the world, both in urban and rural societies, developed and developing countries (Carr, 1996, pp.3-6).

In conclusion, women's powerlessness is rooted in the family, but it takes place in multiple social, political, legal, cultural, economic and personal contexts. As an immediate consequence, therefore, empowerment of women can be achieved through different approaches. Before speaking about tools and strategies it is important to be aware of the fact that women cannot *be empowered* but they *have to empower by themselves*. That is why women's empowerment, in particular the feminist perspective of it, strongly supports the participatory elements especially relying on collective action (*power with*) and on individual interests and needs (*power within*), in contrast to the equity approach that focuses on integration of women into society through a redistribution of assets and positive discrimination policies (*top-down strategy*) (Moser, 1993). Empowerment involves a bottom strategy, focusing on women's resources as a starting point towards women's status in society. It focuses on increasing the women's capacity building, on self-reliance and on internal strength. Basically, women determine, formulate and decide for themselves, since each woman experiences subordination differently because domination is also influenced by race, class, colonial history and position in the world economy (Tischler, 2001, pp. 15-17).

Giving women access to income-generating opportunities, for instance through micro-finance projects, could be seen as an useful entry-point into the process of empowerment. At the same time, it is necessary to note that there is no stringent link between micro-economy and the financial/social/political empowerment of women. Women in different societies face different problems and adopt different strategies to solve them. Also, there are different typologies of women, for example those who live above the poverty line and those who live below it, those whose aim is daily survival and those who look forward.

Given these introductory statements, the paper builds on the belief that promoting women's empowerment through economic tools is an important base for achieving overall empowerment.

Seen from this angle, micro-credit could become an instrument that step-by-step interrelates its economic value with the social and political one.

Above all, it is necessary to remember that all the considerations presented in this context are influenced by the point of view of an European young woman who is not involved in any religion. This includes the possibility to express desires, hopes and ideas not supported by women living in so called developing countries or belonging to a religion that shapes their values and private life.

At the same time also an "European" point of view could assert that it is dangerous to single out micro-credit as an available access to capital for women and as a starting point for their empowerment process, because of the negative aspects underlying micro-credit projects (paragraph 4). Apart from lack of capital, there are many problems that cannot be solved at the economic project level, such as women's comparative lack of education, the combination of their productive, reproductive and public tasks, institutionally and culturally anchored discrimination and structural economic constraints. Improvements in the position of women require, beyond financial support and long term projects, border elements that suddenly became the core matter in accordance with the empowerment goal (Slob, 1996, p. 46).

In order to clarify the link between women's empowerment and micro-credit, the following paragraph will shape the structure of an abstract micro-credit project, emphasizing the conditions and assumptions that make women's empowerment possible.

2. Micro-credit. The structure

Micro-credit does exactly mean what its name suggests: it is the provision of small loans (Weath, 2000, p. 60). While the meaning of the adjective "small" is both vague and vast, in this context no specific examples of micro-credit programmes will be taken in consideration. To have a general idea of the amount of money that is spoken about and according to my own field experience, it is possible to say that a micro-credit could waver between 150 USD and 1000 USD (FD).

An economic subject, the lender (usually a NGO, specialized banks or other different kinds of private-public organizations), lends a sum of money to a second economic subject, the borrower (in this article only female borrowers are considered). A micro-credit is not viewed as a charity or welfare oriented programme. It should be run on business criteria as the implementation of an income generating activity (IGA), that is, a business designed to produce a monetary income. The innovative feature of a micro-credit is the absence of collateral requirement, that turns this kind of loan into a financial tool for people who live in a vulnerable economic situation (FD).

Each borrower belongs to a group often called "Solidarity Group" because of its aim of setting up a network of people who collaborate and help each other. The group is a basic starting point and it is supposed to be formed autonomously by its members. Discussions, suggestions and sharing of common problems during weekly meetings create interpersonal support. It is important to strengthen individual self-confidence, which is one of the main prerequisites of women's empowerment. Within the group, individual businesses are not linked to one another, but each person is held responsible in case anyone in the group is not in time with their repayment. Indubitably, the group's pressure replaces the collateral (Holzner, 2005, p.5).

Micro-credit programmes must sustain themselves by charging interest rates that are equal or above market rates in order to recover the operating costs associated with extending small amounts of credit and with the objective of moving towards financial self-sustainability (UNICEF, 1997, pp. 15-16).

Why women figure as favourable target group of micro-credit programmes is a question that could find an answer in the specific barriers to female self-employment and entrepreneurship. According to Mary Coyle[4], a gender anti-discrimination approach to the economic market asserts that women are more credit-disadvantaged than men (inequity). Therefore, women tend to share the benefits of an improved income with the family and the community (impact), an inclination that indubitably helps the development of the region where the credit action take place (Lemire, Person, Campbell, 2001, p. 134).

Starting from women's particular working history, focused on caring responsibilities inside the household (paragraph 1) and concentrated in low-income activities and low-skill jobs (paragraph 3), it has to been considered that

when women from this background apply to conventional financial institutions for a loan, their relative low incomes and lack of assets in their own name are factors that exclude them from any considerations, because of their inability to provide lenders with collateral.

In addition, because of their general attitude of risk-aversion connected with their family responsibility, women tend to ask for small loans; this is especially the case in developing countries. This kind of request is seen as unprofitable by traditional lenders, because of the high costs that lie behind a financial loan that cannot be easily covered by the transaction of such a small amount of money (Lemire, Person, Campbell, 2002, pp. 169-171).

Considering that women's attitude as organizers of family life makes them appear more reliable at repaying loans than men and more likely to use the income generated by the credit in a way that optimises benefits to the family, women represent the primary micro-credit target (Yunus, 2000, p. 89).

As regards which is the most reasonable target group of women that need micro-credit loans more than the others is open to discussion.

One approach to thinking about a possible answer focuses on poor women. According to Yunus, usually in developing countries within a family that lives in poor conditions it is the female subject who suffers from hunger more than the other members, and it is the mother who lives through the more traumatic experience of being not able to feed her children (Yunus, 2000, p. 88). Moreover, it has to be considered that by definition people who live under the poverty line have less access to productive resources and income and, among the poor, women have less access than men of the same social class because of the discriminatory system of property ownership and discrimination in employment. They also have less time because of the unequal gender division of labour in unpaid productive and reproductive activities. Usually, women are skilled in so-called "female" occupations, but have fewer opportunities than men to learn non-traditional skills and are often less able to employ male workers as a result of cultural mind restrictions. To conclude, women are often explicitly excluded from the most lucrative markets on the basis of gender. Even where exclusion is not explicit, in many societies women are subject to constraints on their mobility outside the home and in areas of "male space" (Mayoux, 1995, p. 20). Generally speaking, all the features presented above are more easily found in a

poor context than in non-poor or meso-poor one, therefore they constitute the strongest argumentation to support the thesis that targeting women belonging to the *poorest of the poor* is the best strategy of micro-credit (Slob, 1996, p. 44).

Conversely, it is asserted that a micro-credit amount of money is not the solution for poverty eradication, while a meso-poor subject could use money both to improve her own business and life quality as well as for employing other women, generating female labour mobility (Vijay, 1997, p.9).

Given these assumptions, it can be understood why micro-credit can be included among the issue called "feminization of poverty".

3. Feminisation of poverty

The term itself appeared in the mid-1980s and was used to describe the growing proportion of households headed by women during the recession of the early 1980s (UN, 1995, pp. 48-52). Identifying the feminization of poverty only as a consequence of a general economic crisis is a too restrictive contextualization of the phenomenon. Seeing things in a wider perspective, it runs parallel to the other widely discussed process of feminization, that of labour. The feminization of labour took place on the basis of the spread of part-time, temporary, casual or atypical employment across the developing and developed market economies. It has to been considered that in the majority of cases part-time jobs offer little access to training, benefits or occupational mobility and are largely confined to certain industries and occupations that are typically low-skilled and low-paid (UN, 1995, pp. 52-53). It is clear that both the feminisation of labour and poverty played an important and interactive role in weighing down the female position within the labour market and increasing gender discrimination within society.

Considering the European situation of women in the so-called Countries in Transition (CITs), the restructuring of the economy has changed women's participation in the political and economical arena. And if before women's formal economic and political participation was granted by constitution and law on a policy of full employment, during transition atypical jobs started to

[4] Between her professional experiences she figures as Vice-President and Director of the Coady International Institute at St. Francis Xavier University in Antigonish (Canada) and as Executive Director of Calmeadow, a Canadian NGO specializing in micro-finance work in Canada and internationally.

emerge along with the expansion of the private sector, enterprise restructuring and expansion of parallel economy. The result found expression in the high rate of unemployment, something that affected women more than men (ECE Secretariat, 20 June 2002, pp. 3-4). It is difficult to establish a trend and a gender pattern for atypical jobs. Data on part-time employment suggest that in some countries, such as in the Czech Republic, Hungary and, to a lesser degree, in Poland, women had a higher share in part-time employment than men. In many countries women also started being more vulnerable due to new forms of criminal offences such as racketeering. In many countries the importance of women's entrepreneurship is recognized and special programmes have been established, for example in the advanced Central and Eastern European CITs such as the Czech Republic, Hungary, Poland and Slovenia (ECE Secretariat, 20 June 2002, p. 5).

In order to reach a more detailed and wide understanding of female micro-entrepreneurship, it should be useful to consider Mary Coyle's (see foot-note number 4) definition of this matter. In her own words, micro-enterprises can be considered as businesses

- mainly run by women;
- typically earning less than the waged employment sector;
- having very little collateral and few personal assets;
- 30% created in the last twelve months and having an average overall lifespan of two years (Lemire, Person, Campbell, 2002, p. 137).

Referring to the assumptions explained in Paragraph 2,"Micro-credit. The structure", the connection between women's micro-enterprises and micro-credit projects is easily found. Self-employment and setting up of their own business (generally a micro-enterprise) in many cases provide the only possibility for women to get access to employment and earn an income. It is especially true in rural areas, underdeveloped industrial areas and certain regions with higher levels of migrants and minorities. The importance of the development of women-led micro-enterprises lies both in its contribution to poverty alleviation and secondly in its contribution to women's economic and social empowerment (ECE Secretariat, 20 June 2002, pp. 9-10). NGOs should play an important role in the eradication of poverty through

developing micro-credit schemes and should assist the unemployed in becoming self-employed. A basic task concerning NGO activities within micro-credit projects is to provide women with training programmes. Training includes a huge amount of opportunities that must be evaluated according to single women's needs. Business/management-trainings could be useful to support them with financial information. Skill-trainings are important for providing women with new working abilities that could allow them entrance into a new market distanced from that based on their household skills. Last, but not least in their importance, are training schemes aimed at helping women to gain confidence in their own potential to raise awareness of their economic role in society (ECE Secretariat, 20 June 2002, p. 10).

4. Negative aspects of micro-credit initiatives

As always, it happens that the explication of an alternative methodology to reduce female poverty and to start or increase women's empowerment conceals the negative aspects of such a solution. The one below is a different angle from which micro-credit initiatives could be seen. Its aim is not to reduce the esteem and value of such projects, but to highlight their weak points in order to enhance their efficiency.

There is a regulatory environment that discourages micro-credit programmes linked with female home-based business: delivery costs are high; interest rates are not always convenient for the borrowers; often self-sustainability is not one of the prior goals of micro-credit initiatives, since the fact is that many take a short term project approach instead of a longer term institutional approach (Lemire, Person, Campbell, 2002, p. 141).

In addition, it has to be considered that credit programs usually operate on the assumption that women's restricted access to capital seriously damages their equal economic development. As was previously analysed, banks are reluctant to meet the needs of women without collateral and a part-time/informal job. While micro-credit projects tended to set up parallel credit facilities independent from the informal circuit, it is not assured that this strategy could later allow women to have access to the formal circuits. The risk is that the businesses implemented by women through micro-credit projects might be not able to save enough money in order to create a guarantee fund and leave this parallel context (Slob, 1996, pp. 44-45).

Conclusion

The combination of women's reproductive, productive and public tasks, institutionally and culturally anchored discrimination and structural economic constraints are problems hardly capable of solution by micro-credit initiatives alone.

Muhammad Yunus is internationally recognized as the initiator of micro-credit. In his book, the original title of which is "Vers un monde sans pauvreté"[5], he describes the origin of micro-credit as apparently and strictly connected with money, but at the same time he reveals its intimate and substantial sense of no belonging with it. According to Yunus, the main goal of micro-credit is helping people to develop their own potential; therefore it is not a matter of money capital but of human capital (Yunus, 2000, p. 266).

Micro-credit is just a tool.

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POLITICAL INCLUSION OF THE ROMA MINORITY IN ROMANIA

VALERIU FRUNZARU

Because Romania will become an EU member in 2007 (though not just because of this), the Romanian state, the Romanian citizens and particularly the Roma minority have to work hard to improve the economical and political situation of the Roma. A good way to find solutions to the improvement of political and civic involvement is to analyse Roma behaviour at the local or the general elections.

With this in mind, the article will comprise four parts. At the beginning I will try to present some sociological and psycho-sociological theories that will help us better understand the logic of the EU policy regarding minorities and diversity, the relationship between the minority and majority or other minorities and the actual situation of the Roma in Romania and in the EU. The second part underlines the EU approach regarding minorities. The third part tries to present a short overview regarding the Roma situation in Europe and Romania. Finally, the fourth part presents the Roma behaviour at the November 2004 general elections in Romania. In the conclusion I will try to offer a few solutions to improve the situation of the Roma minority in the political and civic fields.

Sociological background

The reason for stressing sociological background is to avoid the ideological implication, something that is very risky in a world heightening local ethnicity in the context of globalisation.

From the sociological point of view, an ethnic minority is a small and different group compared with the larger community that contains and controls it. The members of a minority group are disadvantaged compared with the majority of the population. Even if people standing over 2 metres tall are fewer, they are not considered a minority, but, because women are discriminated,

even if they are usually the majority of the population in a country, they are considered a social minority[1].

According to the rules of democracy, the majority decides for the entire population. This fact can lead to what Tocqueville called "the tyranny of the majority" that confines the thinking of the minority (that is a normal effect of the building of the majority) to very tight limits: "either you think like me, or you die; he said: you are free not to think like me; I'll not violate your life, your goods; but as from today you are a stranger for us. You will keep your privileges in society, but you cannot use them because if you wish to be elected by your fellow citizens they will not do so and if you just ask them to respect you, they will hesitate to show it. You will remain among the people, but you will lose your rights for humanity"[2]. This quote shows that democracy is not restricted to a cool and rational project. The distribution of society into a majority and a minority (or several minorities) is associated with stigma, prejudices, stereotypes, isolation, and marginalisation.

The members of a social minority group identify themselves with the values, the norms, and the goals of the group. The identity of the group is created and maintained by comparison with the people outside the group. So, we can talk about in-groups and out-groups. The in-group is the membership group that the members identify with; being aware of US is in opposition with being aware with of OTHER[3]. There is a physical or a cultural border (religious, ethnical, linguistic or socio-economical) between the in-group and the out-group. For instance, even if two families are neighbors, they can be divided in two different groups for ethnical reasons. Belonging to an in-group is associated with rejecting the culture of the other groups, which is not in line with the values and the norms of the in-group—one's own group is superior to the other groups. This can lead to ethnic prejudice that is a favorable or unfavorable judgment about a group as a whole without sufficient warrant and

[1] Zamfir, Cătălin & Lazăr, Vlăsceanu. (1993). Dicţionar de sociologie, Bucharest: Babel. p.358.

[2] Tocqueville, Alexis de. [1835] (2005). Despre democraţie în America. Bucharest: Humanitas. p. 287.

[3] Schifirneţ, Constantin, [1999] (2002). Sociologie. Bucharest: comunicare.ro. p. 52.

sometimes without first-hand experience[4]. "Prejudice is knowledge, emotion and inclining to something from a preset"[5]. We can say that an (ethnic) group has some particular bad characteristics: laziness, aggression, untruthfulness, dirtiness, drink, rigidity, etc. This means prejudices are usually associated with an unfavorable judgment about other groups. But this doesn't happen all the time. For instance, in Romania, at the local elections in 2004, two candidates from a small Transylvanian town argued on the idea that only one of them was German, because the voters (Romanians) had the prejudices that Germans were orderly and good organizers. We usually do not have scientifical knowledge about the other persons or the other groups and the prejudices fill in this want of information. In the modern world prejudice is considered a retrograde attitude and we apply negative labels, saying that a person is full of prejudices. But all of us have prejudices, the difference being that some of us have doubts (an open attitude) or a certain level of knowledge through our studies (in sociology, psychology, anthropology, etc.).

Stigmas and stereotypes are particular kinds of prejudices. A stigma is a powerful negative social label that reduces the personality of a person to a simple (or few simple) bad characteristic(s). The stigma defines the other persons or groups purely through these labels. Stereotypes, according to Walter Lippmann, are "images in our mind" that build "maps to guide us in the world"[6]. The stereotypes guide our lives; "any disturbance of the stereotypes seems like an attack on the foundation of the universe […] There is anarchy if our order of prejudice is not the only possible one"[7]. This means that the prejudice is not just an economical solution to simplify the world in order to understand it, but is a method to defend our representation and relationship with the out-group, too. And that makes it very difficult to change.

This kind of knowledge, attitude and relationship with other groups can have as a effect what W. I. Thomas called "the self fulfillment prophecy": "If

[4] Allport, Gordon W. [1954] (1958). The nature of prejudice. New York: Doubleday & Co. p. 8.

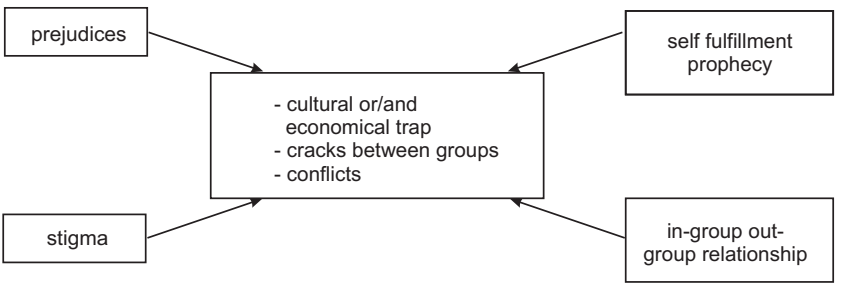
[5] Schifirneţ, Constantin, [1999] (2002). Sociologie. Bucharest: comunicare.ro. p. 123.

[6] Apud Necolau, Adrian (coord.). [2003] (2004). Manual de psihologie socială. Ia□i: Polirom. p. 262.

[7] Lippmann, Walter. [1922] (1954). Public Opinion. New York: The MacMilliam Company. p. 96.

man defines things as real they are real in their consequences"[8]. For instance, if a minority group is defined as aggressive, its members become aggressive in consequence. This means that the prejudices, the stigma, and the stereotypes are not just attitudes and behaviors of one group towards (an)other group(s), but it's a way to structure the values, attitudes and behaviors of the other groups. If a member of a minority is labeled as untruthful it is very difficult for any member of that group to find a job. Inevitably that person will fall into poverty and his/her children will be disadvantaged in education. The negative situation will be reproduced with the younger generations.

Scheme 1.



At the end of these short theoretical developments we have to admit that there is not always a tyranny of the majority as Tocqueville said, and that sometimes we can see "a silent majority", as Elisabeth Noel-Neumann proved in her famous theory about the spiral of silence. Because of the fear of isolation, people prefer, when they have different opinion compared to that of the majority, to remain silent, and this is the effect of the spiral of silence. But when the majority is silent and the minority is very noisy, the spiral of silence acts towards the paradoxical situation when the opinion of the majority is silent and the opinion of the minority is manifested: "The majority that felt it was no longer supported by the media transformed into a silent mass"[9]. This idea doesn't contradict the Tocqueville position, it just completes it.

[8] Apud Ungureanu, Ion. (1990). Paradigme ale cunoa□terii societăţii. Bucharest: Humanitas. p. 124.

[9] Noellle-Neumann, Elesabeth. [1980] (2004) Spirala tăcerii. Opinia publică—înveli□ul nostru social. Bucharest: comunicare.ro. p. 256.

Taking this theoretical background into account, we can understand that it is normal, from the sociological point of view, for stereotypes, prejudices, stigmas, a positive imagination of the membership group and a less positive imagination of the out-group and so on, to exist. What should be done to overcome these social behaviors in the context of a very diverse EU with a history full of conflicts? The solutions come from the theory, too:

- involving common projects with common goals;
- communication and mutual knowledge;
- encouraging the free expression of ideas no matter whether they come from the majority or the minority;
- overcoming the zero sum game approach for a nonzero sum game approach (all can win);
- taking into account the prisoner dilemma theory (using co-operation instead of conflict);
- organising international summer schools (sic!).

In the EU, these solutions are given through cross-border co-operation, the mobility of students between universities within the EU, the development of common projects for common benefits, the existence of political groups within the EU Parliament oriented not by nationality, but by a common doctrine, the open method of coordination, the stressing the importance of social inclusion.

Minority rights in the EU

There is no regulation regarding Roma at EU level, even if there is a need. The most important EU document regarding human rights is the Charter of Fundamental Rights of the European Union, in force since 18 December 2000, which at Article 21, establishes very clearly the principle of non-discrimination that has to be strictly observed within the EU: "Any discrimination based on any ground such as sex, race, color, ethic or social origin, genetic features, language, religion or beliefs, political or any other option, membership of a national minority, property, birth, disability, age or sexual orientation shall be prohibited". Taking into account that this article is identical with Article II-81 of the proposed Constitution of EU, we can say that the principle of non-discrimination is basic for the construction of the EU. One of the three

criteria that have to be fulfilled for a country to join the EU, criteria that were established at the Copenhagen European Council Summit in 1993, is the political one. In this respect, an eligible country has to enjoy the "stability of institutions guaranteeing democracy, the rule of law, human rights and the respect for and protection of minorities"[10]. The paper expressing Romania's position regarding the 13th chapter of negotiation (related to social protection) stipulates that "the Romanian legislation is aligned with the most advanced benchmark in this field, establishing efficient instruments to prevent racial and ethnical discrimination". Furthermore, the Government Strategy for the Improving of the Roma Situation for the period 2001-2010 represents an active involvement to improve living conditions and to encourage partnership between Roma organizations and the local public authorities. In Romania, at least at the legal level, this means that the Roma minority enjoys all the rights according to the Charter of Fundamental Rights of the European Union.

The Roma situation within the EU and Romania

Accurate figures regarding the Roma in Europe are unavailable. We don't know how many Roma live in Europe. Moreover, there are researchers and policymakers who consider that collecting data on Roma and other minorities violates the data protection law. For instance, in 2002 Germany didn't submit any data regarding minorities to the Council of Europe because "Germany could not consider collecting any such data due to basic legal considerations"[11]. Even if we don't have accurate figures regarding the number of Roma in Europe, according to the "The Situation of Roma in an Enlarged Europe", a 2004 European Commission report regarding Roma, we can say that they face big problems regarding education, employment, health, and housing.

In Romania there are official figures gathered after the census regarding the number of Roma. An analysis of the demographical evolution of Romanians since 1930 highlights the increasing number of Roma in absolute and in relative terms (see Table no. 1). The figures from 1956 and 1966 are smaller because, during the communist regime, the Roma were not recognized as a minority. Actually,

[10] http://europa-eu-un.org/articles/lv/article_1008_lv.htm (on 26th of September 2005).

[11] European Commission. (2004). The Situation of Roma in an Enlarged Europe. p. 37.

the figures are considered smaller than in reality by some Roma representatives and their argument is that many Roma didn't recognize themselves as part of the Roma minority at the 2002 census. But there was absolute freedom for everybody to self-identify with every ethnical group s/he wanted.

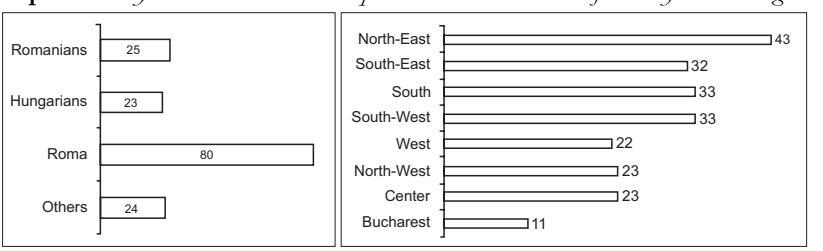
Table 1. *Evolution of the Roma minority in Romania, as a percentage of total population*

	1930	1956	1966	1977	1992	2002
Roma	1.70	0.60	0.34	1.05	1.76	2.47 (535250)

Source: National Institute for Statistics, 2002

But, what is disturbing in the context of the increasing number of the Roma minority is the high level of social exclusion of this minority. The poverty risk among the Roma people is very high, so it's almost natural to think of poverty when you think of the Roma. The Romanian governments have faced this very sad situation and have tried to improve the Romas' quality of life.

Graph 1. *Poverty risk in Romania. A comparative situation in terms of ethnicity and euro-regions*



Source: World Bank, Romania: Report of Poverty Evaluation, 2003, p. 35, 38.

We can see that beyond the regional disparities, there is a huge disparity between the Roma and the rest of the population. There is the need for a strong concentration of the energies and resources needed to improve the situation of the Roma minority.

Because there are no accurate figures, approx. 7-9 million Roma are estimated to live in Europe, out of which 6 million live in the Eastern European countries. For all these, on 2nd February 2005, "The decade of Roma integration"[12] was established in Sofia by the political officials of the following countries: Bulgaria, Croatia, the Czech Republic, Hungary, Macedonia, Romania, Serbia

and Montenegro, and Slovakia. Maybe the common effort and sharing the experiences in the fight for releasing poverty within the Roma will have real and effective outcomes.

The Roma minority at the 2004 Romanian elections

Gabriel Almond and Sydney Verba, in The Civic Culture, underline the fact that we cannot talk about democracy without an active attitude and behavior towards local and general issues. Democracy is not limited to going to the polls every three or four years. Now, the so often used concept of social inclusion[13] covers the active attitude and behavior of a member of a community. It is impossible to understand a regime without democracy but with socially included citizens. In this case we can talk maybe about assimilation, manipulation or, at the extreme, about governance through force. So, at the political level, we can talk about social inclusion in a democracy if the citizens are very well informed, they are involved in the community issues and the majority accepts the different cultural identity of the minority.

A very good indicator of the level of involvement of a(n ethnic) group in political activity is the number of candidates that come from that group. If we look at the Graph No. 2, we can see that the share of the Roma candidates from the total candidates is bigger than the share of the Roma minority from the total number of Romanians. This means we can say that quantitatively the Roma minority was very active at the 2004 general elections in Romania. The graph on the right shows a very small rate of candidates from the total number of members of ethnical groups for Roma and Hungarians because these are very large minorities.

The two most important civic organizations are The Alliance for Roma Unity and The Roma Party[14]. They are nongovernmental associations because in Romania it is prohibited to create a party based on ethnic criteria, but the minorities' associations and NGOs can act as parties during the elections; moreover, they can have their own candidate who can be on the list of a real

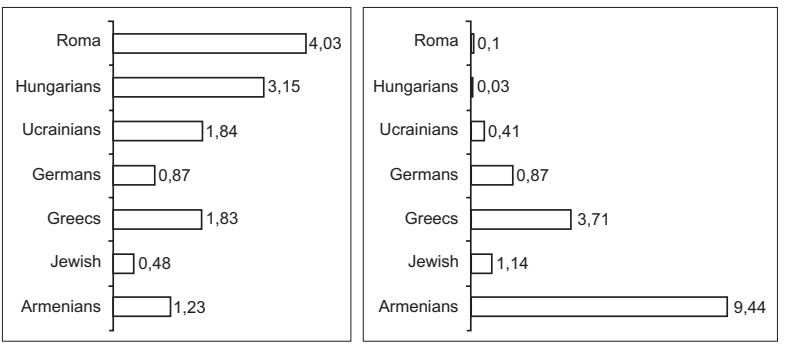
[12] The representative of Romania was the deputy prime minister Marcó Béla (the head of UDMR—Democratic Alliance of Hungarians in Romania).

[13] It's an example of what Mauritio Ferera—a famous specialist in social policy—called a "fuzzy word".

[14] Because an ethnical party is prohibited, this association uses an outdated word for party—partida –, which sounds the same and has the same understanding.

party, too. In reality, because of the 5% threshold that has to be passed in order to enter the Romanian Parliament, only the Hungarian minority, because it represents about 6.5% of the Romanian population, can pass it.

Graph 2. *Percent of the candidates of the minorities from the total candidates (left) and from the total number of the members of the ethnical group (right)*



Source: Central Election Office and National Institute of Statistics

The Roma Party, at the last elections, suffered a loss of credibility and the number of its valid votes decreased accordingly. What is alarming for civic organizations that represent the Roma is the fact that the percentage of votes is much less than the share of Roma from the entire population. The Roma don't feel represented by the Roma associations, unlike the Hungarian minorities that have the same rate of representation in Parliament with the number of Hungarians in Romania.

Table 2. *Votes for the Chamber of Deputies obtained by the two most important Roma organisation at the Romanian general elections*

Civic organization	Valid votes			% of votes obtained from the total valid votes		
	1996	2000	2004	1996	2000	2004
Roma Party[15]	82,195	71,786	56,076	0.67%	0.66%	0.55%
Alliance for Roma Unity			15,041			0.14%

Source: Central Election Office

[15] In 2002, it became the "Social Democrat Roma Party".

After analysis of the civic involvement of the Roma in local and central governance in Romania, we can say[16] that

- there is a lack of credible political and civic elite at the Roma level
- the Roma minority doesn't feel it is represented by Roma organisations. Taking into account that the total Roma minority is about 2.4%, we can say that most of the Roma voted with other parties, especially with the Social Democrat Party;
- there is no unity at the level of political representation of the Roma minority;
- many of the Roma leaders are situated between what Max Weber called charismatic, traditional and rational types of authority[17].

We can conclude by stating that formally there is a political participation of the Roma, who enjoy the legal rights, but practically, there are a number of deficiencies. The fact that the Roma do not feel that the Roma organizations represent them and the presence of the parallel unofficial (traditional) powerful structures make the civic and political involvement of Roma very difficult. Nevertheless, we should relatively see the situation of Roma as compared with the rest of the Romanians and EU citizens who feel a lack of trust in the political parties, in Parliament and Governance[18].

The possible solutions to improving the Roma situation are:

- encouraging the activity of Roma organization through common projects with local authorities and other non-Roma organizations;
- developing projects to encourage Roma children to go to school. Education is the first and a sine qua non solution for the social inclusion of the Roma;

[16] These conclusions are the result of a research conducted by Ana Bleahu and myself, a research project ordered by Romani C.R.I.S. (Roma Center for Social Intervention and Studies).

[17] In Romania there are two kings and one emperor of the Roma. Also there are a lot of local leaders called "buliba□ ". The kings are heads of NGOs, which means they have a rational type of authority. So, they are at the same time formal and informal leaders, with a bigger dimension at the informal level.

[18] According to the Eurobarometer from February-March 2004, in the EU15, the political parties enjoyed only 16% rate of trust and in the new ten member states just 7%.

- a steady position of the general and local authorities against ethnic discrimination. Already we can find in the media social campaigns against discrimination with the slogan, " discrimination kills dreams";
- an active social policy for improving the Roma quality of life.

The Roma have to be encouraged to become more involved in civic issues, to be an active part of the society in which they live. This kind of iron curtain between minorities and majorities, between different ethnicities, between different people who live in a Europe that respects human rights has to vanish.

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***Charter of Fundamental Rights of European Union

*** europa.eu.int

THE PROCESS OF THE EDUCATION OF ROMA CHILDREN IN SEČANJ—A CASE STUDY[1]

ALEKSANDRA TRKLJA

This study presents the case of education of Roma Children in Sečanj[2]. Before setting this question at the local level, we shall present in short the process of education of Roma children on a wider scale i.e. over the territory of Vojvodina[3] as a whole.

Besides showing the present state of education within the members of a minor ethnic community which is usually endangered and discriminated, this study should focus on the causes of the present state and the long-term consequences.

The Process of Education of Roma Children in Vojvodina

After the Albanians, the Roma are the largest national minority in Serbia and Montenegro, their status as a national minority only officially recognised in 2002, thanks to the Federal Act Securing the Rights and Liberty of National Minorities[4].

At present, Vojvodina is inhabited by 29,057 registered Roma representing 1,43% of the population, but it is presumed that the numbers are higher. It is estimated that around 80,000 Roma live in Vojvodina. The exact number of Roma is however very hard to determine because a large number of Roma declare themselves to be members of other national groups i.e. Serbs, Hungarians, Romanians. A large percentage of Roma live in "wild" or

[1] This is one part of my diploma thesis, Roma in Sečanj. I conducted my fieldwork research in Sečanj in April, 2005.

[2] A village and municipality in the Central Banat District of Vojvodina, Serbia. The village has a population of 2,645, while Sečanj municipality has 16,298 inhabitants. There are a majority of Serbs and Roma are minority of about 135, but unofficialy Roma make up approximately one third of Sečanj's population.

[3] Vojvodina is autonomous region within the Republic of Serbia.

[4] http://www.dnevnik.co.yu/arhiva/21-11-2002/Strane/pero.htm

unregistered settlements. Also, a large number of Roma do not register and are therefore not encompassed by the census[5].

The Roma in Vojvodina live in very hard socio-economic conditions. Poverty is the shadow phenomenon tied to the members of this ethnic community. Mainly they live in bad hygienic conditions and often without documents needed to exercise the right to enjoy social as well as health benefits[6].

At present the situation regarding the education of Roma children in Vojvodina is critical. The majority of Roma are illiterate or have only primary school education, which is the reason why the majority of Roma are unemployed or are employed in the sector of low-paid jobs. Poverty is one of the main problems of the Roma in Vojvodina and appears to be the main reason why Roma children attend barely a few years of primary education or in most cases do not attend school classes at all[7].

The authorities responsible for educating the Roma enrol Roma children into "special classes" established for children with specific mental problems. Psychologists enrol them by comparing bad results in tests which should determine their intellectual abilities[8]. Often it is because of a poor knowledge of Serbian language and neglect of duty that the Roma children end up in "special classes" [9]. However, parents tend to enrol their children in such school classes since they offer a free breakfast. According to various researches, the remaining Roma children who attend classes are afraid of the other children because they are molested by them, and leave the school before the end of the eight-year primary educational period. The education authorities do not approve their return to classes although primary schooling is obligatory by law[10].

[5] http://www.nshc.org.yu/Romi.htm
[6] Ibid.
[7] Ibid.
[8] Fond za humanitarno pravo, Romi u Srbiji, Press now (omogućio izdavanje), 2002, 003-004. (Humanitarian Rights Fund, Roma in Serbia, (publishing made possible by Press Now)
[9] http://www.ekonomist.co.yu/magazin/em105/med/obraz.htm
[10] Fond za humanitarno pravo, Romi u Srbiji, Press now (omogućio izdavanje), 2002, 003-004. (Humanitarian Rights Fund, Roma in Serbia, Press now).

The Roma in Sečanj

The situation in Sečanj differs substantially from that in the territory of Vojvodina, as well as Serbia as a whole. That is to say, the Roma in Sečanj do not live on the "edge of poverty" as is the case of the majority of Roma in Serbia and Vojvodina, although not a single Roma in Sečanj is employed. Only one family has failed to solve the problem of satisfactory housing, while all the rest of the Roma live in good or excellent circumstances thanks to temporary work in Austria, Germany or Switzerland. Because of the existing socio-economic situation in Serbia stretching back over quite a long period the citizens of Serbia and Montenegro have problems in exercising their right to obtain entry visas to foreign countries, which is also the reason why Roma have even less opportunity to cross the border and must accept alternative jobs in their own country. In other words, the most poverty-stricken Roma accept physical jobs on the private estates of the non-Roma population while the wealthier Roma are engaged only in trafficking[11].

Additionally, the majority of Roma in Sečanj are registered; that is, they have proper documents which enable them to enjoy the rights related to social benefits[12] and health security.

The education of the Roma in Sečanj

At present the situation in Sečanj is quite serious regarding the school attendance of Roma children. The primary school is attended only by six Roma children, four girls and two boys, from the first through to the fourth year,. a very low figure in comparison to an unofficial figure[13] that more then 10% of the population are Roma. It is a regular phenomenon in Sečanj that Roma children leave the school at a very early age. Scarcely any child enrols further into higher grades and even more rarely into a secondary school level and matriculation. Many children are illiterate because they do not attend school classes at all.

In order to present the situation more precisely, as well as the causes for the Roma children leaving the school, I have divided the tested Roma into three following groups: the first group, which consists of Roma born between 1938

[11] Most often it is clothing and car parts.

[12] A small number of Roma in Sečanj receive social benefits.

[13] This information I obtained from an administrative staff member in Sečanj who is in charge of the population size in Sečanj.

and 1064; the second, of a younger population born between 1968 and 1989; and the third group consisting of children born between 1990 and 1998, the three groups presenting in fact three generations: grandparents, parents and their children. The three generations shall be the basis for my research into whether there are differences between educational conditions twenty to thirty years ago and today, and if there are, what causes these changes.

It is important to emphasis that besides the three mentioned Roma generations there is also a fourth group consisting of children between 0 and 5 years, whose parents intend to enrol into school although they have yet to make the final decision for of two reasons: poverty and the fear that their children will be abused by the non-Roma children.

The oldest group consists of thirteen questioned Roma. However, only three have attended school classes: two women, one (1959)[14] up to fifth grade and the second (1961) to fourth grade primary school, and her husband (1964) who completed primary education and enrolled into the mechanics school in Zrenjanin, leaving it a very short time following the enrolment. Different reasons were given by these three people for leaving the school: the first Roma says she had to leave the school because she was about to get married, the second left the school because she went abroad with her family a got married a few years later, the same reason being given by her husband.

The second group consists of sixteen young people of whom fifteen attended school; that is, only one female Roma (1974) did not attend school classes at all and was illiterate because she was poor. Eight Roma within this group have completed primary school, two male Roma (b. 1968 and 1971) in Sečanj and one female Roma (1982) in Neuzin, a nearby settlement where she lived before she married, and five Roma who completed primary school abroad: four male Roma (born 1979, 1985, 1987 and 1989) and one female Roma (1989). One of these Roma also obtained a plumber's certificate in Switzerland and another left while attending the third year within the school for metal workers in Sečan because he was to get married. To be more precise, he ran away to his aunt in Switzerland but his parents arranged for the marriage as soon as he returned at the age of eighteen.

[14] Year of birth.

The remaining seven Roma left the school for different reasons. Five Roma left the school stating poverty as the reason—one male Roma (1969) left the primary school at fourth grade, the second (1976) at sixth grade, the third (1985) at fourth grade, the fourth at first grade and one female Roma (1976) at fourth grade. Another two female Roma also left the school. One of them (1968) left the school upon reaching the eighth grade and married and the other (1985) completed two grades of primary school abroad, completed the third grade in Sečanj and left the school after being maltreated by a Serbian child. Her parents say it was the son of their neighbours who abused her every day while she was returning from school. Her parents also said that they contacted the school headmaster. The boy's school grade for behaviour was lowered and the boy's parent made excuses to the girl's parents, but the boy continued with his abuses, and eventually her parents took the Roma girl away from the school because they were afraid.. The mother of the Roma girl says, "Well, we did not want to worsen the relations with our neighbours".

The youngest group consists of eight children: one girl (1998) attends first grade school classes, the second girl (b.1990) left the school at third grade and her brother (1990) at second grade because of poverty, according to their parents. The remaining three children, one girl (1992) and also her sister and brother (1992 and 1996) never even went to school. The girl did not want to attend school classes because she was afraid, since her sister had had a bad experience with a Serbian boy (this was confirmed by the girls mother), while the other two children did not enrol in school because they have just returned from a foreign country. Abroad they did not attend school classes since they were not legally registered in Austria. On the other hand, they have not yet been registered in Sečanj because they intend to go abroad again.

Poverty is a phenomenon accompanying the Roma population, not only in Serbia but in Europe as a whole[15], although at first glance its existence is not so obvious with the Roma in Sečanj.. Parents take their children out of schools for various reasons: not being able to cope with the expenses not only for their education, day meals, school equipment, excursions, but also clothing and

[15] J. Cvorovic, Gypsy narratives: from poverty to culture, The Serbian Academy of Sciences and Arts, The Museum of Ethnography, Beograd 2004, 177.

shoes. The father of a girl says: "How can she go to school when she doesn't have clothes to wear, I am ashamed, she looks dirty".

Another reason for leaving school at an early age is marriage. Children do not have the right to express opposition towards their parents although there are two cases of two Roma running away abroad to their cousins to avoid marriage. However, they had to marry after returning to Sečanj. Their answer to the question, why it had to be so, was: "That's how it is with us Gipsies", without further explanation. A thirteen year old Roma who married at that age says he had a feeling of discomfort in school because he was married, but he did complete primary school. However, marriages at a very early age present a problem for those Roma who end school, the reason being that they do not continue their education.

The third reason is migrations to foreign countries. Roma who have lived for some time in a foreign country enrolled their children into schools but since they were often on the move they had to take their children out from school. Also, because of frequent changes in jobs, they worked abroad without stay permits. While the parents were at work, the children stayed at home with their grandmother. That is one of the reasons why children were not enrolled into a school. Upon returning to Sečanj, either for an extended period or to finally settle down, many parents did not enroll their children into schools because they had passed the age of nine, or even thirteen.

The fourth factor is the maltreatment of Roma children by non-Roma children. From the above given facts one might conclude that this factor is not one of the key factors since its impact was not emphasised as frequent. However, many Roma children suffer verbal maltreatment as well as being labelled as "After all, they are Gypsies," which means "They are different from us". In another words, separation of children, although it might not be obvious at first glance, is present and from my personal experience I can strongly assert as a former pupil of the primary school Aleksa Santic in Sečanj that even the school staff never showed the interest they should as regards the marginalisation of Roma children. I asked the school headmaster if the Roma children had problems with the rest of the children at the school. He said: "No, they are not discriminated at all. Oh, yes, I've had a few complaints that Roma children attack the [non-Roma] girls".

However, as far as I have observed as a pupil who attended the school in question, Roma children did not have "the right of speech". In another words, they were passive, isolated and bullied every day by the non-Roma children. However, this does not refer to all the Roma school children, and especially not those pupils who lived in wealthier, bigger homes[16]. But certainly a majority of Roma children was under pressure.

Unfortunately, such a situation repeats itself today. One non-Roma girl told me that a non-Roma boy aged seven blocked the way to a Roma boy. When she asked him why, the boy answered: "Because he is a Gipsy, he is not a man!". Another non-Roma woman confirms the maltreatment of Roma children in Sečanj and says that it was customary behaviour that all the children teased a Roma girl who was in the same class with them. It happened in the school lunch room that all the children from the same class, after being through with their meal, threw small pieces of bread in front of their Roma classmate, laughing at the same time. To my question, "Why did they do such a thing?" the non-Roma girl answered: "We did that because she is a Gipsy, that was a way to tease her".

Roma children usually have bad school marks, something confirmed by the school's headmaster. Questioned whether the Roma children were bad pupils with bad school marks the Headmaster answered, "Oh yes", in a manner which showed that this was a normal situation. On the other hand, the responsibility for the bad marks attached to the Roma children should be the responsibility of the school staff and the school itself. Although the headmaster insists that the school has done everything it can in order to improve the school marks of such children, it shows no interest in this problem. These children are simply labelled as bad pupils and that's what dictates the attitude of the school staff as well as the non-Roma children towards them.

The Headmaster emphasized that an extended school day, or "class stay" exists from the first to the third grade for the children of those parents whose working hours are not compatible with the class hours and also for children

[16] I presume the reason for this was because these children had new clothes, and children basically value such children more highly than the ones with old clothes. It was also a usual case that the "richer" Roma children gave various things to the non-Roma children as presents (fancy pencils, note books, rubbers etc.) that they had received from their parents or grandparents from abroad. Such presents were very important to the non-Roma children because they had no opportunity to obtain them in Serbia.

who have problems with learning, but he did not say whether Roma children are included into such a programme. However, the situation does not change and the Roma children still have bad school marks. The reason for this should be looked for in the fact that these children listen to class readings in a language which does not represent their mother tongue,[17] although "the Law in Vojvodina allows for the education to be in the language of ethnic minorities, including a programme which encompasses the elements of the minorities' culture"[18]. In Sečanj, however, such an alternative is not taken into account and is not even thought about.

To the question of why the school does not organize special workshops for children who have problems with the official programme of education or similar problems, the director of this school looked at me with a surprise: "Oh, no, that is hard…"; then, after a short pause, he added: "Well, we do have the extended class stay". His reaction, besides showing a lack of interest in this problem, also confirms that the "extended class stay" does not fulfil the conditions given by the workshops. First of all the extended class stay has the function of accommodating children for a few more hours than usual in the school after all the classes have ended, as the Headmaster explained. Since the Roma children do not have the opportunity to receive knowledge about Roma culture in the school it is not surprising that they are discouraged and that a large number of Roma children do not enrol in school or else leave the school, because the concept of the educational programme is done on the basis of compatibility with the Serbian children who form the majority of the school population. In that way the Roma children are treated as "invisible".

An additional problem is represented by the fact that the Roma parents usually have no education, even not the primary school and are not aware of the importance of being educated. Besides this, the Roma doubt that even with the school diploma they would have the opportunity to compete for a job, and as a woman Roma said, "What do I need the diploma for? My cousins have the secondary school diploma and nothing else". She says that they have applied for several jobs but were rejected because they were Roma. Today they are in the

[17] Roma in Sečanj talk among themselves in the Roma language.

[18] http//www.minorityrights.org/translated-pubs/EducationWorkshop%5BSerbian%5D.pdf

feather business in Temerin[19]. Such phenomena are directly related to the low level of motivation of Roma parents to enrol their children into schools.

When we review all the aforementioned facts, the headmaster's statement, "They do not want to learn" seems to be very superficial, because the basic function of the school is to extend specific knowledge to the pupils. If a problem exists, the school should take into account all the factors which it is capable of changing and to try to improve them. However, this school does not feel responsible and passes the responsibility on to the pupils i.e. children for whose illiteracy the school itself is mainly responsible. The lack of interest by the school and school staff as well as the local authorities in Sečanj also adds to the discrimination of Roma in Sečanj. Non-Roma do not like to talk about this problem but say: "The Gipsies have the same rights as we do; they even live better than we do". Such a comment, or one that was similar, I heard personally from several non-Roma in Sečanj who were not interested in the Roma problem yet who were in fact responsible for their status, who also thought that the responsibility was solely on the Roma side.

I also wish to emphasis another problem. The headmaster of the primary school in Sečanj said that the Roma children do not register out of the school but simply leave the school without notice. Such children usually have parents abroad and are looked after by their grandparents. He also states that, since everybody knows everybody in Sečanj he frequently visits them at their homes trying to convince them to go back to school but "with them you simply cannot talk, they do not co-operate".

However, primary education is still compulsory. If children do not go to school, according to the law, a notice with their names should be extended to the Commissioner for Social Affairs, who then fines the parents[20]. Such measures are not implemented in Sečanj since the school does not want to "maltreat" them[21].

One problem is that the Roma, since the majority lack in education and a large number is illiterate, are not in a position to suppose that education is important for them. Another problem is that they are used to irresponsible behaviour

[19] A place in Vojvodina.

[20] This information I obtained from the member of the School Staff from the neighbouring settlement of Sutjeska

[21] As this member of the school staff explains.

because they do not experience any consequences. The school supports such behaviour participating in it without taking the steps and measures in order to change the existing situation. On the other hand, however, the school has no feeling of responsibility, passing this on to the Roma completely.

Analysis of Results

Settling abroad, marriages, poverty and maltreatment of Roma children are the reasons for their infrequent attendance at school classes, or even leaving the school for good in Sečanj. The Roma are an ethnic community with a long tradition of not enrolling into schools[22] which certainly affects the present situation regarding Roma in Sečanj. They are not stimulated to think about the school as an opportunity for breaking with their centuries-long situation. They have no interest for education because they think it cannot change the situation they are in, especially their economic and housing conditions. Such a prejudice is certainly influenced by their long tradition of illiteracy which is unfortunately widespread among the Roma. They see no chance of obtaining an educational degree because, as one Roma puts it, "I shall never get a job because I am a Roma. Who would give me a job, ever?"

The school also presents a problem as one of the most important public institutions with a long tradition of segregation towards the Roma in Sečanj, which supports the above-mentioned opinion generally held in the Aleksa Šantić primary school in Sečanj that Roma children are traditionally bad pupils. The reasons for such a situation can be found partly in the fact that their parents cannot prepare these future schoolchildren for the school because they themselves have an obscure education with only a few years of primary education, if any at all. On the other hand, the school staff and the Headmaster treat them as "bad pupils" from the very beginning. That's the way in which the segregation is expressed, by defining them at the very start as "the others" i.e. suggesting their inferior status. Such an attitude of the school authorities certainly influences the education of other, non-Roma children, who, as part of the given institutions at which they obtain their first knowledge and experience, form an opinion about the Roma children as "the others". The

[22] J. Čvorovic, Gypsy narratives: from poverty to culture, The Serbian Academy of Sciences and Arts, The Museum of Ethnography, Beograd 2004, 54.

negative assumptions, which then tend to widen more and more, influence the antagonistic attitude of non-Roma children towards the Roma children, as well as creating a feeling of inferiority in Roma children, being the reason for not wanting to go to school. Roma parents give their children support not to go to school because they are not aware of the importance of being educated and to avoid possible abuses in the school. Class reading held in the Serbian language which is not the Roma mother tongue also presents a problem to Roma children. Before entering the school the Roma children do not have the opportunity to be with the other children and learn the Serbian language, which is one of the major problems tied to further education. The school does not consider having class readings in the Roma language at all.

Conclusion

As we have seen, the situation in Sečanj differs somewhat from that observed over the territory of Vojvodina and Serbia. Namely, if we compare the figures related to the education of Roma children in Sečanj with wide-scale figures for instance for the whole of Serbia,[23] we can certainly say that the situation in Sečanj is better. However, if the same situation related to Sečanj is to be compared with the situation tied to the education of non-Roma children in Sečanj we may conclude that the situation is quite bad because all mentally and physically normal non-Roma children, regularly attend school. On the other hand, although a certain number of Roma children obtain the primary school certificate, a large number of these children leave the school or do not enrol into it at all. Although various reasons for such a situation exist, there are a few major ones, as follow named in order of frequency: poverty, marriage, settling abroad, discrimination i.e. maltreatment by non-Roma children.

However, education is an imperative for all although the non-Roma parents do not bear the consequences for not fulfilling this obligation. Such an attitude of the public organizations in Sečanj responsible for this problem also supports in large the unfavourable situation related to education of Roma in Sečanj.

The consequences of not being educated are however very serious.

[23] See: Fond za humanitarno pravo, Romi u Srbiji, Press now, 2002, 003-004 (Humanitarian Rights Fund, The Roma in Serbia, Press now).

Education is one of important ways of integrating Roma into the society as a means of improving their living conditions. To non-educated Roma (the ones without an appropriate education certificate), the right to work is being denied, which is one of the main problems they face.

Education and employment are of vital importance related to their integration into the wider part of society, as well as their equality with the rest of the people not only in Sečanj but in the whole of Serbia and Montenegro.

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CHALLENGES OF NATIONALISM ON THE EDUCATION SYSTEM AND POLITICAL CULTURE OF POST-WAR SERBIA

Eva Dangendorf

In the aftermath of the political and military conflicts of the 1990s Serbia not only suffers from economical and political decline, but also from the effects of social and civil despair and the lack of reasonable elites to give the post-war society new structures and identity.[1] The problem becomes obvious in the issue of rising nationalism in Serbia, despite of the ambitions of reformers like Zoran Djindjic or Boris Tadic to modernize Serbia in order to achieve western European democratic values and standards.

Nationalism as a consequence of a "lost" war

The disintegration of the state and society in the 1990s and the fall of communism—resulting from the end of the cold war and its effect on world politics—led to conflicts and war in all the countries of former Yugoslavia. Especially for the population of Serbia,—which more than any other republic inherited the years of "Yugoslavianism" along with a very mixed population and ethnical and political diversity—the war became a "national tragedy" and led to new victim myths in Serbia after the fall of Milosevic regime.[2] In spite of this, all efforts to create a new "national state" failed in the Milosevic era, and led them into cruel civil wars which created a human and economic disaster for

[1] The brain drain is a widespread phenomenon among the Balkan countries, with Albania, Serbia and Kosovo suffering the most from brain-drain processes. See Academic Reconstruction in South Eastern Europe—Interim Review 2000 to 2003, Bonn.

[2] The roots of the Serbian "victim myth" are present throughout Serbia's history during the 20th century. Florian Bieber explains the problems of nationalism in Serbia with several competing "national ideas leading to a chaos of ideas and political interests in the end of the Tito era, making democratisation very difficult even with the fall of the Milosevic regime." See Bieber "Nationalismus in Serbien vom Tode Titos bis zum Ende der Ära Milošević", Wien.

the population of Serbia and Kosovo.[3] With the fall of the Milosevic regime in October 2000, many problems remained, which have not necessarily been solved with an exchange of state elites such as the one that took place in October 2000, but which have deep structural causes in informal institutions of power and structural inequality among people.

Pluralism and diversity in Serbia

Despite the war and its "ethnic cleansing" Serbia even today is a multiethnic country with huge regional disparities. The transition and democratisation process aims at stability and efficiency of the newly established democratic institutions. But Serbia has many problems, not only in maintaining these democratic institutions—as the failed election campaigns and the murder of Zoran Djindjic in March 2003 showed[4]—but also in facing the difficulties of an unbalanced centralism that leaves the regional and minority political leaders unsatisfied and without power.

Serbia is a multiethnic state, with most of the ethnic minorities living in the north (Vojvodina) and in the south of the state territory.[5] In Serbian Vojvodina for example, the minorities, especially Hungarians, make up around 20-30% of the population. Kosovo, which is formally still part of Serbia, is also a multiethnic region whose future status is still unknown.

The minorities in Serbia were used as a tool by political leaders at the time of the civil wars in the 1990s for their own private economic interests and/or for

[3] Kosovo is today under the protection of the United Nations, but still under sovereignty of Serbia. The final status of Kosovo is due to be discussed in the United Nations in autumn 2005. Lately the Serbian government has offered regional autonomy to the Kosovo Albanian people, with Serbia still controlling foreign policy and taxation of Kosovo. Compare news bulletin on: http://www.lycos.de/startseite/news/welt/show_story.html,,db_id=19115/serbien-will-kosovo-entmilitarisieren-und-souveraenitaet-behalten.html

[4] The elections for a Serbian president failed twice in 2004, because less than half of Serbia's population participated in the elections. The result of the third –valid-election was a very narrow win for the democrat Boris Tadic in 2004, competing with Ultra-Nationalist candidate Seselj.

[5] Included here is also the Roma population, often referred to as "gypsies" but more important in terms of number is the Hungarian ethnic minority in Vojvodina and the ethnic Albanians in the south. See Djorde Tomic's "Vojvodina- the political aspect, regional organisations and initiatives in Vojvodina".

staying in power.[6] As a matter of fact this situation became especially evident during the Serbian wars in Yugoslavia, but it continues to exist even today. We can still observe cross-border nationalism with reference to "minority rights". Examples are Kosovo's Serbian minority as an example of Serbian Ultra-Nationalism in the Kosovo region, but also Hungarian politics for the Hungarian people in Vojvodina, granting them the extraterritorial right of being a "citizen" of Hungary.

The view on the role of national minorities in peace building and creating political stability is therefore quite ambiguous, often making them a target for national and antidemocratic propaganda from irredentist parties or political leaders.

Taking into consideration that the European Union is trying to integrate the Western Balkans as a whole, especially Croatia and Serbia, the question arises as to whether the multiethnic and multinational regions can be utilized to build "bridges" in civil society through cross-border co-operation as part of a two-track integration strategy of the European Union. The minorities in Serbia, in Vojvodina and Kosovo search for possible solutions for a better regional political integration, and aim at not depending on a Serbian central statehood and tax system alone. In a way, the multiethnic regions represent a "Balkan political avant-garde," uniting local, regional and national identity. So the national minorities can on the one hand be regarded as an obstacle to democratic evolution, making the stabilisation of state institutions and representation in the political process more complicated. But on the other hand they put democratic identity issues into political processes and put forward issues of multiple identity and democratic peace.

Education and political culture

As reflected upon at the outset, post-war Serbia is still very busy with its own national identity and questions of guilt for wartime cruelties. Paradoxically, the fall of the Milosevic regime has not had the effect of a general democratisation process of society and a change of political culture. There was even a backlash in nationalism after the fall of the Milosevic regime in 2000 that became obvious with an ultranationalist candidate for presidency almost coming into power in

[6] Croatia's F. Tudjman was regarded as a charismatic leader whose power was based mainly on ultranationalist mobilization.

the 2004 presidential elections and the ultranationalist party being the strongest faction in the Serbian parliament. These results are proof of a lack of democratic culture in Serbia with informal institutions and unequal structures of power present everywhere.

National myths are widespread, praising Serbian uniqueness and lowering the status of other ethnic groups. Only in the spring of 2005, when a video of the Srebrenica massacre was shown to the Serbian public, did doubt set in for the first time among a huge number of people as regards their "heroic fight" for Serbia in civil war.[7] This may be the beginning of a new democratic conscience in Serbia, strengthening human and minority rights and making them a common issue among many people who even today are nostalgic about the Milosevic era.

Conclusion: Education as a key to a democratic culture in Serbia?

A very important and yet often neglected issue is the use of national myths in history books. It is very difficult and takes a long time to deconstruct them and make space for new ideas. Recently a history book for the common history of South-Eastern Europe and the Balkans was published in Greece as an avant-garde project in the region.[8] "The aim of history books should be to inform about historic events without being biased in description," says Nenad Sebek from the Centre for Democracy in Thessaloniki. "But here in South Eastern Europe we have achieved this way of teaching yet. We have done research in the eleven countries in South Eastern Europe, and came to the conclusion that history is taught in a very simple way: We are the good guys, the others are not good. We have always been the victims, and have never been the aggressor." [9] A commission of historians then decided to prepare a book in the last five years

[7] See interview with Sonja Besirke (Helsinki Committee for human rights) who in spite of this assumes a growing isolation of Serbians in Europe because of little progress in dealing with their own past and being much too uncritical about their own history, especially in regard to Kosovo issues. (21.9.2005, Fokus Ost-Südost, http://dw-world.de/ostfokus)

[8] See interview with Nenad Sebek (Centre for democracy Thessaloniki) (19.9. 2005, Fokus Ost-Südost, http://dw-world.de/ostfokus)

[9] Translation by Eva Dangendorf, see Original text on the www. Geschichtsbuch als Beitrag zur Versöhnung in Südosteuropa, 22.09.2005 http://dw-world.de/ostfokus.

in the English language, which now has to be translated into the ten languages used in the Balkan states.[10] But even with the translation in progress, the more difficult problem is to introduce the four-volume history book into the various education systems of the Balkan states and to the teachers and historians who will try to stick to their old way of history teaching and history textbook writing.. Because of this, they will probably go on reproducing the national myths and master narratives of the 19th and 20th centuries which can be made responsible for the "ideological warfare" that caused civil wars and national mobilisation in Serbia and the other republics of former Yugoslavia in the 1990s.

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[10] The five year project was financed by the German and the US ministries of foreign affairs as well as by the Stability Pact for South Eastern Europe

OPTIONS OF PARTICIPATORY APPROACHES IN RURAL DEVELOPMENT. THE EXAMPLE OF THE MORAVIAN-SILESIAN MICROREGION OF OSOBLAŽSKO

VERONIKA HOFINGER

Cohesion policy and the development of rural, peripheral areas

Rural peripheral areas in Central Europe are among the "losers" of transformation and there is some risk that they will also become the "losers" of Europeanisation. Given the growing gap in wealth and dynamic development between the national capitals and the national peripheries, European Cohesion policy is a matter not only at the national, but also at the regional level.

One of the non-material benefits of EU funds is the integration of participatory approaches into guidelines, so that there is a strong incentive for participation within processes of regional development.

In terms of European spatial development, cohesion denotes the attempt to even out the differences in wealth between the member states of the EU. However, the difference in wealth between central and peripheral regions is within most European countries larger than the difference between the largest agglomerations in different states. In the Czech Republic, the capital Prague has a GDP per capita (PPP) well above the average of the EU-25 and more than twice as high as all other Czech regions. What is more, the agglomerations also experienced a faster GDP growth than the predominantly rural regions during the transformation phase[1].

The term "rural" describes a specific socio-economic structure, which is expressed also in physical appearance of landscape and settlement and in the way of life of the population. Rural areas are frequently defined negatively as "non-urban" areas. On the one hand, this denotes a complementary relationship between rural and urban areas, but on the other hand the definition

[1] Programový dokument SROP 2004, Kap. 2, Ekonomická výkonnost; www.stukturalni-fondy.cz

as "non-urban" is symptomatic of the difficulties which lie in summarizing the characteristics of the highly heterogeneous "rural space". Therefore the term "rural" is here specified by the term "peripheral", as the Microregion Osoblažsko is situated at the state border at a relatively large distance from cities and agglomerations and has thus diminished opportunities to profit from the development of "poles of growth".

However, "periphery" is a relative term. At the EU level, "periphery" often refers to the northernmost Scandinavian regions. At the Central European level, the Microregion of Osoblažsko lies within the space between the agglomerations of Wroclaw, Kattowice, Ostrava, Brno and Vienna—a space which is well on its way towards becoming a European growth region. However, the concepts of growth regions (similar to the West-European "Blue Banana" discussed in the 1980s and early 1990s) neglect the fact that dynamic development concentrates on selective poles of growth—the spaces between these poles do not necessarily take part in the growth of the agglomerations. Thus peripheries remain within the transnational "areas of growth".

In rural peripheral areas, market forces do not necessarily create positive development. On the contrary, growth of wealth in the cities may occur simultaneously with a decrease of economic activity in the periphery and even cause this development by the reduction of qualified working force.

Peripheral rural areas in Central Europe therefore share some elementary challenges. One long-term, yet nevertheless urgent problem is the loss of population due to the lack of employment opportunities. The consequences are out-migration of young and qualified persons and a relative increase of a non-productive population in the rural areas (social selective migration). The concentration of remaining socially disadvantaged persons causes further marginalisation (reduction of infrastructure, services, education opportunities). Regional disparities thus influence the risk of social exclusion in the sense of an exclusion of regional population from opportunities. If we follow the development theories of divergence, we can state: Disadvantaged regions develop into disadvantaging regions—this is the main reason why intervention is considered necessary[2].

[2] ARL (2005), S.1034

European cohesion and rural development policy are attempts to create similar opportunities for life in different areas by levelling out the imbalances created by market forces. Intervention occurs through national or EU programmes or—mostly—a combination of the two.

Some facts about the Osoblažsko Microregion

The Osoblažsko Microregion comprises nine communities with about 30 settlements. The largest settlement is Osoblaha with ca.1,150 inhabitants; it lost its historic town status in 1960. The population of the Osoblažsko Microregion decreased from over 20,000 in 1840 to ca. 16,000 in 1930 to nowadays ca. 3,770 persons. The end of World War II brought about an almost complete exchange of population (in 1930, over 98% of the population were Germans). This not only meant a break with the traditional social and economic relations and a loss of local knowledge, but also brought about problems with resettlement. Resettlement was connected to political pressure on the settlers, so that fluctuation within the new population remained constantly high. This is one reason for the weak regional identity which is evident today.

The area of ca. 150km¸ touches the Polish border in the north, east and south. From 1945 to 1990 the border regime was very strict and the closest regular border-crossing was more than 80 km away. Thus, the border had a highly dividing effect in terms of infrastructure and social and economic life.

The landscape is hilly with a high percentage of fertile land under intensive agricultural use. About 24% of the employed population works in agriculture—before 1990, it was over 70%. There are a few smaller private firms now employing up to 30 persons. In some villages, the unemployment rate exceeds 50%. In most of the villages a high percentage of houses is used only for weekend recreation (100% of all houses in the villages Piskořov, Pelhřimovy and Studnice). The landscape has been identified as one of the most important potentials of the Microregion. However, apart from very attractive scenery, there are also huge stretches of fertile, but rather monotonous agrarian landscape. Due to decades of intensive, quasi-industrial agriculture, soil and water are heavily polluted.

This situation was the incentive for a development initiative which brings together locals, scientists and officials. The stimulation of a regional discourse

aims at developing a perspective for future development, and setting free and interconnecting the potential existing within the region.

Informal planning approaches

Efforts in rural development have been made by national states for many decades and under different regimes. However, the effect has been rather little and problems persist or have even increased. State intervention prooved to be schematic and hence ineffective. One decisive point is that state intervention in many cases struggles against the market forces—and these all too often prove to be stronger. Increasingly complex questions of rural development due to the competition between regions and the differentiation of challenges faced by rural areas go beyond the capacities of hierarchical formal planning.

In many EU countries, complementary "Informal planning" approaches have come into use. These are applied additionally to the formal planning approaches established by planning law. Among these informal planning approaches are "Bottom-up" initiatives, which aim at the creation of development opportunities from within the region by focussing on internal regional potentials. Informal planning contains autonomy from the sphere of state activity during the decision process; nevertheless it is closely related to the opportunities offered by the state (expertise, financial means). EU and national programmes make provisions for bottom-up approaches, and the initiative LEADER+ even demands a central role of local actors in the co-decision-process.

Participatory approaches

Participation in spatial planning denotes the co-decision possibility of the affected citizens ("stakeholders") and institutions of the civil society in different stages of the decision-making process. In some cases, when the interests of citizens are directly affected, the right of participation is guaranteed by law. In many more cases, it is optional. Nevertheless, there are good reasons why optional forms of participation are being applied.

Who is to participate?

The question of who should be involved in participatory action depends strongly on the spatial level and on the topic in question. At the EU level, the EU Commission defines "Civil society" very broadly as including the social partners (trade unions, employers organisations), organisations representing social and economic players (e.g. industrial organisations), NGOs, human rights organisations, charities, professional associations, grass roots organisations and organisations that involve citizens in local and municipal life with a particular contribution from churches and religious communities[3].

Logically, at the local and regional level a higher number of individual citizens is involved, and correspondingly a lower number of organizations. The aim of participation is the establishment of a broad discussion leading in the ideal case to a broad consensus. The precondition therefore is to reach a broad representation of population; that is, all relevant social groups should be included.

This raises the question of how to identify relevant groups of stakeholders. Social divisions may occur along ethnic, socio-economic and/or educational lines. However, if concrete plans are concerned, the formation of groups of common interests is likely. People who thus far did not have contact with each other establish coalitions when they discover common interests. The duration of these "coalitions of interests" is usually limited to the duration of the concrete case. Pragmatically, networks that already exist (informal and formal institutions) are encouraged to participate. However, problems linked to the motivation of potential participants, the stimulation of a broad societal discourse and the establishment of medium- and long-term networks are quite common.

Groups of local actors

In the Several groups of local actors have been identified in the Osoblažsko microregion. They bring in various potentials, which are to be interconnected:

- Representatives of the communities (mayors): they usually enjoy a high degree of local authority, which can be used for the motivation of participants and organizational tasks on the spot; moreover they dispose over elementary information on economic and social conditions in the community.

[3] Commission of European Communities (2001), p.14

- Farmers, who in the case of the owners of large estates are also important employers; with regard to plans and measures dependent on land resources they play a decisive role as landowners.
- Owners of small and medium-size firms as employers and potential for economic development; they may provide specific professional knowledge and carry out work related to development projects (building, processing of raw materials etc.); moreover, they act as private investors.
- Representatives from the sphere of culture and education (teachers, priests, journalists); they act as initiators and organizers of cultural actions and as multiplicators in terms of passing information and the formation of public opinion.
- Local citizens and local citizens' initiatives (NGOs) deliver an in-put of ideas and different kinds of local knowledge, organize actions in the cultural and social sphere, and have some degree financial capacities at their disposal.
- Owners of recreation houses; they dispose of incomes higher than those of most of the local residents and potentially form a "bridge" to the towns and cities of the region (social and political resources).

Additionally, external experts are involved who offer specific technical or process-related knowledge and eventually may act as impartial negotiators in conflict situations:

- Scientists from universities and scientific institutions dealing with relevant topics (ecology, economy, tourism, infrastructure, regional development)
- Officials from relevant authorities (agencies, offices of regional administration); they contribute expertise, knowledge on legal alternatives and contacts to relevant formal institutions.

In areas with an enduring high out-migration, the remaining population often tends to behave passively. The larger the social differences, the harder it is to create full-fledged participation across the divergences of education, local hierarchy, social status and political orientation. Intraregional co-operation can be imagined as a "market place" of potentials. Each of the groups or individuals integrated in the process of participation brings in some kind of potential—formal political power, informal power of opinion-building (charisma/prestige),

knowledge, ideas, financial means, ownership of land, contacts or just personal commitment. The position of the individual within the decision-making process is largely determined by the degree to which the specific potential is valued according to objective and subjective criteria.

Participatory approaches are applied in order to open up new paths of development and to translate ideas and concepts into action. At the beginning, however, the competing behaviour of the actors prevails. One interim goal of participatory approaches is therefore to stress common interests and to support compromises which are not pressed through by local elites, but are at least acceptable to all.

Why do we need participation?

Experience shows that the sustainability of projects can only be guaranteed if the needs and capacities of the local population are taken into consideration. The people affected by measures of development have a right to influence decision-making, which is legitimised by elementary democratic principles[4]. Thus, participation fulfils functions in the following fields:

- Legitimating of decision-making by fulfilling democratic principles
- Ensuring stability of development ("sustainability") by guaranteeing support within the region and continuity after the end of project funding
- Strengthening of regional identity
- Activating and creating local knowledge and capacity building

The need for participation depends also on the topic to be decided on. The more long-term the commitment needed from within the region, the more intensive participation makes sense. For the utilization of internal development factors (potentials) comprehensive participation is very effective. In projects focussing on external factors, which can be influenced only to a minimum degree from within the region, participation often has merely a legitimating function.

The starting point in the microregion of Osoblažsko was that the communities represented by their mayors and a number of citizens recognized that the region was all the more lagging behind during the transformation process. It is a widely held opinion that EU-membership is not likely to bring

[4] Danielzyk (1998), p.91

about fundamental changes, but rather more difficulties for agriculture in this respect. Thus, in the beginning there was just one common, very simple idea: We have to do something about that.

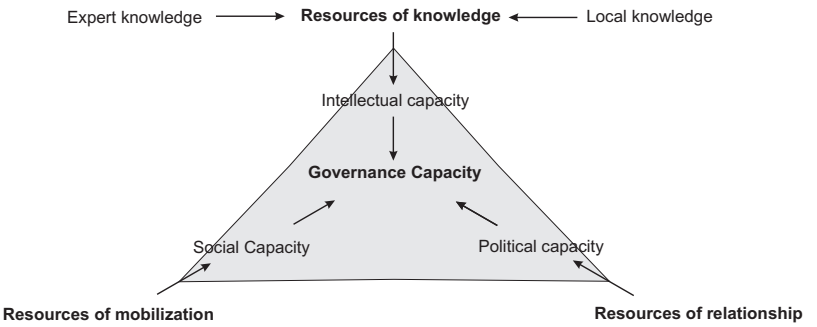
The next step was the discursive identification of potentials which could be used to enhance positive development from within the region. Internal potentials of the microregion of Osoblažsko have been identified as the high ecological and aesthetic value of the landscape, the fertility of the soil, the cultural heritage, a surplus of buildings which could be used for the establishment of non-emission industries, successfully evolving activities in the field of tourism, and the commitment of local citizens. This last statement is of special importance, as it was obvious that the complex challenges could not be managed by the badly-equipped communal offices. As the priorities of development lie within the socio-economic and ecological sphere, it was clear that local firms, farmers and representatives from the cultural sphere should play a vital role as partners for development.

Participation and Governance

In this context should be considered new modes of governance and capacity building. The establishment of "good governance" is a means of improving the use of existing capacities. Governance denotes "new modes of regulation including participation of actors of civil society"[5]. The "Governance Capacity Model" (Figure 1) shows which different kinds of knowledge should be used to enhance capacity building within a region. At the same time, the model makes clear which groups of actors are usually involved in the regional capacity building process.

[5] FICHTER-WOLF, 2004, S.3

Figure 1: *Governance Capacity Model (after FICHTER-WOLF, 2004, S.4; slightly changed by the author*



The term "local knowledge" denotes knowledge which exists in a certain place as a resource ("tacit knowledge"). Knowledge may exist in the form of expertise (e.g. local professionals in agriculture, building, social affairs, education etc.), but also as knowledge about local interrelations, social relations, conflicts etc.[6]. This knowledge should be activated, as it is essential for the understanding of the local conditions. Information and knowledge are vital elements of good governance. Local knowledge is advantageous for the establishment of networks, but it is also activated, interlinked and created by networks. Participation is thus not only a means of democratic decision-making, but through the establishment of communication-networks it is also a means of reproduction of regional potentials.

Forms of participation

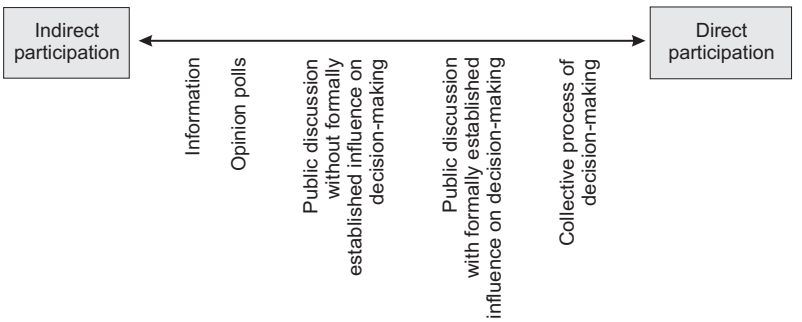
In practise, a distinction is made between direct and indirect approaches of participation, according to the degree to which competences of decision-making are ceded from formal planning institutions to civil society. Indirect participation means that the public is merely being informed about plans and measures, but cannot exercise any influence over decisions. Direct participation comprises the possibility for the civil society to influence decisions and take over responsibilities.

Depending on the various goals of public participation, various ways of including the population in the decision-making process can be applied.

[6] KNORR-SIEDOW, 2004, S.8

Examples of measures and their position on the scale between indirect and direct participation are shown in Figure 2.

Figure 2: *Examples of measures of participation; their positions on a scale between indirect and direct participation show, to which extent the public takes part in decision-making.*



In general it can be stated that the higher the degree of participation is, the higher are the chances for materialization and sustainability of projects, however much effort is spent in reaching decisions. Thus the level of participation decided on is usually a compromise between what is necessary and what is attainable under a specific situation.

In a relatively small region like the microregion of Osoblažsko it is possible and reasonable to introduce direct forms of participation. In practise, this approach combines meetings, discussions, brainstorming and involvement of external experts from universities and state institutions. Additional publicity is obtained through the launching of articles in the regional press and broadcasting on regional TV and radio stations. Neither should local festivities be underestimated; in particular, the groups of the population with more passive behaviour can be addressed by the combination of events and information which is presented in an entertaining way (expositions, quizzes, rallies). Moreover, festivities support development regional identity and communicate a positive internal and external image of the region.

In order to establish sustainable local action, a "leading board" is needed in order to coordinate activities, pass information and organize meetings. Mayors

act in this context as local coordinators and brokers of information, and play an important role in organising meetings and applying for support from public funds. It is advantageousfor external institutions to be involved as well; their representatives provide expertise, and may act as impartial mediators in the event of internal conflicts.

Due to the geographical location of the area on the Czech-Polish border, co-operation with Polish communities is an important goal and fostered by the Euroregion Praděd/Pradziad. Many problems can be tackled in a pragmatic way through cross-border co-operation. For example, a cross-border emergency call has been introduced, as Polish hospitals can be reached faster than Czech hospitals. While the institutions of the Euregion overtake important tasks in establishing contacts, actual success often depends on the interplay of the individual local actors.

An atmosphere for co-operation

In order to create an atmosphere encouraging innovative approaches, it is important to offer a regular forum for participants to discuss, develop ideas, exchange knowledge and reach decisions in an effective, satisfactory way. Important steps are:

- Identification of the specific motives and interests of local actors
- Identification of common interests and accordingly the formation of coalitions of interest (creation of win-win-situations)
- Creation of action groups dealing with specific topics
- Agreement upon overall goals and priorities of future development, correspondingly agreement upon partial priorities within the action groups
- Identification of strategic projects, their goals and required steps
- Involvement of actors in the materialisation of projects (public-private partnership, support for regional economy)

The involvement of actors from various backgrounds, with different interests and accordingly different conceptions for future development implies that conflicts might arise at each step of the decision-making and implementation process. Reasons for conflict are on the one hand differing interests and ideas, and on the other hand personal conflicts, which often have a long history and are not linked to the project as such.

It is normal that in the beginning a competitive situation prevails. Every actor tries to push through his/her ideas, not only for the sake of the matter as such, but also as a question of hierarchy. It is all the more important to reduce conflicts to their factual content and to point out alternatives, which might be at least acceptable or—in the better case—advantageous to all concerned parties.

More conflicts are likely to arise as financial questions are put forward. At this point, competences have to be made clear: Who acts as an applicant for funds? Who bears the costs of working force and capital investment? When projects enter the phase of materialization, broad participation is pragmatically reduced in order to guarantee a certain freedom of action for the responsible institution or group of actors. Thus, the elementary conflicting interests must be settled before the goals ofthe projects are attained. Participation is also a question of the right timing.

Bohušov—a community with its own dynamic

In the Osoblažsko Microregion the implementation process is still in the making. So far, the main targets of development have been identified and several related scientific studies from various disciplines have been completed. The realisation of development measures will still be subject to many rounds of discussion. Success depends on a complex combination of factors.

The example of the dynamic community of Bohušov illustrates how the process can work on the local level. The village (ca. 280 inhab.) focuses on using its picturesque landscape with fishponds, a river, a mix of fields, pastures and forests, an old castle and other elements of the architectural cultural heritage for the development of recreation activities. The community owns cabins and a hotel with about 60 beds, took part in the national programme for the revitalization of fishponds (fishing licenses are being sold to tourists) and has initiated thematic recreation programs (guided tours, cultural programme). The demand for summer recreation is mainly generated in the industrial agglomeration of Ostrava, which is about 100km away, and the locals know quite well which kinds of recreational activities are attractive. A local citizens' initiative successfully runs a steam-locomotive on the local narrow-gauge railway (one of the last in Central Europe), and a local businessman has bought the old castle with the surrounding forests in order to establish a ecological-

historical theme park, which will also be accessible to handicapped persons (possibly co-operation with the neighbouring community of Dívčí Hrad, which focuses on social projects). These initiatives have inspired several local farmers, who were struggling to earn a living from their farms, to offer apartments for recreation. The largest local farmer, who works on 1600 ha, is committed to hunting tourism with a high share of clients from Germany and Austria. A new citizen's initiative is now starting to produce and commercialise alcoholic drinks out of local fruits, and thereby tries to revitalize the tradition of fruit-growing in orchards.

The case of Bohušov might seem to be just a small step, but taking into account the desolate state of the community some years ago, it has a very important effect on the motivation and creation of self-esteem not only within the community, but also as an example for neighbouring communities.

Problems and open questions connected to participation

It should not be concealed that certain problems continue to remain unsolved. Symptoms of lack of participation and support from population manifest themselves in different ways, and by far not always in the form of outspoken criticism. Vandalism, passivity and absence (exclusion?) of a specific group from meetings are non-verbal expressions of opposition. Seemingly undisputed projects might reveal deeper problems. To provide but one example, vandalism. The preparation of a hiking route around a castle is anything but a difficult topic of discussion, mainly if it is initiated by the landowners concerned. However, within a very short time after the information desks along the route had been put up, most of them were destroyed by unknown persons. The reason might be envy at citizens able to buy land after 1990, or just an expression of the existing social exclusion of some groups. Whatever the reason is, this example shows the limitations of participatory approaches, but it possibly also points out the need for comprehensive approaches which directly tackle social problems. It seems not to be enough to await the spread of the effects of regional economic development.

Participation is mostly selective and tends to reflect established patterns of social in- and exclusion. Taking into account long-existing social exclusion in

the local context, it must be stated that the involvement of excluded groups into direct participation demands special and very concentrated efforts.

Another threat of exclusion tends to appear during workshops with (socially included) local actors and external experts. Due to the generally lower level of education in rural areas, which reflects the economic structure, there is a threat that locals and experts do not speak the "same language". What is meant to be a perfect, informative presentation of facts provided by an expert may leave other participants at a loss or even provoke distrust. There is a high sensibility towards measures imposed "from above", which is probably the consequence of negative historical experience.

Challenges and open questions

An important role in the set-off and realization of local initiatives falls to EU-funded programmes and initiatives. At the moment, EU cohesion and structural funds represent one of the most important and high-rated external factors to rural development in the New Member states. However, practise reveals some deficiencies, which should be challenged on the political level.

One point is a certain frustration about EU-accession, which is caused by the high hopes related to EU-accession. After accession, the difficulties of receiving money from European funds became apparent very quickly. It is mainly the small communities in structurally disadvantaged areas which lack the personal and financial capacities necessary for successful applications. The amalgamation of communities is linked to great efforts in terms of organisation, time and decision-making. Moreover, the fluctuation in the decisive political and administrative positions seriously endangers continuity.

The rather close definition of measures apt for financial funding introduced by the relevant national programmes sometimes seems to be opposed to the aim of exploring individual solutions. In the "identification" phase of project management, the central task is to adapt the aims of regional development to the requirements of the programme documents. Eagerness to gain financial support often leads to an overestimation of the prescribed criteria at the expense of reflection on the real needs in the locally given situation. This can be interpreted as an obstacle to the development of the innovative potential of a region, as the power of imagination is suppressed by highly standardized criteria. On the

regional and local level, there is some lack of consciousness that funds are meant to pave the way to self-sustaining development, and are not the central aim of development projects.

Another point is a certain inconsistency between the central EU-target of cohesion and the demand for competition between regions. Of course, competition is an important incentive for change and improvement. However, cohesion even within a meso-scale region is not easy to uphold, when it comes to the competition for financial means from funds. How does the competition between regions affect the competing concepts of regional, national and European identities? Here there arises what could be called a "regional exclusion": Regional identity-building on the meso-level tends to lead to an exclusion of neighbouring (competing) areas. Can the combination of different programmes (e.g. LEADER and INTERREG) offer a real solution?

The last challenge I would like to mention is the question of democracy on the different levels of the European political system. On the one hand, EU-funded programmes and initiatives like LEADER enhance or even demand basic and democratic elements like direct participation at the regional level. However, criticism of a lack of democracy within the central EU institutions is frequent and cannot easily be rejected. The demand for direct participation on the regional level threatens to lose credibility, as the impression of a lack of democratic co-decision at the highest levels gains ground. Nevertheless, participation at the regional level makes sense—change is rather needed in terms of democratic approaches within the EU institutions and their policies and the communication of achievements to the public.

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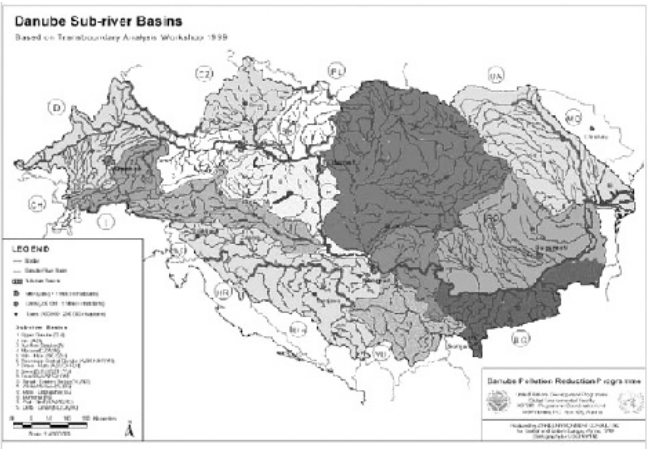
DEVELOPMENT OF THE APUSENI MOUNTAINS (WESTERN CARPATHIANS) THROUGH REGIONAL CO-OPERATION

Radu Cristian Barna

Today the people in the world are limited neither by space and time nor by capital and goods. This is why the Apuseni Mountains are no longer a "national asset": wealth/richness is created in those mountains by many foreign firms, tourists and organizations from a host of different countries, all contributing to the progress of this region. Now the Apuseni Mountains belong to the world heritage and they participate in the spiritual development of all those who spend their holidays there. Consequently, their progress and preservation are no longer a matter of concern only for those who live there permanently and for the Romanian Government but also for all of us who live in the region. The Tisa River hydrological basin covers a substantial part of Romanian territory and is entirely delimited by the Carpathian Mountains. Ecological accidents that took place in 2000 and in March 2005 in the superior watershed and their effects on the rivers upstream with resulting transboundary influences proved the necessity of a regional approach to environmental protection and the active involvement of riverside countries in establishing common strategies and programs for preventing and reducing the risk of accidental pollution. Knowledge about potential sources of risk is a first step in this direction[1].

Environmental assessments and the establishment of improvement and conservation measures must be performed in the context of sustainable development principles and the development of a specific national legislative and institutional framework. The regional context and the lack of borders related to environmental issues request legislative and institutional harmonization in riverside countries.

[1] The Regional and Environmental Center for Central and Eastern Europe, Country Report: Romania, www.rec.hu



Source: The Regional and Environmental Center for Central and Eastern Europe

The Apuseni Mountains

The creation of the Apuseni Mountains is the work of millions of years of earth movements and of two rivers, the Somes and the Mures, which have cut their way through to the river Tisa. The Apuseni (Western) Mountains are not high mountains, the tallest peak being only 1.848 m, and human settlement extends to the highest altitudes. The wonders of the Apuseni are not above, but underground. Hidden in deep valleys are extensive limestone formations that give rise to some spectacularly eroded scenery. It turns out that the whole region is like a big chunk of Swiss cheese[2], thoroughly carved by underground rivers for millions of years. The forests hide sinkholes, which are like magical gates to the kingdom below. The most impressive is called the Castle of Ponor, where the powerful river managed to pierce a passage through a whole mountain, giving birth to an immense natural bridge. Another unique place is a cave called the Living Fire, which owes its name to a curious lighting effect: the summer sun shines through a tiny opening at a precise time of the day, and bounces off the glacier inside the cavern, illuminating the walls with a strange glow and giving the impression that the glacier is on fire.

The Apuseni Mountains represent one of the most interesting tourist sites in Romania. The karstic rocky relief (about 400 caves), as well as the specific flora and fauna are as many reasons for calling these mountains a natural reserve. The

[2] www.patrir.ro

inhabitants of this zone, the "moti", good wood-workers, are renamed for all the domestic-use wooden tools they produce. Besides the various karstic relief (Cetatile Ponorului, Padis, Groapa Ruginoiasa, Poarta lui Ionele, Ghetarul de la Scarisoara, Focul Viu etc.), a point of interest is the Gold Museum in Brad, where visitors may see a huge collection of gold nuggets, but also traditional tools used for extracting gold (this activity is over 2000 years old in this area)[3].

Regional economy

In Romania, a country labelled as "in development", the Apuseni Mountains are one of the poorest regions. The area has been declared a disadvantaged one due to its economic and social underdevelopment. During the communist era, the extensive exploitation of the mountains led to a great concentration of a workforce that is now over-represented and underqualified. The infrastructure is also in a very bad shape.

People have survived here mostly by means of a most archaic agriculture and to some extent by the sale of wooden products. The intensive exploitation of the wood allowed, in the short term, an improvement in the material situation of the inhabitants, but in the medium term they continue to remain very poor, and in the long term, this activity is obviously destructive. As regions, even in Romania, gain more and more financial autonomy, the immediate solution was to cut the forest, which led to the decline of all other activities. In the context of globalisation, agriculture, mining or forestry are no longer profitable activities for this region, and I think that the only serious solution and real opportunity for development in the region is tourism (compared to gold mining as we will see later). But tourism, even if we could hear some echoes, is almost non-existent in the area. There are some hotels in some valleys of the mountains and also people who go holidaying there, but the way tourism is understood and planned as an economical activity is very backward. Tourism has never been seen as a viable solution and most of the time it has been ignored, because the development of a tourist network, in the majority of the zones beginning from zero, would have implied significant investments. This situation persists because in order to receive, the Apuseni Mountains have to offer something. Probably

[3] Vasile Netea, Muntii Apuseni, Muzeu istoric si Pantheon al poporului roman, Ed. Sport-Turism, Bucuresti, 1977.

the most negative aspect is the perception that the inhabitants of the region have toward tourism and related services. Many people in the region cannot even understand how tourism can be profitable and what they could sell to a tourist. Thus, the only solution seems to be education and foreign investments, but also the involvement of people like us, interested in the development of our region. It is a fact that the most accessible tourists for its promotion, those from the neighbouring regions, are ignored, but also that the inhabitants of those regions ignore the Apuseni Mountains.

A variety of programs and projects for the development of the area are running:

Tourism as way of development

For Spain, France or Italy, tourism has become the first industry in the country and at the same time the first job provider. In Europe alone there are many regions that have based their development on tourism and some of them are living thanks to it, and it is well known that for each job in tourism there are created another two in annex activities. That is why everywhere in the world the trend is to develop the offer at the maximum, and find the consumers' motivations in order to better answer their expectations. Among these motivations one can mention therapeutic, contemplative or pilgrimage practices, which arise from a fundamental otherness of the natural environment, and most sporting practices, for which nature is no more than a favourable surrounding[4]. But more important nowadays, the choice of the holiday is conditioned by imitation values such as cultural standards and thus, by holiday selling procedures. Leisure time has to bring to the consumer the improvement of his image and the place where the holiday is spent has to place him in an advantageous stage in his entourage. Because of this positioning, the fashion effect has gained a huge importance.

It is agreed that the tourist product is built by the juxtaposition of 3 elements:

- a positive image;
- facilities adapted to demand;
- good infrastructure.

[4] Yvette Veyret, Les Montagnes, Discours et enjeux geographiques, Ed. Sedes, Liege, 2001.

One can realise how difficult the selling of a tourist product can be: a stay in a mountain resort thus depends on factors that cannot be influenced by the seller, such as the roads, governmental marketing and so on. The image, not only of the place of stay, but of the entire region and country is extremely important. Local economy, sport, culture and of course the natural environment complete alongside to create a regional image which is the motivational root for a stay. Ireland for example has succeeded in the creation of a very good image for tourists by utilizing the myths of the "green Land", tranquility and the approach to a preserved nature. Romania, like some other Eastern countries, has a very bad image concerning the environment and security. For those who have already visited our country it is well known that people here do not have an ecological culture, nobody cares about the environment and more than that, that there are no structures to implement a real protection of the environment. As an example, the scouts from western countries who come in the Carpathians on clean-up drivess, despite their goodwill, will take home an image of cultural backwardness, and we know that among tourist motivations, the most important are the change of scene, relaxation and the desire to enlarge the horizon. A country with an image of backwardness, dirt and insecurity cannot attract tourists.

The extension of leisure, the progress of means of transport, the inconveniences of urban life and the development of new sport activities arouse the attraction of nature for a mostly urban public in search of contact with nature and with their dreams, in a recreational, mythical and possibly somewhat strange environment.

Tourist development involves the existence of infrastructures to facilitate access to the place of stay and the mobility there, and one has to dovetail the environment with the desires and the imaginary of the tourists. The result will be a modification of the territory and the opening of confrontation fields between different economic activities. Industry, for example, can disturb the tourist in many ways, from noise or smell to the roofs of buildings or in our case, the eyesore of abandoned factories. Among other motivations, the consumption of nature is a very high priority with tourists, and in order to get them on our side we have to make some compromises with nature.

In many western countries, improvement in agricultural profit has left a lot of space available for wild animals and for reforestation. The problem is that often those territories are eroded and no longer compatible with the life of wild animals, but in spite of that situation some countries have considered the repopulation of disappeared species. This decision hurt the interests of the tourist service providers, who claimed that, for their customers, security was one of the most important factors in the choice process. The survival of the local population being linked to those activities, they did not have the choice to choose between tourists or wild animals; in Switzerland there was no ecological whimsy on the subject, because tourism is too important for the economical and social equilibrium of the country.

The exodus of the rural populations to cities, beginning in Romania with the industrialization of the sixties, has now slackened because of the recession of the transition. This migration will start again when Romania becomes a member of the EU because of an increase in productivity and competition logic, traditional life in the mountains being unsatisfactory from the economical point of view. Tourism can also, to a certain extent, remedy this tendency and put down roots for rural populations, because besides the specific jobs in tourism, other work places will be created in industries and services linked to the leisure industry. These could be in commerce, services or in administration. For this to occur, the intervention of local authorities is very important not only for investment and in the creation of protected areas in order to grow the regional attraction, but especially to develop the "tourist" spirit of the local population. It concerns in a high degree the comprehension of the investment processes, of tourist structures and the modelling of a new behaviour oriented toward services. It is necessary to transform peasants into guides, hotel agents or employees of different promotion agencies. That is why it is essential to give them the necessary education and the independence to look to their own interests and the interest of their region. Tourism could generate a high dynamic of development, the only condition being the mobilization of the good will of the decision-makers and to create a specific educational framework. The knowledge that people could accumulate will make them the main players in the region. Spending their lives there, they would be also more sensitive to the environment, the result being the formation of a virtuous circle of local development and environment protection.

And this will increasingly be the case in the future, because if in fact today the entire rural population in Romania works in agriculture, this situation will change, as we can see in France, where only 13% of the rural population has agriculture as its main source of income[5].

We should be able to predict any changes in the public or the inhabitants' need in order to be capable to anticipate the effects on the environment, taking into account the development projects for cities, resorts or infrastructure networks. The orientation towards customers or the financial aspect should not precede the general objective that is the preservation of the natural heritage.

The communist period left us an inheritance in tourism characterized by inadequate and unaesthetic constructions that are difficult to restructure. In these conditions, it is often more profitable to build a new resort, therefore investors are tempted to abandon the old structures, something that is unacceptable for the environment because of the occupied but unused spaces that remain. The various investment projects should be framed by common interest rules and by administrative constraints in order to direct the investments towards sustainable development. Investments should be based on the best distribution of economic activities based on the human and natural resources in a geographical area. Territorial planning involves an environmental transformation process, which should take into account the scarcity of natural resources.

Taking into account the cultural aspect of each region and its inhabitants, we are tempted to include people among the scarce resources. When in contact with a tourist, locals change. By definition the tourist is the more modern and the tendency is to imitate him. The tourist's habits and behaviour are examples. Again, the communities have to encourage tradition by offering financial support and by promoting local culture. Financial support is essential, not only in the early stage—the case with Romanian tourism—but also during the developmental stage. It is very important to avoid the concurrent use of space—which can have ominous effects on the environment—, to encourage economic activities and to ensure legal competition. Direct funding and subventions should be granted in order to minimize geographical handicaps and additional costs. It is necessary to use fiscal incentives such as exemption from the payment of various taxes and most importantly to facilitate access to credit accounts.

[5] Yves Madiot, Amenagement du territoire, Ed. Armand Colin, Paris, 2001.

In some Romanian regions we can at present talk about the "Missing Middle"—the impossibility of having a credit account and therefore to invest—which is the main cause for these regions being undeveloped.

There are reasons to believe this situation will change, and agro-tourism is a very good example. Farms are not only developing, but they are doing so by making the most of local resources. A major component of the farmers' multilevel activity and of the diversification of their revenue, agro-tourism may be the only way to achieve the development of an economic exploitation with its self-financing capacity blocked by the regression of benefits. A virtuous agriculture–tourism–environment circle is created, making it easier to overcome the profitability point. Agro-tourism is not only going back to one's roots and health benefits, but also a way to discover local cultures and towards a public opinion with a favourable bias concerning the countryside. Certain products related to the forest such as grains, plants, different fruits, mushrooms or honey may be of local interest in the same way as developing extensive activities like hunting, fishing, equestrian farms and animal parks. Both the inhabitants and the tourists should feel at home in a farm, hotel or resort in order to maintain a perennial activity. In the same way as the tourist has to feel the "value" of his/her vacation venue, the services provider has to be proud and satisfied and to see it as the future for his/her children.

The role of communities is to transform the region into a local cultural centre. Michael Casteights[6] underlines "the symbolic capitalization of the centre rather than the peripheries. This hierarchy of different areas and of their central placement determines also the morphology of space and the status of its inhabitants". Building a centre will influence the inhabitants' attitude towards their environment through a harmonious coexistence of activities, and will enhance their sense of identification with their region. Being a part of the centre they will no longer need to go somewhere else and will be able to do everything in one place.

Promoting local landscapes will be all about taking advantage of their particularities by mobilizing this diffuse cultural ensemble by adapting to potentially sensible to ecological issues visitors. People are increasingly

[6] Michel Casteights, L'amenagement de l'espace, Ed. LGDJ, Paris, 1999.

consumers of "nature/natural" products, the world population is growing, and the regions neighbouring the Apuseni Mountains have a high economic growth rate that is an encouraging matter. Tourists could be attracted to our rusticity and to our culture providing that they are the objects of an adapted communication process.

We should not forget about tradition. From a strictly commercial point of view, traditions can create a much-wanted competitive advantage and can be the difference between the "countries famous for tourism" and us. In spite of the inevitable ominous effects on the environment, tourism can be an opportunity for it. Instead of impoverishing both the environment and the inhabitants of a certain region, tourism can be a life source providing the efficacy of the legal system[7]. The legal system is responsible for distributing incomes from tourism, creating an adequate educational system and creating a propitious image of the region. The tourists are only expecting a model to preserve the environment.

It is important to develop and to build, but not at any cost; the physical characteristics of a resort establish the heating conditions, the water springs and the richness of nutritive elements in the soil, which establish the presence of vegetation and animals. The resort's conditions evolve in time since the climate, the relief, the soil and the tourists are changing. Therefore, the choice to build must take into account these changes and adapt the objectives in order to achieve a long-term development. The long-term development, according to The World Commission on Environment and Development, "allows satisfying present needs without compromising the future generations' ability to satisfy theirs". The long-term development raises the question of intergenerational and interregional solidarity that should be integrated in our development schemes.

Sustainable tourism means an optimal use of resources, biological diversity included, the minimization of cultural, social and ecological impacts and in the meantime, the maximization of all benefits derived from the conservation of traditions and local communities. It also means that the management of all structures and organizations, the aims of which are precisely those mentioned above, have to adapt themselves to the long run objectives. Sustainable tourism is situated at the intersection of the needs of today's tourists with those of the host region, protecting and developing opportunities for the future. It is

[7] Bernard Pecqueur, Le developpement local, Ed. Syros, Paris, 2000.

therefore seen as a rather complex domain: the management of all resources has to be very efficient, so as to satisfy the economic, social and esthetical needs, to maintain the cultural integrity, the biological diversity, and to support the systems which work toward the growth of the living standard. Unfortunately, in the Apuseni Mountains, on the one hand people are subject to poverty, though this situation can be solved; on the other hand, the mountains are subject to a real and organized aggression, which in the long term could lead to a disaster that could not be overcome. That is why a protective legislation is not enough; people who live in the region have to take care of their own interests and to protect the mountains, and we are convinced that this can be done only through education.

"Rosia Montana", exemplification of why we need to co-operate

Praised by the business sector and criticized by the civil society, the Rosia Montana gold mining project prepares for excavations in the Apuseni Mountains, to create the largest opencast gold mine in Europe. A site is currently being prepared for production of gold due to start in 2005. Over the gold mine's estimated 17-year life span, 300 tons of gold and 81 tons of silver will be extracted annually using cyanide technology[8]. The project is run by Rosia Montana Gold Corporation, a joint venture between the private Canadian company Gabriel Resources Ltd. (80%), the Romanian state-owned Minvest SA Deva (19,3%), and small shareholders (0,7%). This mining activity requires an investment in excess of USD 400 million. In a recent move, the World Bank refused to participate in the USD 250 million loan for the controversial project. The International Finance Corporation (IFC), the bank's private-sector lending arm, announced in October 2002 that it was abandoning negotiations with the Canadian company Gabriel Resources Ltd. over a loan that was to back the mining project. The bank's involvement would not have exceeded USD 100 millions. The decision was taken during the World Bank's annual meeting in response to heavy criticism from activists that the bank was backing environmentally dubious projects, such as Rosia Montana. The international coalition includes Alburnus Maior (from Rosia Montana, Romania), CEE

[8] Savulescu Alexandru, Gold, cyanides and excavations in the hearth of Transylvania, Danube Watch, www.icpdr.org.

Bankwatch Network, Friends of the Earth International, Greenpeace CEE, Mineral Policy Center (Washington DC, USA) and Mining Watch Canada.

In order to be economically feasible, the project would transform the valley of Rosia Montana, the oldest documented settlement in Romania, into four open-pit mines. The neighbouring valley of Corna would be converted into an unlined cyanide storage 'pond' covering a surface of up to 600 hectares, held back by a 180-meter high dam. The pits would generate roughly 196.4 million tons of cyanide-laced waste. Two years ago, an accidental cyanide and heavy metals spill at another Romanian gold mine, Aurul Baia Mare, affected almost 2,000 kilometres of rivers in the Danube river basin, contaminating the drinking water supplies of 2.5 million people, and killing some 1,200 tons of fish. Remembering the Baia Mare accident, Frits Schlingemann, UNEP Regional Representative for Europe, warns against risks coming from new mining projects that relay on the use of cyanides: "At this stage of development, a country like Romania, which has serious problems with floods and other natural disasters, is not yet prepared to cope with the risks of another cyanide spill-over. I am sorry to say that none of the two proposals made in the wake of the Baia Mare accidents were yet taken seriously by the Romanian Government"[9]. The first proposal was a river management plan and possibly an international convention for the Tisa River Basin, including the interests of the downstream countries, and a potential financial contribution of Hungary to prevent future accidents. The second involved more the local population. "A lot of damage could be prevented if the downstream population was better informed"[10] said Schlingemann. Of course, decisions regarding potentially hazardous investments, such as the USD 400-450-million Canadian-Romanian open-pit gold mine in Rosia Montana are rather complex, "one of the clear issues being the split between employment needs and environmental hazards"[11]. Recognising the complexity of the issue, and hoping to find directions to follow, Romanian environmental authorities turned their heads towards the European Commission. But Anne Burrill, principal administrator for the collaboration with European third countries at the Environment Directorate-General, says that any decision

[9] www.alburnusmaior.ro

[10] Ibid.

[11] Ibid.

regarding the project will have to be taken at the national level. According to Burrill, there are three reasons for that[12]:

1) Romania is not a EU member;
2) There are no EU funds involved in the project;
3) The EU has no specific legislation regarding cyanide gold mining.

Following the Espoo convention[13], the Environment and Water Ministry from Hungary has made an impact study on the environment in Hungary. The results have produced a host of critics over the past years, among them that of the Hungarian environment minister, who asked for measures to stop the disastrous project. So, the Hungarian Parliament decided on the 12 of October 2004 to ask the EU to persuade Romania to stop the project, and the Hungarian prime minister, Ferenc Gyurcsany promised a few days later to help the region with many other investments if the project would be abandoned. He said that the creation of some underqualified jobs for a very limited period of time couldn't be an argument for the destruction of eternal mountains.

To the same end, the Association Rosia Montana has organised the 26-28 August "Hay Party Rosia Montana", a festival with a varied arts and sports itinerary, aiming to draw attention to the region and to show to the people the beauties of the mountains,the best Romanian music groups coming to entertain 15,000 visitors. It is the biggest summer-party in Romania and also the most entertaining, because of the very original competitions taking place during those three days, among which is the Hay Jumping, giving the Hay Party its name.

[12] www.rosiamontana.ro

[13] Convention of the European Union policies on transboundary impacts.

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FULFILMENT OF THE GOALS OF THE LISBON STRATEGY THROUGH REGIONAL CO-OPERATION

Iveta Fabianová

Introduction

At the Lisbon Summit in March 2000 the heads of 15 EU member states set themselves a strategic goal for the next decade, namely to transform the EU, by 2010, into "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion."

External events since 2000 have not helped achieving the objectives. What is more, the European Union and its Member States have clearly themselves contributed to slow progress by failing to act on much of the Lisbon strategy with sufficient urgency. This disappointing result of their performance is due to an overloaded agenda, poor co-ordination and conflicting priorities. However, the key role played has been the lack of determined political action, mostly in the biggest EU member countries.

There are 250 regions in the European Union, each with a different level of development and wealth. With the ten new members, disparities among the regions have become even worse thanks to the poor economic and social conditions of some of the newcomers. Therefore, regional co-operation could play a crucial role in enhancing EU-competitiveness and boosting its economic potential.

The key words in regional competitiveness today are innovation, networking, exchange of skills and experience, and co-operation, whether interregional or transborder.

Key factors in regional competitiveness[1]

In its seventh Report on European Competitiveness (2004), the European Commission's DG Enterprise defined the five principal factors in regional competitiveness. Accessibility was in pole position. Many studies show that regions which are well served by intermodal transport—being close to an international airport or with a regional airport connected to an international hub were judged as key advantages—and a modern telecommunications network were in a prime position. A strong entrepreneurial culture, with the ability to connect innovative enterprises to academic or research centres in the public or private sector, was just as important as the presence of high-tech clusters in attracting fresh investment or business. Enlightened regional government or an active public authority, able to create a common vision, build a strategy and bring partners together complete the list of factors for success. Bringing partners together is particularly important in encouraging a multidisciplinary approach to development, stimulating interaction and creating public/private partnerships. Co-operation in turn is a vital element in the transfer of skills and exchange of experience, and this helps develop the information society.

Regional Policy and Co-operation

The regional policy of the European Union helps less-developed regions to improve their economic and social development. It is based on solidarity, partnerships and co-operation.

There are three main objectives on which the Structural funds concentrate. Namely:

- to help regions whose development is lagging behind to catch up
- to support economic and social conversion in areas experiencing structural difficulties
- to modernize training systems and to promote employment

European regional policy is financed through the four Structural Funds. In all the member states of the EU they exercise a multiplier effect on the economic and social factors in order to stimulate the economy of a region.

The European Union has started four Community Initiatives to find common solutions to specific problems affecting the whole Union:

[1] Assembly of European Regions, Dossier No. 8/2005, p.4

- Interreg III
- Leader+
- Urban II
- Equal

Slovakia participates in two of the Community Initiatives: Interreg and Equal.

INTERREG

In 2004, the European commission approved nine new programmes for cross-border co-operation among regions of new member states, candidate countries, and neighbour-countries. There are also four programmes in which Slovakia is involved.

The primary goal of the INTERREG III, which is a continuation of INTERREG II, has been and still remains that national borders should not hinder balanced development and integration of the European territory.

The importance of improved co-operation between border regions within the Community remains significant, with benefits for both sides. The challenge becomes even greater, when we take into account Europe's enlargement, the growth of Europe's internal borders and their movement in an eastern direction.

The financing of the INTERREG programme focuses mainly on the support of joint development of small and medium enterprises, education, training initiatives, cultural exchanges, health services, protection and improvement of the environment and development of energy, transportation and telecommunication networks in border regions.

In this regard, the goal of the new round of the INTERREG III programme for the years 2000—2006 is to strengthen economic and social coherence in the European Union by promoting cross-border, trans-national and interregional co-operation and balanced development on EU territory.

Implementation of the INTERREG III must ensure cohesion and synchronisation with other financial tools. Activities within the INTERREG are financed from the European Regional Development Fund (ERDF); the co-financing of projects must be ensured from the applicant's own sources, or from the national or local budget.

According to the published financial framework for structural funds, the Slovak Republic should receive from the European Commission 36.8 million Euros within the INTERREG programme (all three aims A, B, C) between 2004 and 2006.[2] According to the experience of EU member states and according to INTERREG guidelines, the allocation of funds between the three aims should look as follows:[3]

INTERREG III A—ca. 80-85 %

INTERREG III B—ca. 10-15 %

INTERREG III C—ca. 5 %

Based on Government Resolution No. 359/2002, it was decided that the Ministry of Construction and Regional Development of the Slovak Republic would become the managing authority for INTERREG III A, the Ministry of Environment of the Slovak Republic for INTERREG III B and the Ministry of Economy of the Slovak Republic for INTERREG III C. As results from this resolution, the mentioned institutions are obliged to prepare a strategy to implement the INTERREG programme.

INTERREG III A programme, which, after Slovakia's entry to the European Union, replaced the Phare Cross-Border Co-operation (PHARE CBC) programme. In principle, INTERREG III A is a continuation of the PHARE CBC programme, which created favourable conditions for convergence of the people through joint projects in border regions of Slovakia.

The strategy of the INTERREG III A programme is based on the National Development Plan (NDP) and is an extension of the Sectoral Operation Plans (SOPs), which were prepared in connection with Slovakia's preparation for structural funds. Unlike the PHARE CBC, which concentrated on large-scale investment projects with projects costing up to 2 million EUROS, the INTERRREG III A programme focuses on the support of smaller, mainly non-investment projects aimed at developing cross-border contacts (known as people-to-people projects).

[2] Strategy of the Ministry of Construction and Regional Development of the Slovak Republic for successful implementation of the INTERREG III A programme.

[3] Strategy of the Ministry of Construction and Regional Development of the Slovak Republic for successful implementation of the INTERREG III A programme.

There are four programmes of INTERREG III A in which Slovakia participates:

- Slovakia—Austria
- Slovakia—Poland
- Slovakia—Czech Republic
- Slovakia—Hungary—Ukraine

INTERREG III C programme presents a new branch of INTERREG which focuses on inter-regional co-operation. It is based on experience acquired from other financial measures and structural funds. Its main aim is to enable the use of experience gained during the implementation of the structural funds programmes as well as relevant regional policies. In this way INTERREG III C can maintain contact with distant regions and develop the existing co-operation network by involving a maximum possible number of European regions. This should help intensify the co-operation in Europe. Slovakia is involved in the "East Zone" of the programme.

Since 1993 there have been 12 euro-regions in Slovakia. The Government of the Slovak Republic helps the regions with the financial support from the Ministry of Construction and Regional Development. It also established an independent System for support of euro-regional activities (SPERA), which helped the euro-regional institutions manage their projects and perform their activities. In the Slovak regions there are 31 regional development agencies that are currently active in providing support for the regions.

In 2003 and 2004 there were 99 applying projects of which 66 were supported by the Ministry. In the year 2005 about 9 million SK should have been invested in support of the euro-regional activities of which 6 mil SK should have gone on projects which concentrate on deepening cross-border co-operation, co-operation with higher territorial units, and members of the integrated networks of regional development agencies. Three million SK should be invested in activities of the regional associations, whereas the Ministry can support one project with up to 300 thousand SK. 10% co-financing must be ensured from euro-regions' own sources.[4]

[4] Hospodárske noviny (daily newspaper), 13.4.2005, p.17

Euro-regions in Slovakia:[5]

- Euro-region Váh–Dunaj–Ipeľ
- Euro-region Beskydy
- Ipeľ–Ipoly Euro-region
- Euro-region Bílé–Biele Karpaty
- Euro-region Neogradiensis
- Euro-region of the Danube community
- Euro-region Tatry
- Euro-region Slaná–Rimava
- Carpathian Euro-region
- Euro-region Kras
- Euro-region Pomoravie
- Euro-region Košice–Miskolc

Examples of Euro-Regional Co-operation in Slovakia

Beskydy Euro-region

The region has an area of 4,473 sq km and more than 900 thousand inhabitants. It involves border areas of Slovakia, Poland and the Czech Republic and could be the leader of tourism in Slovakia. The District of Žilina has signed agreements with the District of Katowice, the District of Krakow and Ostrava. The co-operation is supposed to enhance the economy of the Districts, small and medium enterprises, local planning, environmental protection, road infrastructure, as well as tourism and intercultural issues. The border regions have great opportunities. The province of "Slaskie" is the most industrialized region in Poland, the province of "Malopolskie" belongs to economically strong regions in Poland and its area holds six national parks and 80 natural reservations. The region of "Moravskosliezsko" has a significant position in the metallurgical, power, chemical, and pharmaceutical industries in the Czech Republic. In previous years there were some projects financed by the Ministry of Construction and Regional Development of the Slovak Republic and the programme Phare. Most of the projects concentrated on promotion of tourism in the euro-region of Beskydy. However, there still remain some problems with

[5] Ministry of Construction and Regional Development, www.build.gov.sk

their implementation. Some of these are the lack of action, old governmental agreements among the Czech Republic, Slovakia, and Poland which do not correspond with the undertaken steps in the countries, reform of the legal system, large-scale centralism and undervaluation of the principle of solidarity. What is more, the relevant help in cross-border co-operation from the regional development agencies is still absent. A common information centre or web-site is not available. The reason for this inefficient action is long-term and difficult adaptation on the part of the regions to their new competencies in regional development and cross-border co-operation. Regional programming and planning is undervalued. There are no executive competencies in euro-regions, there are no executive competencies in the dividing of grants for cross-border co-operation. There is insufficient use of gained experience and of personnel potential in the creating of strategic and development plans.

Neogradiensis Euro-region

The region is one of the best examples of the developing Slovak—Hungarian cross-border co-operation in the region of Banská Bystrica. The euro-region was established as an association of legal entities in March 2000. Its Slovak area includes the districts of Lučenec, Poltár, and Veľký Krtíš, the Hungarian area being the district of Nógrád.

In 2001–2002 both sides created strategic development plans. Since its creation the regional co-operation has been devoted to project activities, mostly in the form of exhibitions and conferences held for small and medium enterprises, and to the development of Slovak–Hungarian economic relations. They have also presented an urban study of the cross-border area of Lučenec–Salgótarján, organised regional information meetings and a joint "Region Kontakt" business exhibition in Lučenec. In 2002 they created working groups for the development of an activities strategy in the region, organised language courses and an international conference on increasing of quality in education. Currently they are concentrating on the individual results of their co-operation. They have conducted a study on construction of a bridge over the river Ipeľ and carried out the "Programme of economic and social development" of three micro-regions in Lučenec, Poltár and Veľký Krtíš.

The Austrian-Slovakian Border Region

On the Austrian side, the Austrian-Slovak programme area includes the three Lower Austrian NUTS III regions of Weinviertel, Wiener Umland Nord, Wiener Umland Süd, Nordburgenland and the capital, Vienna. On the Slovak side, it includes the counties of Bratislava (with the urban districts I-V and the districts of Malacky, Pezinok and Senec) and Trnava. In historical and economic terms, it has long existed as a region with two urban centres, and that heritage is to be revived.

The region has developed dynamically since the opening up of the borders — it is highly dynamic, advancing from a low level in Nordburgenland, which is also true for the Bratislava Region in Slovakia (the strongest region in Slovakia).

Despite the progress achieved in catching up, it is the disparity in the levels of prosperity and development, with all of the positive and negative consequences this implies, that poses the greatest challenge to the goal of establishing functioning cross-border relations.

Contacts and exchange at the personal, economical and political levels have a long tradition along this border region and offer an excellent starting position for establishing and intensifying relationships on a regular institutionalised basis.

There are many factors which make the Austrian-Slovak border region interesting and potentially successful:

1. Its central geographic position (intersection of three countries and very good accessibility).
2. The Vienna–Bratislava–Győr triangle is highly attractive to potential investors and has positive development perspectives.
3. Long-term existing cultural and social relationships between the two capitals (economic and political centres).
4. Highly qualified labour force and high level of qualification and education of the population. (University centres)

Companies from Vienna are the biggest investors in Slovakia and represent almost 50% of all Austrian investments. From 1,700 Austrian companies that are operating in Slovakia 750 come from Vienna. For the last three years the number of firms from Vienna has increased by 200.[6]

Bratislava has a very strong potential to co-operate successfully with the Austrian border region. Some of the most important strengths of Bratislava region are:

1. Very favourable education level of its inhabitants.
2. It is the strongest economic centre of Slovakia with the highest share of foreign investment and high economic activity.
3. It has a multi-branched structure of economic basis and activities with the prevalence of tertiary sector.
4. There is a strong position of small and medium-sized enterprises with supra-regional importance.
5. Bratislava is a centre of research institutes, universities and other educational institutions and facilities.
6. Transport accessibility on the national and international level is in a very good condition with a complex transport system.

The international cross-border region of Vienna-Bratislava is a prime example of regional co-operation and its beneficial effects on development and growth.

Numerous projects between these two countries are developed within the European Initiative Interreg. For example, one of the projects concentrates on cross-border development of programmes in the area of the National Park "Danube–Auen". Another project is launched by "Osterreich Werbung", the aim of which is to support tourism in the Danube area.

EU programmes such as INTERREG have developed incentives to co-operate, but the clarification of policy priorities and the building of sustainable cross-border institutions are still in their early stages and require more active local engagement. The Vienna–Bratislava region has significant potential to build a learning region. It has a solid knowledge infrastructure, a large knowledge base and expertise provided by numerous universities and Fachhochschulen. Appropriate co-operation between research institutions and firms across the border will not only increase opportunities for growth but will reduce the brain drain and upgrade the technological infrastructure of the Slovak capital. If in co-operation with the national level, regional policy makers succeed in

[6] Hospodárske noviny, special supplement "Rakúsko-Slovensko 2005", June 2005

removing the remaining barriers, actively fostering cross-border interchange and enhancing economic convergence in the area, the Vienna-Bratislava region could become a growth engine in Central and Eastern Europe and a model for other cross-border regions.

One of the most inevitable conditions for the improvement of the cross-border co-operation between Austria and Slovakia is creation of a traffic infrastructure. One part—the joining of Slovakia to the Austrian highway network—is still absent. This linking gap should be finished by 2007. Another obstacle to full exploitation of the opportunities between Bratislava and Vienna remains: a bridge over the river Morava.

On April 24, 2005 a number of applications for financial support within the INTERREG III A were approved by the common managing committee. The projects were selected according to five measures declared in the National Development Plan.

Some of the projects approved:[7]

- Spolu Plus (applicant: National agency for the support of SME) with the total cost of 907 100 SKK.
- Susedia si navzájom pomáhajú (applicant: Slovak chamber of commerce and industry–SOPK) with the total cost of 905 400 SKK.
- IDOSAR (applicant: Slovak agency for development of investments and business–SARIO) with the total cost of 2 393 600 SKK.
- TURISTINFO (applicant: The capital city of Bratislava) with the total cost of 1 276 263 SKK.
- regional cross-border centre (applicant: Municipality Záhorská Ves) with the total cost of 1 985 900 SKK.
- National employment strategy (applicant: Higher Self-government Unit of Bratislava) with the total cost of 4 926 952 SKK.
- ELSTRUC (applicant: Slovak Technical University) with the total cost of 15 620 110 SKK. And others.

50% of the total cost of each of the projects is to be financed by ERDF.

[7] Ministry of Construction and Regional Development, www.build.gov.sk

JORDES+ (Joint regional development strategy for the Vienna–Bratislava–Győr region)

The most perspective region among more than 400 researched within Europe appeared to be the Vienna–Győr–Bratislava triangle.

A very important impulse for foreign partners and investors is a successfully developing group of big companies with foreign participation. To the most important belong the companies Volkswagen, MOL/Slovnaft, Henkel, Sasol, Coca-Cola and others.[8]

The project aims at setting up a common development strategy for Vienna–Bratislava–Győr region, the focus being the development of a regional planning and project development strategy that can be coordinated and accepted between the partners and the political organs in the region.

Conclusion

Regional development policy is one of the key factors of a successful Europe. Innovation, SME (small and medium enterprises) networking and co-operation are the key to regional competitiveness and its sustainable development.

The position of the euro-regions in Slovakia has been improving. However, the lack of personal involvement of the management and people working in individual regional agencies and unclear delegating of executive competencies contribute to a relatively slow development and inefficient use of personnel and financial sources. There are many challenges and opportunities in regional co-operation that have not been used yet and that could provide great potential for the future economic and social development of the Slovak regions and contribute to the fulfilment of the goals of the Lisbon Strategy set by the European Union.

Therefore it is inevitable that the position of the euro-regions in Slovakia remains important in the programme period of 2007–2013. That requires some organisational changes in the inner structures and in the co-operation with individual higher self-government units. Euro-regions are not only classic interest associations of legal entities but they can also be developers of activities

[8] Lysák, L.: Slovensko v procesoch neoregionalizácie, In: Aktuálne problémy svetovej ekonomiky, p.100

in the area of cross-border co-operation. They can significantly contribute to building formal partnerships and provide public services for municipal entities and other institutions. Efficient financing is very important for the long-term and sustainable function of euro-region stabilisation.. Currently the membership contributions do not even cover the operating costs. Therefore the most important source of finance should be successfully implemented inter-regional projects.

An effective international cross-border co-operation requires common structures to prepare the programs, to involve the parties concerned, to select the activities, to control the system as a whole, to coordinate and monitor programme implementation, and to define a common mechanism for controlling individual measures and activities. The partners must set clear rules, make relevant arrangements and provide adequate resources to establish and run such structures, with the option of financing their operating costs from the programme and project results.

How the Slovak Republic and its regional entities will cope with the challenges and opportunities which the cross-border co-operation within the four programmes could offer remains to be seen.

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REGIONAL CO-OPERATION—PAVING THE WAY FOR ACCESSION. ROMANIA'S POINT OF VIEW

Dana E. Bako

Romania has been undergoing a difficult process of transition, remaining one of the region's poorest economies with traditionally limited political and economic links with its Southeast European neighbours [4, 2004]. From the start of the transition Romania made membership of the EU and NATO the main goal of its foreign policy, which resulted initially in a desire to extract itself from the region and to neglect the regional co-operation aspect on its foreign policy. As a result of the EU's insistence on good neighbourly relations—an important criterion in assessing any potential candidate's readiness to join the EU—the issue of developing relations with neighbours gradually captured the attention of officialdom. However, the notion of region as understood by the Romanian elites focuses on relations with neighbouring countries like Hungary, Bulgaria, Moldova and the Ukraine (with which bilateral issues have been raised) or with countries like Greece or Turkey. Romania took a proactive role in settling important disputes over minority rights and borders with Hungary and the Ukraine, which had burdened political relations with these two countries in the past. This paved the way for greater co-operation, making Hungary one of its most important trade partners outside the EU until its accession last year. It has proceeded in signing bilateral and trilateral[1] agreements with the countries in the region and joined all the major regional initiatives like the Black Sea Economic Co-operation (BSEC), the Central European Initiative (CEI), CEFTA, the South East Europe Co-operation Process (SEECP) or the Lower Danube Co-operation.

[1] Trilateral co-operation was initiated with Moldova and the Ukraine in July 1997, with Bulgaria and Turkey in October 1997, with Poland and Ukraine in November 1997, with Bulgaria and Greece in October 1998.

Membership of the Stability Pact for South East Europe

In spite of its difficult transition Romania has been able to maintain political stability, an asset which it has tried to use to strengthen its international standing and to gain a more prominent role in the region. Romania's primary concern is security and economic development, and contributing to progress in these areas is its main motive for promoting regional co-operation. Regional co-operation in trade, infrastructure and communications are deemed beneficial for Romania's economy, which is by far the country's most pressing problem. Significant scope for co-operation exists in infrastructure, energy and political relations among the countries. Regional co-operation is also seen as important in addressing problems which are regional in character, such as organised crime and the environment. The main obstacle to co-operation is low security in the region and a weak and diverse legal framework in individual countries.

Romania has taken an active interest in the Stability Pact and sees itself as both a recipient and a donor. The Stability Pact is mostly perceived as a framework for addressing the problems of the Western Balkan countries and the reconstruction of war- damaged societies in the region of former Yugoslavia. Apart from providing the opportunity to benefit economically from cooperating with its neighbours and to contribute to improved security and infrastructure in the region, Romania perceives the Stability Pact framework as yet another channel it can use as a support for its European integration efforts.

Membership of the Black Sea Co-operation Process

Among the different initiatives for regional co-operation in Central and Eastern Europe launched after 1989, the Black Sea Economic Co-operation Process represents a different type of co-operation because it includes a Member State of the EU [6, 2001], states that are associated with the EU, and states that have signed a Partnership on Trade and Economic Co-operation Agreement with the EU. The co-operation is focused on trade and economic matters but also includes areas such as environment and infrastructure as potential areas for co-operation. Although the BSEC is very much oriented towards economic co-operation, unlike, for example CEFTA, it does not aim at establishing a free trade zone between the participating states, but it is only geared to develop comprehensive multilateral and bilateral Black Sea economic co-operation [4,

2003]. At first glance, the name of this co-operation agreement suggests that one precondition for joining the BSEC is to be a state which borders on the Black Sea. However, since not even all the founding states of BSEC themselves border on the Black Sea, the reference to the Black Sea seems to refer to a rather loosely defined geographical area.

Although Romania declared from the very beginning that it sees this regional co-operation as a step towards Euro-Atlantic integration, not an alternative to it, Romania has proved to be an active participant in bilateral, trilateral, and sub-regional co-operation. For Romania, participation in the BSEC is complementary to the EU pre-accession process [7, 2004]. As a candidate state to the EU, Romania will continue to support and promote the adoption of the relevant components of the EU *acquis communautaire* as a basis for implementing the BSCE objective. As Romania assumes a more dominant place in the region, her integration with Europe gains impetus, and as her integration becomes more certain, the role she plays in her region will become even greater.

Membership of the SEECP

Beginning in April last year, Romania has taken over the Chairmanship of the South East Europe Co-operation Process. During its mandate Romania intends to promote thorough SEECP mechanisms and a coherent policy aiming at giving new impetus to regional co-operation towards stimulating economic growth, while carrying on the record of fruitful co-operation in promoting democracy and respect of human rights and ensuring security and lasting stability in the region.

Romania's progress towards European accession in 2007 has required, among other things, profound structural social and economic reforms, adaptation to the *acquis communautaire* and a preparation of the economy to meet the objectives of the Lisbon Strategy of economic growth, competitiveness, employment and sustainable development. During this process Romania has gained valuable experience, and it is its goal to disseminate this experience across the region, as many problems different participating countries face are similar to those that Romania has had to overcome.

For this purpose the role of the SEECP as a platform for European integration should be enhanced. The key targets of the Platform for European

Integration in South East Europe (as presented by Romania during the Belgrade SEECP Summit, 2003) are:

- to consolidate and coordinate efforts towards European integration of the Western Balkan countries, in accordance with the guidelines established in the Thessaloniki Agenda;
- to make best use of the opportunities offered by the differences in status and experiences between SEE countries in the process of European integration.
- to stimulate an increased solidarity of Western Balkan countries with neighbouring countries that are more advanced in the integration process in order to allow a more efficient transfer of know-how to WB countries, through initiatives originating in the SEECP.

Regional co-operation activities should be better organized so as to provide Stabilization and Association Process countries with more focused assistance with and expertise in EU integration. The European Partnerships for the Western Balkans countries, recently endorsed by the European Commission, represent a new step forward in implementing the Thessaloniki Agenda by providing significant opportunities to deepen regional co-operation in SEE under a European umbrella.

In this respect, the SEECP could make a valuable contribution and be an excellent framework for acquiring experience in the EU integration process.

There is a need for further consolidating and developing a real regional agenda through efforts coming from the region, in application of the concepts of regional ownership and regional leadership. The Romanian Chairmanship in Office envisages a concrete undertaking of responsibility for implementing these concepts by assuming the task of shaping strategies and implementing actions according to the specific needs of the countries in the region.

Regional strategies of reconstruction and development are reaching a point where they can become self-sustainable and self-enhancing, as initiatives like the creation of a regional market for energy and gas enlarge the scope for further regional co-operation.

Moreover, there is a need for promoting the SEECP position as the regional voice par excellence within multilateral fora. Romania will pay special attention

to this objective in the multilateral frameworks by virtue of its new international status (Security Council non permanent membership for 2004-2005, NATO membership and EU candidateship).

Romania pays special attention to co-operation with other regional initiatives. Romania is willing to initiate an institutional process of consolidating the SEECP as a forum for dialogue and political consultations on the common concerns of the region and of co-ordination and enhancing synergy among various regional initiatives (Stability Pact for South-Eastern Europe, Southeast European Cooperative Initiative, Black Sea Economic Co-operation, Danube Co-operation Process).

In order to achieve these objectives Romania has set the agenda for the time it holds the SEECP Chairmanship:

1. Political objectives and ways of action

- Enhancing the role of the SEECP as a platform for European integration by making best use of the existing institutional mechanisms: EU-Western Balkans Forum, Informal Consultative Committee -ICC- (comprising the Stability Pact, the EU Presidency and the SEECP Chairmanship), European Partnerships launched by EU.
- Consolidating the parliamentary dimension of the SEECP, in accordance with the guidelines of the Thessaloniki EU-Western Balkans Summit of June 2003, by organising a Regional Parliamentary Conference for South Eastern Europe (at the level of presidents of the Committees for Foreign Affairs/ European Integration from the parliaments of the SEECP countries).
- Initiating a reflection process at expert/think-tank level on the developments and perspectives in Kosovo.
- Sustaining the aspirations of Republic of Moldova regarding its participation in the SEECP.

2. Economic objectives and ways of action

- Enhancing regional energy co-operation by developing a regional energy market and promoting the Regional Electricity Stock Exchange in Bucharest, complementary and in close co-ordination with the Athens process.
- Sustaining small and medium-sized enterprises.

- Strengthening local democracy and cross-border co-operation.

3. Objectives and ways of action envisaged in the area of security issues and Justice and Home Affairs

- Launching a "Joint campaign on combating organized crime and corruption in South Eastern Europe" by organising in close collaboration with SPSEE the first conference in the region of both Ministers of Justice and Home Affairs of the SEECP countries. Launching an initiative of adopting an "Anti-Corruption Charter" for the States in the region.
- Bringing the activities of the Regional Centre for Combating Trans-border Crime in Bucharest closer to the work of the SEECP.
- Creating a Task Force on visa regimes in South Eastern Europe, aiming at supporting, at technical level, the countries in the area to bring their legislation and institutions in line with the EU acquis. This approach will be to the benefit of the Western Balkans countries with the view to better prepare their dialogue on a bilateral basis with EU Member States and institutions.
- Combating terrorism by promoting the initiative of adopting a Charter of Anti-terrorism Solidarity among the States in South Eastern Europe. Developing the military dimension of regional co-operation in South East Europe
- Promoting NATO candidateship of the Adriatic Charter countries while continuing the "open doors" policy of the Alliance in the Western Balkans
- Sustaining within SEECP the projects regarding transfer of experience in the military reforms field
- Engaging South East Europe, through the SEECP voice, in improving the transatlantic dialogue, by sustaining the convergences of NATO and EU objectives regarding consolidation of stability and reforms in the Western Balkans countries.

As the current Ministry of Foreign Affaires has recently stated in a press conference on Romania's foreign policy [5, 2005], all partnerships to the East, including partnership with the Ukraine are built on any opportunity offered by any democratic process already launched or under way. Romania considers

that, by offering European solutions, it can develop, and build a European neighbourhood.

Cross-Border Co-operation Programme 2004-2006

As the European Union has stated, it aims to develop a zone of prosperity and friendly neighbourhood with its Eastern and Southern neighbours. In order to achieve this, the Commission envisages the creation of a new Neighbourhood Instrument "which builds on the experience of promoting cross-border co-operation within the PHARE, TACIS and INTERREG programmes" and which could focus "on ensuring the smooth functioning and secure management of the future Eastern and Mediterranean borders, promoting sustainable economic and social development of the border regions and pursuing regional and trans-national co-operation. This project has taken on the form of a Cross-border Co-operation Programme [2, 2004], trilaterally elaborated for the Hungarian-Romanian and Hungarian-Serbian border areas using funds from INTERREG III, PHARE CBC and CARDS.

The overall aim of the programme is to bring people, communities and economic actors of the border area closer to each other in order to establish a sound basis for balanced economic and social development, assuring optimal development opportunities for all three countries. This approach is in harmony with the idea of the European integration, thus the famous phrase of Jean Monnet is also a motto for this strategy: "we are not forming coalitions between States, but union among people".

On these grounds, the main elements of the joint cross-border development strategy shall be based on the identification of the topics where common interests can be established and developed. These core elements could be formulated as follows:

- The physical and infrastructural barriers hindering co-operation shall be further eliminated.
- Establishing common business interests shall drive the improvement of the level of economic co-operation and prevent the economic divergence of the border regions of the three countries.
- The natural features of the area represent valuable assets that may only be safeguarded through joint interventions.

- Knowing each other is the basic requirement for both economic and social connections, which shall be reflected in the priorities given to social and cultural links.

From this overall aim of the programme the following specific objectives could be formulated:

- To establish and develop the physical and infrastructural systems supporting co-operation.
- To establish and develop a joint system to protect and capitalise on common natural resources promoting sustainable development.
- To reinforce economic connections between the border regions in order to boost sustainable economic development building on joint assets.
- To develop social and cultural coherence among people and communities.

These objectives would be achieved by implementing a set of specific measures:

- Improving cross-border infrastructure.
- Addressing common challenges in the field of environmental protection and flood prevention.
- Development of business infrastructure and joint business services.
- Supporting co-operation of enterprises.
- Encouraging co-operation between institutions and communities
- Promotion of co-operation in the field of RTD and human resource development.

CONCLUSION

Romania's regional policy in South-Eastern Europe will be governed by three necessities: Romania's offensive assertion, as an interested party in the promotion and pursuit of its own direct, economic and political interests; the policy of good-neighbourly relations; and regional co-operation, having at stake Euro-Atlantic integration of the south-eastern European states.

Romania has the opportunity in its capacity as chairman-in-office of the South-Eastern European Co-operation process to become involved so much as to make its presence in the regional processes indispensable, and not

optional. Romania has the chance to be present with all it can offer, politically, economically or culturally. And it deserves to be.

Romania intends to contribute to the stability of the neighbouring regions. It intends to signal the necessity of border security and the necessity of good administration of illegal migration, to participate in combating organised crime and trafficking in persons. It is our contribution to the making of European policy that is going to define us for the next two years.

Romania intends to add a new focus on the Danube Co-operation Process, perhaps the best pretext to be in Central Europe, although, geographically we belong to South-Eastern Europe.

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REFORM AND DEVELOPMENT PROCESS IN THE EUROPEAN AGRICULTURE SECTOR - THE COMMON AGRICULTURAL POLICY AND THE LISBON STRATEGY

GORAN KRNJAIĆ

The Common Agricultural Policy (CAP) appears as the formal result of a widespread necessity for synchronisation of EU organisation in agriculture (economics, bio safety and animal welfare) as well as food stock exchange. A recent survey shows that European citizens appreciate the benefits of changes in the ways CAP supports farmers and rural areas. 66 % of EU citizens consider the adjustment of CAP from a system based on production-linked subsidies to one which funds the protection and development of the overall rural economy (as well as providing direct support to farmers) as a good thing.

On 2 February 2005 the European Commission relaunched the Lisbon Strategy for the European Union (EU). The strategy seeks to tackle the EU's urgent need for higher economic growth and job creation and greater competitiveness in world markets. It is a major EU policy priority. The Lisbon Strategy aims to provide people with a better standard of living in an environmentally and socially sustainable way.

The guiding principles for the contribution of CAP to the Lisbon Strategy were set by the European Council in Göteborg in 2001 and confirmed in the Lisbon Strategy Conclusions in Thessaloniki in June 2003: they include "strong economic performance" that goes hand in hand with "the sustainable use of natural resources".

These principles have shaped recent CAP reforms.

Without CAP, many rural areas of Europe would face major economic, social and environmental problems.

Rural development measures, in particular, can play a significant role in fostering and maintaining prosperity in rural areas. CAP will continue to make a concrete contribution to more growth and jobs in the future.

Parallel agricultural and rural constituency is important. Rural areas cover 90 % of the EU's territory and are home to approximately 50 % of its population. Agriculture and forestry are the main land users and play a key role in the management of natural resources in rural areas and in determining the rural landscape.

Europe's citizens are deeply attached to the diversity of landscape created by the wide variety of agricultural structures and farming types in the EU. Safeguarding this means investing in the future, creating new employment possibilities and encouraging rural diversification. People must be offered opportunities to create wealth as well as long-term rewarding job prospects. That is why the Lisbon Strategy is as important and relevant to rural areas as it is to urban Europe.

CAP has been in a process of ongoing reform since the early 1990s. Reforms have focused mainly on increasing the competitiveness of agriculture by reducing support prices and compensating farmers by the introduction of direct aid payments. A decisive step came in the 2003/2004 with the decoupling of direct aids from production and a realignment of CAP with consumer concerns. This reform was a key step towards a more market-oriented and sustainable CAP.

The new CAP, post 2003/2004, is a fundamental contribution to the Lisbon process.

The new CAP focuses farmers on their businesses and places emphasis on market orientation rather than market support. It removes many of the negative incentives within the old CAP. A more entrepreneurial approach will require a change of culture and working habits in many organisations and will require support and encouragement (both political and financial). This will remain a major challenge in the coming years. For these reasons, the instruments of rural development will grow in importance. An example from Serbia and Montenegro is Agri@cademic, a South Backa regional multisector initiative that will reach the Vojvodina level, spreading the activities towards an international level. Goals that have to be achieved are minimisation of the "Brain Drain" and "Rural

ageing" phenomena by stimulating youth production and entrepreneurship in refinement services through presentation of ambient options in socio-economy and neighbourhood co-operation, followed by transparency of demands for agriculture reform towards CAP implementation. Factual data show that almost 40% of all EU law is in the domain of agriculture, and in Serbian law reform the percentage ratio is 60 (agriculture): 30 (human rights) :10 (other). At present, the focus is actually on Lower Danube region cross-border co-operation, where unfortunately the Banat water catastrophe has appeared as a strong signal for those needs...

A new start for the Lisbon Strategy

Jobs, growth, the environment and a proper social network. These are, in a nutshell, the main concerns of Europe's citizens. The current lack of economic growth affects all of us; our pensions, salaries and our standard of living considerably suffer from it.

If there is no immediate action, a valued social and environmental model will become unaffordable. In the face of international competition and an ageing population, growth could soon decrease to 1% per year (more than half of today's growth).

To avoid this, heads of state and the Government of the European Union met in Lisbon in 2000 and launched a series of ambitious reforms at national and European level. By establishing an effective internal market, by boosting research and innovation and by improving education, to name only a few reform efforts, they aimed to make the European Union "the most dynamic and competitive knowledge-based economy in the world" by 2010.

WE are now half-way through the process and the results are not very satisfactory. Implementation of reform in Member States has been quite scarce. The reform package consists of 28 main objectives and 120 sub-objectives, with 117 different indicators. The reporting system for the 25 Member States adds up to no fewer than 300 annual reports. Nobody reads of all of them.

To remedy this lack of commitment on their part, the Commission proposed to establish a new kind of partnership with the Member States. It also decided to focus efforts on two main areas: productivity and employment.

To make things simpler and more coherent, there shall be just one national growth programme and one EU growth plan.

The European Union cannot boost productivity and employment if Member State do not play their part.

A EUROPEAN INFORMATION SOCIETY FOR GROWTH AND EMPLOYMENT –NEW INITIATIVE I2010

Best-bet investment for growth and jobs

Information and communication technologies (ICT) are a powerful drive for economy-wide productivity, growth and jobs—and are arguably Europe's best-bet investment for the future. A quarter of the EU's GDP growth and 40% of our productivity growth are due to ICT. The ICT industry generates 8% of Europe's GDP and employs 6% of its workforce.

Technology for life

There is good evidence that rapid technological progress has brought us to a turning point in the history of the information society. Widely deployed, ICTs have the potential to transform the way in which we work, live and interact. The digital convergence of media and information services, networks and devices provide unique opportunities: for firms, to modernize their business processes and deliver a wide range of services; for consumers, to experience a range of new media and content services, and for governments, to offer efficient, modern, interactive public services on-line.

New impetus for the Lisbon strategy

"i2010" stands for a package of proactive policies to harness the potential of the digital economy to deliver growth, jobs and modern, on-line public services. It is a key component of the EU's renewed "Lisbon" competitiveness strategy. In the agriculture sector, direct implementation of ICT is perceptible through new farming methods supported by satellite navigation parameters known as "Precision Farming".

PRECISION FARMING

The electronics revolution of the last several decades has spawned two technologies that will impact agriculture in the next decade. These technologies are Geographic Information Systems (GIS) and the Global Positioning System (GPS). Along with GIS and GPS there have appeared a wide range of sensors, monitors and controllers for agricultural equipment such as shaft monitors, pressure transducers and servo motors. Together they will enable farmers to use electronic guidance aids to direct equipment movements more accurately, provide precise positioning for all equipment actions and chemical applications and analysis of all that data in association with other sources of data (agronomic, climatic, etc). This will add up to a new and powerful toolbox of management tools for the progressive farm manager.

Precision farming should not be thought of as only yield mapping and variable rate fertilizer application and evaluated on only one or the other. Precision farming technologies will affect the entire production function (and by extension, the management function) of the farm.

Yield monitoring

Instantaneous yield monitors are currently available from several manufacturers for all recent models of combines.

They provide a crop yield by time or distance (e.g. every second or every few metres). They also track other data such as distance and bushels per load, number of loads and fields.

Yield mapping

GPS receivers coupled with yield monitors provide spatial coordinates for the yield monitor data. This can be made into yield maps of each field.

Variable rate fertilizer

Variable rate controllers are available for granular, liquid and gaseous fertilizer materials. Variable rates can either be manually controlled by the driver or automatically controlled by an on-board computer with an electronic prescription map.

Weed mapping

A farmer can map weeds while combining, seeding, spraying or field scouting by using a keypad or buttons hooked up to a GPS receiver and data logger. These occurrences can then be mapped out on a computer and compared to yield maps, fertilizer maps and spray maps.

Variable spraying

By knowing weed locations from weed mapping spot control can be implemented. Controllers are available to electronically turn booms on and off, and alter the amount (and blend) of herbicide applied.

Topography and boundaries

Using high precision DGPS a very accurate topographic map can be made of any field. This is useful when interpreting yield maps and weed maps as well as planning for grassed waterways and field divisions. Field boundaries, roads, yards, tree stands and wetlands can all be accurately mapped to aid in farm planning.

Salinity mapping

GPS can be coupled to a salinity meter sled which is towed behind an ATV (or pickup) across fields affected by salinity. Salinity mapping is valuable in interpreting yield maps and weed maps as well as tracking the change in salinity over time.

Guidance systems

Several manufacturers are currently producing guidance systems using high precision DGPS that can accurately position a moving vehicle within a foot or less. These guidance systems may replace conventional equipment markers for spraying or seeding and may be a valuable field scouting tool.

Records and analyses

Precision farming may produce an explosion in the amount of records available for farm management. Electronic sensors can collect a lot of data in a short period of time. Lots of disk space is needed to store all the data as well as

the map graphics resulting from the data. Electronic controllers can also be designed to provide signals that are recorded electronically. It may be useful to record the fertilizer rates actually put down by the application equipment, not just what should have been put down according to a prescription map. A lot of new data is generated every year (yields, weeds, etc). Farmers will want to keep track of the yearly data to study trends in fertility, yields, salinity and numerous other parameters. This means a large database is needed with the capability to archive and retrieve data for future analyses.

Several benefits are achieved from an automated method of capturing, storing and analyzing physical field records.

Detailed analyses of the farm production management activities and results can be carried out. Farmers can look at the performance of new varieties by site specific area, measure the effect of different seeding dates or depths and show to their banker the actual yields obtained and the associated risk levels. It is imperative that trends and evaluations are also measured over longer time spans. Cropping strategies to control salinity may take several years to evaluate while herbicide control of an annual weed should only take one season. Precision farming can be approached in stages, in order to ease into a more complex level of management.

Precision farming allows for improved economic analyses. The variability of crop yield in a field allows for the accurate assessment of risk. For example, a farmer could verify that for 70 % of the time, 75 % of the barley grown in field "A" will yield 50 bushels. By knowing the cost of inputs, farmers can also calculate return over cash costs for each acre. Certain parts of the field which always produce below the break even line can then be isolated for the development of a site-specific management plan. Precision farming allows the precise tracking and tuning of production.

Precision farming makes farm planning both easier and more complex. There is much more map data to utilize in determining long term cropping plans, erosion controls, salinity controls and assessment of tillage systems. But as the amount of data grows, more work is needed to interpret the data and this increases the risk of misinterpretation. Farmers implementing precision farming will likely work closer with several professionals in the agricultural, GPS and computing sciences.

Precision farming does not "happen" as soon as one purchases a GPS unit or yield monitor. It occurs over time as a farmer adopts a new level of management intensity on the farm. Implicit in this is an increased level of knowledge of the precision farming technologies such as GPS. What is perhaps more important for the success of precision farming, at least initially, is the increased knowledge that a farmer needs of his natural resources in the field. This includes a better understanding of soil types, hydrology, microclimates and aerial photography. A farmer should identify the variance of factors within the fields that affect crop yield before a yield map is acquired. A yield map should serve as verification data to quantify the consequences of the variation that exists in a field. Management strategies and prescription map development will likely rely on sources other than yield maps. The one important key source of data a farmer should not start precision farming without is an aerial photograph.

RISK AND CRISIS MANAGEMENT IN AGRICULTURE

An important reform domain for safe and confident agriculture production is insurance.

The Commission Communication on risk and crisis management in agriculture looks at possible new measures to help farmers in the European Union manage risk and to provide an improved response to crises in the agricultural sector. Three options that refer to agricultural insurance, mutual funds and an income crisis tool are presented for discussion. In addition, specific training could also help farmers make better use of risk management instruments.

Recent reforms to the Common Agricultural Policy (CAP) encourage European farmers to be more market oriented.

However, crises caused by natural disasters, livestock diseases or plant pests, or economic crises caused by the unexpected closure of important export markets, may endanger a farm's viability or even affect the economic stability of an entire rural area.

Farmers should have access to appropriate risk and crisis management strategies. The Communication identifies three options for encouraging the development of risk management tools at EU level and providing an improved response in the event of crisis:

Option 1 explores the possibility of contributing to the payment of premiums, where farmers take the insurance against natural disasters, extreme weather conditions or disease. The role of reinsurance is also considered.

Option 2 encourages the development of mutual funds for agriculture, by granting temporary and degressive support for the funds' administration.

Option 3 puts forward the idea of new instruments to provide basic coverage in the event of income crises.

In presenting these options, the Commission's aim is to help farm businesses withstand temporary shocks and improve their access to finance for developing their activities. Any new measures would clearly not be intended to offer the kind of guarantees formerly provided by CAP.

The purpose of the Communication is to launch a broad debate on risk and crisis management in the context of the reformed CAP. It fulfils the Commission's commitment to the Agricultural Council when CAP reform was agreed.

The mandate was to examine two issues: how some of the funds generated by the new "modulation" mechanism might be used to finance risk, crisis and disaster measures in agriculture, and whether it was appropriate to include provision for crisis in each Common Market Organisation (CMO), as exists in the beef CMO. This latter option was rejected.

The Communication is accompanied by a Commission staff working document that describes the risks and crises agriculture is subject to and the management measures that currently exist.

Rural development is the key tool for the restructuring of the agriculture sector, and to encourage diversification and innovation in rural areas. Enlargement has changed the agricultural map and getting the restructuring process right is essential for macroeconomic growth. Rural development policy can help steer this process towards a higher value added, more flexible economy—in line with the Lisbon Strategy.

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DEVELOPMENT POLICY VERSUS COMMON AGRICULTURAL POLICY OF THE EU

Lenka Eisenhamerová

"Aid without trade is a lullaby—a song you sing to children to get them to sleep."

Yoweri Kaguta Museveni

INTRODUCTION

The last enlargement of the EU in May 2004 has brought an incentive for the EU to realise important reforms and changes to the existing EU structures. The aim of this paper is to bring attention to one of the EU policies, one which is not working well in its current shape and whose reform should belong among the main priorities of the European community. It is the Common Agricultural Policy (CAP), which negatively affects the economic development of developing countries[1], and thus causes a huge disharmony in development efforts of the EU. This paper will also try to find an optimal solution to how CAP should be reformed to meet the basic domestic social and environmental goals of the EU without harming economic development in the Third World.

DEVELOPMENT AID POLICY OF THE EU

The EU claims to be actively engaged in development. Article 177 of the Treaty on the European Community states that the EU should foster sustainable economic and social development in developing countries, that it should integrate these countries into world economy and campaign against poverty.[2] How successful and coherent is the EU in this effort?

The EU belongs among the world's greatest donors. The commitment of the EU to development has first of all historical and moral grounds. During the colonization era, Europe enriched itself enormously at the expense of its colonies, leaving them in an impoverished state from which they have not yet fully recovered. However, it is not just moral responsibility which leads the

EU to perform such an active role in development aid policy. Maybe an even more important incentive is an effort to establish a close co-operation with the countries of the Third World, because these countries represent potentially very lucrative growing markets in the future. Therefore, the EU Member States use development aid as a means to promote their national political and economic interests.

Nevertheless, the EU is aware of the fact that it is impossible to financially boost economic growth in its former colonies by development aid alone. Therefore, it has often declared its commitment to use trade as a development tool. There is a growing recognition of the theory that trade is the best tool for fostering economic growth. In general, countries with higher international trade participation tend to show higher growth rates.[3] As EU Trade Commissioner, Pascal Lamy, stated: "Our objective is clear: development is our objective, trade the instrument".[4]

The most logical sector in which developing countries could succeed on the world markets would be agriculture. Why? Some 96 % of the world's farmers live in developing countries.[5] These people not only rely on agriculture for a key part of their livelihoods; agriculture represents almost the only sector where they can successfully compete on international markets, since it is a sector where they possess the greatest comparative advantage[6]. Unfortunately the trade rules of the WTO and the agricultural policies of rich countries and trading blocks such as the EU, have made it far more difficult for farmers from developing countries to succeed in the world trade structures than those from developed ones.

THE COMMON AGRICULTURAL POLICY (CAP)

Economic and political reasons for CAP

EU trade with agricultural products has been highly regulated by CAP since 1968.[7] There are many economic and especially political reasons for that. Among the most important is the desire to preserve national heritage, cultural diversity, and to prevent rural unemployment and subsequent depopulation of the countryside and land degradation. Another important factor is the strength of the agricultural lobby. Despite the decreasing percentage of people engaged

in agriculture on the EU level, farmers still have strong organizations to represent their interests. They are very well organised, which enables them to exert enormous political pressure.[8]

Negative effects of CAP on the EU

CAP has had negative effects not only on the economic development in developing countries, but also on the EU itself. CAP is run by a complicated price- setting mechanism. This mechanism should set prices of agricultural products in such a way as to provide EU farmers with a "fair" income and thus to keep them in production. To fulfil this objective, the prices for agricultural products are set artificially high.[9] What are the negative consequences of such a policy on the EU?

First of all, it is a huge burden on the EU budget to finance this policy, which consumes more than half of the EU budget.[10] Secondly, higher prices naturally stimulate agricultural overproduction, which creates problems with their disposal. The EU has to intervene to buy excess supply to keep the prices high. Surpluses are then stored, dumped on international markets, donated as food aid for humanitarian purposes or converted to animal foodstuff.[11] In any case, the management of the surpluses represents another burden on the EU budget. Moreover, high prices provide an incentive for inefficient farmers to stay in production, which causes ineffective distribution of human and economic capital and thus brings economic loss. Furthermore, the EU consumers are forced to pay 44% higher food prices than they would pay without CAP.[12] And finally, the EU is facing international criticism because of continuous distortions of the world trade in agricultural products and because of the negative impacts of CAP on developing countries.

Negative effects of CAP on developing countries

Agricultural subsidies

The EU provides its farmers with trade distorting subsidies to ensure that farmers cover not only costs, but also get a "reasonable" profit. In comparison with huge amounts of EU agricultural subsidies, EU development aid to developing countries is negligible. The EU is the world's biggest user of export subsidies,

accounting for 90% of the world subsidies in 1994-1997. The EU supports its farmers twice more than is the amount of the combined aid budget of the EU and all EU Member States together.[13] As a result of this policy, inefficient EU farmers are encouraged to stay in production, while more efficient farmers from developing countries are unable to compete.

Dumping

Price setting mechanism of the CAP encourages overproduction. The EU buys the surpluses produced by its farmers and often dumps[14] them on the international markets. As a result, world food prices fall and do not reflect the real costs of production. Farmers from developing countries are then unable to compete under these low prices and they are pushed out of production.

Low market access

The main philosophy of the external mechanisms of CAP is to give preference and price advantage to EU agricultural products over imported ones. There are various external mechanisms, which are used to protect EU farmers from competition of cheaper imports. It uses classical means such as tariffs, which reach on average 20% but peak to as high as 250%. Moreover, it uses a quota system and non-tariff barriers such as health and safety standards.

Nevertheless, these protection mechanisms do not apply to all imports from all countries equally. Many countries have special access to EU markets, so called "trade preferences", at least for some agricultural products. Trade preference usually takes the form of a regional trade agreement, which is composed of lower tariffs, higher quotas or other kinds of relaxations of trade restrictions. The least favoured countries are normally subjected to the rules of the WTO.[15]

However, despite various trade preferences offered to developing countries (e.g.: the Everything But Arms Initiative[16]), almost the only agricultural products allowed to enter the EU market freely are tropical or temperate ones not grown in Europe, which thus cannot endanger EU farmers. How is this possible? The EU is under continuous international pressure to remove its trade barriers on agricultural products. As a result, the EU often pretends liberalisation of

agriculture by shifting protection into more covered non-tariff barriers. The Centre for European Policy Studies has published a report concluding that only one third of the imports eligible for tariff preferences actually enter the EU market, since they fail to meet some technical criteria. The Centre admitted that some EU health and safety standards are legitimate, but emphasizes that many are simply protectionist. For example, the smaller Indian farmers complain about the EU requirement that cows have to be machine-milked, which makes them unreasonably disadvantaged.[17] As a result, in spite of some limited trade preferences, developing countries face great difficulties while trying to export to the EU market.

Case study about the negative effects of CAP

Let's take an example of sugar production to demonstrate the negative effects of CAP on developing countries. Although the EU produced beet sugar at more than double the cost of developing countries, the EU is the second world sugar exporter. For example, in the year 2001 the EU covered 40% of world sugar exports. How is this possible? The EU supports its sugar industry up to $1.7bn in subsidies every year.[18] This results in artificial overproduction of sugar, which is then dumped on international markets at below-cost prices. EU "exporters" then compensate their losses by receiving export refunds from the EU budget. For example, the EU gave six leading sugar-processing companies €819m in subsidies just for the year 2003 to compensate them for lower prices, for which they had to sell in external markets.[19] Dumping gradually decreases world prices and causes effective sugar producers from developing countries to be pushed out not only from the international but also from their local markets. Moreover, apart from high agricultural subsidies and dumping, the EU restricts access of sugar producers from developing countries to its lucrative home market.[20] The EU imposes high import tariffs and quotas on this crop. Even though some developing countries, such as African, Caribbean and Pacific countries, have preferential treatment and receive limited quota access to the EU market; they are allowed to export only raw sugar there. The control over much more profitable refining still remains in the hands of EU companies.[21] As a consequence of such trade barriers, it is estimated that, for example, Malawi has lost about $32m in possible foreign exchange with the EU.[22]

Double Standards League

The EU presents itself as highly committed to the liberalisation process; however, there is a great gulf between the declared principles and the practices. In 2002, Oxfam International compared free trade rhetoric of the world's richest countries with their protectionist practices against the imports from developing countries. Especially due to CAP, the EU was placed at the head of the Double Standards league.[23]

PROBLEMATIC SITUATION

As we can see, the negative consequences of CAP are causing a disharmony in development efforts of the EU. To come to a conclusion that CAP needs to be reformed is not difficult. The problem starts when one tries to find an agreement on what such a reform should look like, and what rules of global trade with agricultural products the international community should set to help developing countries out of poverty.

LIBERALISATION OF AGRICULTURE?

The key international organizations such as the WTO, IMF or WB tend to be biased toward liberalisation of trade, including trade in agriculture. However, is it always wise to follow blindly the liberalisation doctrine? What effects would liberalisation of agriculture have on the EU and on developing countries?

Effects of liberalisation of CAP on the EU

Liberalisation of CAP would have many positive effects on the EU. First of all, it would provide a possibility to allocate half of the EU budget currently spent on CAP for much more effective fields such as research or science. Secondly, it would bring economic benefits due to the more efficient allocation of economic resources. For example, Borrel and Hubbard calculated that the country undergoing the process of liberalisation bears the biggest benefits. Their

[1] Developing countries are countries in the process of becoming industrialized, in which average annual income is low, most of the population is engaged in agriculture and the majority live near the subsistence level.

[2] Neill Nugent, Government and Politics of the European Union, 4th ed. Palgrave: England, 1999.

economic model takes the sugar trade as an example. They came to a conclusion that liberalisation of trade with just this one commodity would benefit the EU by $2.5bn.[24] Furthermore, liberalisation of CAP would decrease expenditures on food for consumers and also for the producers using food as an input for further production. And finally, it would silence the international criticism for hindering international trade and harming the economic development in the Third World, thereby strengthening the negotiating position of the EU within the WTO.

Unfortunately, liberalisation of CAP would also have some negative effects on the EU. It would be undesirable from the point of view of nature conservation and rural culture. There would be continuous pressure on EU farms to enlarge, specialise, industrialise and to cut costs. This would cause agricultural production in some marginal areas to disappear and many traditional systems of farming would be lost. The negative effects would also spill over to other sectors. It would bring social problems due to growing unemployment in rural areas followed by their depopulation, and environmental problems connected to the land degradation of the fields and meadows left uncultivated.

Effects of liberalisation of agriculture on developing countries

A free market only benefits those who are able to sustain competitive pressures; therefore, developing countries would probably be unable to benefit from a complete liberalisation of world trade in agriculture. It is always dangerous to open up the fragile agricultural sectors of developing countries to very competitive producers from developed ones, since increased competition tends to favour large and established producers. Moreover, developing countries usually lack financial and technical capabilities to meet the technical standards

[3] European Commission, Trade and Development: Assisting developing countries to benefit from trade (2002), <http://europa.eu.int/comm/trade/issues/global/development/docs/comdev_170902.pdf>.

[4] Ibid

[5] Oxfam International, The Rural Poverty Trap: Why agricultural trade rules need to change and what UNCTAD XI could do abut it (2004), <http://www.oxfam.org.uk/what_we_do/issues/trade/downloads/bp59_unctad.pdf >.

[6] A comparative advantage is the ability to produce goods at lower cost, relative to other goods, compared to another country.

of developed countries. As a result, local producers would probably be pushed out even from their home markets. The Food and Agriculture Organization carried out research in 14 countries undergoing the process of liberalisation, and concluded that all these countries exhibited rising imports and displacement of local producers.[25] Given the absence of any safety net or possibility to create alternative livelihoods in developing countries, such a development could result in a severe social and economic crisis. Moreover, in comparison with the already developed countries, developing ones are forced to liberalize at an incredible speed. They have no time to adapt to changes, which causes them much harm. The weakness of this policy was visible, for example, in the case of Haiti. It had to reduce its rice tariffs from 35% to 3% in the course of just one year under an IMF adjustment programme. The result was an influx of rice from the USA, which forced tens of thousands of small local producers out of business.[26]

A POSSIBLE SOLUTION?

The EU should accept its moral debt to poverty in developing countries and primarily take their concerns into account. Therefore, it should liberalize its agriculture, while not requiring the same from developing countries. This would be the most effective way how to help developing countries to succeed in world trade, and thus to boost their economic development. They need to maintain some degree of protection so as to become developed. The East Asian Tigers[27] would never have become industrialized so successfully, if they had blindly followed free trade principles.

The liberalisation of CAP should proceed in three steps:

1) Abolishment of subsidies to EU farmers

If subsidies to EU farmers were abolished, only efficient farmers would remain in production. It would have two positive consequences and two negative

[7] Ian and Pamela Barnes, The Enlarged European Union. Longman: New York, 1995.

[8] As early as in 1963, Community-wide agricultural groups also began to be formed. Most important is the Committee of Agricultural Organizations in the EU, which serves as an umbrella organization for the farmers. See: N. Nugent.

[9] Steve Margetts, The Common Agricultural Policy (2004), <http://www.revisionguru.co.uk/economics/cap.htm>.

[10] N. Nugent.

ones. Among the positive belong economic benefits coming from the shift of saved resources into more effective sectors and obviously significant relief for developing countries.

The biggest negative effect would be growing unemployment and depopulation of rural areas. However, this malaise would have a treatment. Saved money from the EU budget could be allocated for rural development. For example, farmers would be encouraged to diversify their enterprise mix into other sectors than agriculture (such as tourism). Development spending would generate new employment opportunities in the countryside and thus prevent depopulation.

The second negative aspect would be a land degradation and from that subsequent environmental problems. However, even this problem would have a solution. Special agencies established in each Member State would buy land from unsuccessful farmers, in the event of their not being able to find other reasonable use for it or being unable to sell their land themselves on a free market for a "fair" price. These agencies would then plant the unused land with trees. This policy would serve many purposes. It would not only prevent soil degradation but in fact would be a long term investment, which would create new sources of employment without producing unusable surpluses of food; and it would improve the quality of air and decrease flood problems in Europe. Nevertheless, the most important incentive behind this policy should be that it would be a morally correct decision in relation to developing countries. European and other developed countries have sacrificed the great majority of their forests during the process of industrialization. Now the same countries are exerting pressure on developing countries to protect their environment and to save the last forests remaining on our planet to provide oxygen into the atmosphere. By doing that, we are denying developing countries their right to become industrialized, in the

[11] S. Margetts

[12] Faizel Ismail—Trade Law Centre for Southern Africa, Part II of the Road to Cancun: A development perspective on EU trade policies (2003), <http://www.tralac.org/scripts/content.php?id=1870>.

[13] Oxfam International, Europe's Double Standards: How the EU should reform its trade policies with the developing world (2002), <http://www.oxfam.org.uk/what_we_do/issues/trade/downloads/bp22_eutrade.pdf>.

same way that we did two centuries ago. Developed countries such as the EU are those which should be paying for preserving the last forests, since they are those which have destroyed them the most.

2) Abolishment of protectionist tariff and non-tariff barriers

The abolishment of protectionist practices would make it even more complicated for EU farmers to sustain competitive pressures. It would force them to become really effective to be able to survive. On the other hand, the subsequent fall of food prices would represent a huge relief for the budgets of EU consumers and all industries using food products as inputs. Moreover, so far disadvantaged developing countries would finally obtain access to the lucrative EU market. This should increase their share of world trade and thus boost their economic development.

Position of the EU on further liberalisation of CAP

Unfortunately, liberalisation of agriculture within the EU is a very sensitive question. It is very unlikely that the EU itself would push for a radical liberalisation of CAP. As former Agriculture Commissioner Franz Fischler said there was a clear bottom line in liberalisation of agriculture, up to where the EU was willing to go. He explained that agriculture required support from governments, since it served many more functions than mere food production which are not provided by the market mechanism. He expressed his conviction that the EU has already made enough concessions, that the EU is a long way ahead of most other developed countries in reforming its agricultural policy, and that this effort should be recognized and rewarded. In his personal opinion, reform of CAP has gone far enough in liberalisation and there is no need to go any further.[28]

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[14] Export dumping is exporting at prices below the costs of production.

[15] I. and P. Barnes

[16] The Everything But Arms Initiative is offered through the General System of Preferences to increase market access for Least Developed Countries. It provides duty-free and quota-free market access for all products originating from 49 Least Developed Countries except from arms. See: Speech by Pascal Lamy at 2nd LDC's Ministerial Conference in Dhaka (2003), <europa.eu.int/comm/commissioners/lamy/speeches_articles/spla171_en.htm>.

CONCLUSION

The Member States of the EU have significant moral debts to developing countries, particularly from the colonization era. If the EU wants to gain credibility as a trading block sincerely devoted to their development, it has to reform its CAP so as to meet basic domestic social and environmental goals but not to hinder their integration into world trading structure and thus their development.

[17] Oxfam International, Europe's Double Standards

[18] International Trade Centre UNCTAD/WTO, The Status of the Pre-Cancun Negotiations: A brief accounting of the Montreal ministerial meeting, World Trade Net Newsletter Vol. 4, No 7 (July 2003), <http://www.intracen.org/worldtradenet/welcome.htm?http&&&www.intracen.org/worldtradenet/docs/whatsnew/newsletters_2003/newslettervol4no7.htm>.

[19] Oxfam International, The Rural Poverty Trap

[20] Ibid

[21] International Trade Centre

[22] Oxfam International, The Rural Poverty Trap

[23] Oxfam International, Europe's Double Standards