XIV MAJANDUSPOLIITIKA TEADUSKONVERENTS

DIE XIV WIRTSCHAFTSPOLITISCHE KONFERENZ

14th SCIENTIFIC CONFERENCE ON ECONOMIC POLICY

XIV

1984 – 2006

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EESSÕNA

On kujunenud heaks traditsiooniks, et Tartus ja Värskas diskuteeritakse kord aastas majanduspoliitika üle, tänavu juba 14. korda. Alates 1996. aastast on majanduspoliitika konverents rahvusvaheline. Eesti on 2004. aasta 1. maist Euroopa Liidu liige. Seetõttu arutatakse meie konverentsil mitte niivõrd enam siirde küsimusi kuivõrd Eesti positsioneerimist EL-s. Konverentsi teadusliku sisu tagavad Tartu Ülikool (majanduspoliitika õppetool ja Pärnu kolledž), Tallinna Tehnikaülikool (regionaalpoliitika õppetool), Leipzigi Ülikool (majanduspoliitika instituut) ning Kieli Rakenduskõrgkool (rahvamajanduse ja majanduspoliitika instituut). Korraldamise eest hoolitseb traditsiooniliselt Mattimar OÜ.

* * *

Eesti kuulub nende uute EL liikmesriikide hulka, kes soovivad võimalikult kiiret monetaarset integratsiooniprotsessi. Eesti taotles Euroopa Majandus- ja Rahaliiduga (EMU) liitumist juba järgmise, so 2007. aasta alguses. Kuid eeldatavasti ei ole võimalik seda äärmiselt auahnet eesmärki ellu viia enne 1. jaanuari 2008.

Nii selgitas majandus- ja valuutaküsimuste eest vastutav EL komissar Joaquin Almunia 2005. aasta novembri alguses, et tal on tõsine kahtlus, kas saavat Eesti – koos Leedu ja Sloveeniaga – juba 2007.aastal rahaliitu astuda. Ta on seisukohal, et liitu saab võtta üksnes neid riike, kes täidavad kõiki Maastrichti kriteeriumeid.

Peale inflatsiooni kriteeriumi täidab Eesti neid tingimusi igati (intressikriteerium on vaid kaudselt hinnatav).[1] Muret tekitab üksnes Eesti hinnataseme areng. 2005.aasta keskmine inflatsioonimäär oli 4,1 protsenti ja seega selgesti üle lubatud 2,6 protsendilise soovitatava näitaja. 2006. aasta alguses inflatsioon isegi kiirenes, kuid jõuab Eesti Panga hinnangul aasta keskmisena 3,6 ning 2007. aastal 3 protsendini. Viimane tase peaks tagama Eesti eurokõlblikkuse.

Millisel ajahetkel Eesti liitumine EMU-ga võimalikuks osutub, oleneb mitte ainult 1992. aastal Maastrichti lepinguga nõutud raha-, eelarve- ja vahetuskursipoliitika konvergentsikriteeriumidest, vaid ka sellest, kuivõrd Eesti rahvamajanduse struktuursed tingimused ühtivad ka ülejäänud liikmesriikide vastavate näitajatega.

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[1] Kuigi siiski harmoniseeritud pikaajaline intress Eesti boniteedi kriteeriumina veel pole kättesaadav; vrd siin ja teisi Maastrichti konvergentsikriteeriume 2005.a. konverentsikogumiku eessõnas.

Struktuuriline vastavus on tähtis, et EMU laienemisega ei saaks kannatada stabiilse ühiskonna alused. Hindamaks seda, võetakse ikka ja jälle appi Robert Mundelli[2] loodud “optimaalse valuutapiirkonna teooria”.

Valuutaliidus ei saa enam ükski liikmesriik lahendada oma siseriiklikke majandusprobleeme iseseisva rahapoliitika abil. Palju enam oleneb nüüd sellest, et Euroopa Keskpanga poliitika vastaks siseriiklikule majanduspoliitilisele olukorrale või vähemalt ei raskendaks ega muudaks võimatuks siseriiklike eesmärkide elluviimist. Rahvamajandusliku sobivuse täpsuse hindamise tähtsaimateks kriteeriumideks on majandussektorite struktuur, tööturg, majanduslik lõimumine teiste partnerriikidega ja jooksevkonto.

Et tegelikult vältimatud arengu lahknevused eri liikmesriikides jääksid miinimumnõude piiridesse, on tähtis kõikide riikide majanduse harustruktuuride sarnasus. Siis on riikide konjunktuuriarengute lahknemise oht kõige väiksem. Sümptomaatiline on siin põllumajanduses töötavate inimeste osakaal kogu tööhõivest. Eesti on oma 5,7 protsendiga spektri keskel, mille ühes ääres on 1,3 protsendiga (Luksemburg; 2,2 protsenti Belgia; 2,4 protsenti Saksamaa) ja teises – 18,4 protsendiga (Poola)[3]. Nii näiteks tooks EL agraarpoliitika reform Poolas kaasa kaugelt suuremaid ümberkujundusi kui Luksemburgis ja ka Eestis.

Järgmine kriteerium, pigem erinevalt tekkinud kriiside ja konjunktuuri mõjutaja on erisugune sõltuvus energiakandjatest, milleks on nafta ja maagaas. Ka siin on Eesti oma nafta- ja gaasitarbimisnäitajatega iga miljoni euro reaalse SKT kohta 140 tonniga naftaühikuid pigem keskmiste hulgas (võrdlusena: Prantsusmaa 85; Saksamaa 91; Slovakkia 436), – sama kehtib töötuse määra kohta. Eesti on oma 2005. aasta keskmise 7,9 protsendiga paremas positsioonis kui Saksamaa üle 10-protsendilise töötuse määraga.

Milliseid eeliseid rahaliit riigile annab, oleneb ka oluliselt sellest, kui tähtis on rahaliidu ruumis kaupade ja teenuste vahetus antud riigi jaoks. Tihedate kaubandussidemete korral tasanduvad mitte üksnes vahetuskursid, vaid ka kursi tagamiskulud. Euroopa Liidu osatähtsus Eesti väliskaubanduses ületab praegu 80% ja välisinvesteeringute sissevoolus koguni 85%.

Kahtlused võivad tekkida Eesti kaupade ekspordi ja impordi negatiivset saldot vaadeldes. Eesti kaubandusbilansi saldod on peale 1992. aastat pidevalt negatiivsed, mis kohati ületavad sisemajanduse kogutoodangu suhtes kümne protsendi piiri. See võib olla indikaatoriks, et siseraha on pidevalt üle hinnatud. Sealjuures tuleb aga arvestada, et välisinvestorite massiline osalusõiguste omandamine on kaasa toonud

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[2] 1999.a. Nobeli preemia laureaat. Üks tema tähtsaimaid teoseid: A Theorie of Optimum Currency Areas" (1961), pani ta aluse Euro sisseviimiseks. Peale selle "A Plan for a European Currency" (1973).

[3] need ja järgnevad andmed: Eurostat, International Energy Agency; OECD; IWF; Eesti Pank

suure kapitaliimpordi. Ka on möödunud aastate naftahindade tõus toonud kaasa Terms of Trade halvenemise, nähtuse, mis ka teisi naftast sõltuvaid riike koormab. Eesti valuutakomiteesüsteem, mis juba praegu praktiliselt rahaliitu simuleerib, on nendes tingimustes taganud krooni stabiilsuse.

Üldjoontes on Eesti majandus EMUsse astumiseks üsna hästi ette valmistunud. Suur tööpuudus kummitab üle maailma, see käib kaasas edasise tehnoloogilise progressiga (nano-tehnikaga!) ja tööjõu asendamisega masinatega ning jääb tööstusriikidele tükiks ajaks lahendamatuks probleemiks, kui just poliitilised otsustajad põhimõtteliselt uut mõtlemist läbi suruda ei suuda. Eesti peab enne euroga liitumist lahendama vaid oma spetsiifilise probleemi – nimelt alandama oma inflatsioonitaset.

* * *

Käesolev konverentsikogumik antakse välja – nii nagu ka eelmistel aastatel – koostöös kirjastusega Berliner Wissenschafts-Verlag (varasema nimega: Berlin-Verlag Arno Spitz), nii jõuavad arutlused-ettekanded ka Saksamaal (ja mujal) laiema majanduspoliitikast huvitatud avalikkuseni.

Varasematel aastatel on meie majanduspoliitika konverentsil käsitletud ka teemasid, mis sisuliselt kuulusid rohkem ettevõttemajanduse kui majanduspoliitika valdkonda. Alates 2003. aastast toimub Eesti kuurortlinnas Pärnus iga aasta alguses teaduskonverents, kus keskendutakse põhiliselt ettevõttemajanduse küsimustele. Ka Pärnu konverentsil peetud ettekannete-artiklite põhjal on avaldatud igal aastal konverentsikogumik (edaspidi on ka selle kogumiku kirjastamisel meiega koostööks valmis eelpool nimetatud saksa kirjastus).

Seega on eeltoodult majandustemaatikat jaotades võimalik konverentside tööd nii Tartus-Värskas kui ka Pärnus eesmärgipärasemalt korraldada, sealhulgas artiklite mahtu kogumikes senisest paindlikumalt varieerida ning autoritel on võimalus spetsiifilisi küsimusi põhjalikumalt ja terviklikumalt käsitleda. Käesoleval ja ka järgnevatel aastatel retsenseeritakse avaldamiseks esitatud artiklid majanduspoliitika konverentsikogumiku kvaliteedi tagamiseks eeskätt välismaiste kvalifitseeritud teadlaste poolt.

Käesoleva kogumiku ettekanded on teemade järgi liigitatud järgmistesse valdkondadesse:

(1) makromajanduspoliitika;
(2) sektoraalpoliitika;
(3) regionaalpoliitika;
(4) ettevõtluspoliitika.

Nende teemavaldkondade järgi moodustatakse Värskas töögrupid-sektsioonid. Loomaks eeldusi edukaks konverentsi istungite läbiviimiseks ja aruteludeks valmistumiseks, saadetakse artiklite kogumikud enne konverentsi algust kõigile osalejatele.

Korraldajad tänavad konverentsi toetajaid ja samuti neid osavõtjaid, kes kogumiku koostamisele oma artikliga kaasa aitasid. Korraldajate tänusõnad kuuluvad ka kõigile retsensentidele.

Nekroloog:

Leiname meie saksa kolleegi prof. Dr TONI SCHULZ-i , kes suri pärast pikka rasket haigust 57. eluaastal 6. mail 2005. a. Ta oli eelmistel aastatel suuresti toeks konverentside õnnestumisele nii Tartus-Värskas kui ka Pärnus. Me mälestame teda ja tema saavutusi austusega ka tulevikus.

Manfred O. E. Hennies
Kiel ja Warder (Saksamaa)

Matti Raudjärv (konverentsisarja algataja)
Tallinn, Pirita-Kose ja Pärnu

Jüri Sepp
(Tartu)

Veebruar-mai 2006

VORWORT

Der guten Tradition folgend werden Tartu und Värska wieder die Begegnungsstätten für die alljährlich in Estland stattfindende wirtschaftspolitische Konferenz. Die Tagung wird in diesem Jahr zum vierzehnten Mal durchgeführt, seit 1996 werden internationale Konferenzen abgehalten. Wissenschaftliche Träger dieser Konferenz sind die Universität Tartu (Lehrstuhl für Wirtschaftspolitik und das Pärnuer College), die Technische Universität Tallinn (Lehrstuhl für Regionalpolitik), die Universität Leipzig (Institut für Wirtschaftspolitik) sowie die Fachhochschule Kiel (Institut für Volkswirtschaftslehre und Wirtschaftspolitik). Federführend ist traditionell die Verlags-, Beratungs- und Fortbildungsfirma Mattimar GmbH. Der vorliegende Tagungsband wird – wie in den Vorjahren – in Kooperation mit dem Berliner Wissenschafts-Verlag (vormals Berlin-Verlag Arno Spitz) herausgegeben, so dass die Diskussionsbeiträge auch in Deutschland (und in anderen Ländern) einer breiteren wirtschaftspolitisch interessierten Öffentlichkeit zugeführt werden.

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Estland ist seit dem 1. Mai 2004 Mitglied der Europäischen Union (EU). Die Privatisierung seines Unternehmungsektors ist weitgehend abgeschlossen, so dass die estnische Treuhand bereits im Jahr 2001 ihre Tätigkeit einstellen konnte. Insofern wird es zukünftig in den wirtschaftspolitischen Diskussionen weniger um Fragen der Transformation als um die Positionierung Estlands innerhalb der EU gehen.

Estland gehört zu jenen neuen EU-Mitgliedländern, die einen möglichst schnellen monetären Integrationsprozess wünschen. Estland hat einen Beitritt zur Europäischen Wirtschafts- und Währungsunion (EWWU) bereits zu Beginn des kommenden Jahres angestrebt. Doch dieses äußerst ehrgeizige Ziel wird voraussichtlich nicht vor dem 1.Januar 2008 zu realisieren sein.

So machte der für Wirtschafts- und Währungsfragen zuständige EU-Kommissar Joaquin Almunia Anfang November 2005 deutlich, dass er erhebliche Zweifel habe, ob Estland – neben Litauen und Slowenien – schon 2007 der Währungsunion beitreten könne. Er werde nur solche Länder für den Währungsbeitritt vorschlagen, die auch alle fünf Maastricht-Kriterien erfüllen.

Bis auf das monetäre Kriterium der Preisniveaustabilität erfüllt Estland weitgehend diese Bedingungen (das Zinskriterium ist nur indirekt auswertbar) .[1] Sorgen bereitet lediglich die Entwicklung des estnischen Preisniveaus. Im Jahre 2005 betrug die

[1] Wobei allerdings ein harmonisierter Langfristzins als Bonitätskriterium für Estland noch nicht verfügbar ist; vgl. hierzu und zu den übrigen Maastricht-Konvergenzkriterien das Vorwort zum Tagungsband 2005.

mittlere Inflationsrate 4,1 Prozent und lag damit deutlich über dem zulässigen Referenzwert von 2,6 Prozent. Anfang des Jahres 2006 ist die Inflationsrate sogar im beschleunigten Tempo gestiegen, aber laut der Einschätzung der Estnischen Bank erreicht sie im Mittel des Jahres den Wert von 3,6 und wird im Jahre 2007 auf drei Prozent sinken. Das letztgenannte Niveau sollte die Eurotauglichkeit Estlands sichern.

Zu welchem Zeitpunkt der Beitritt Estlands zur EWWU möglich wird, hängt nicht allein von den 1992 im Maastricht-Vertrag geforderten geld-, haushalt- und wechselkurspolitischen Konvergenzkriterien ab, sondern auch davon, ob die strukturellen volkswirtschaftlichen Rahmenbedingungen Estlands mit denen der übrigen Mitgliedstaaten übereinstimmen. Die strukturelle Übereinstimmung ist wichtig, damit durch die Erweiterung der EWWU die Grundlagen einer Stabilitätsgemeinschaft nicht gefährdet werden. Um dies zu beurteilen, wird immer wieder auf die von Robert Mundell[2] entwickelte "Theorie optimaler Währungsräume" zurückgegriffen.

In einer Währungsunion kann kein Mitgliedstaat landesinterne Wirtschaftsprobleme durch eine eigenständige Geldpolitik bekämpfen. Vielmehr ist es darauf angewiesen, dass die Politik der Europäischen Zentralbank weitgehend der binnenwirtschaftlichen Situation entspricht oder zumindest die Verwirklichung binnenwirtschaftlicher Ziele nicht erschwert oder gar unmöglich macht. Die wichtigsten Kriterien zur Beurteilung der volkswirtschaftlichen Passform sind Branchenstruktur, Arbeitsmarkt, wirtschaftliche Verflechtungen mit den übrigen Partnerländern und Leistungsbilanz.

Damit – im Grunde unvermeidliche – divergierende Entwicklungen in den einzelnen Mitgliedländern auf ein Mindestmaß beschränkt bleiben, ist es wichtig, dass die einzelnen Wirtschaftsektoren quer durch alle Staaten in etwa gleiche Größenrelationen zueinander haben. Denn dann ist die Gefahr des Auseinanderdriftens nationaler Konjunkturentwicklungen am geringsten. Symptomatisch hierfür ist der Anteil der arbeitenden Bevölkerung in der Landwirtschaft in Prozent aller Erwerbstätigen. Im Hinblick auf diesen Anteil liegt Estland mit 5,7 Prozent im Mittelfeld der Spannbreite von 1,3 Prozent (Luxemburg; 2,2 % Belgien; 2,4 % Deutschland) und 18,4 Prozent (Polen)[3]. So würde beispielsweise eine Reform der EU-Agrarpolitik in Polen weitaus größere Umbrüche nach sich ziehen als in Luxemburg und auch in Estland.

Ein weiteres Kriterium für eine eher ungleich beschaffene Krisen- und Konjunkturanfälligkeit ist die unterschiedliche Abhängigkeit von den Energieträgern Erdöl und Erdgas. Auch hier liegt Estland mit einem Primärverbrauch an Öl und Gas je eine Million Dollar reales Bruttoinlandprodukt mit 116,2 Tonnen Öleinheiten eher

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[2] Nobelpreisträger von 1999. Eines seiner bedeutendsten Werke: "A Theorie of Optimum Currency Areas" (1961), legte das Fundament für die Einführung des Euros. Darüber hinaus: "A Plan for a European Currency" (1973).

[3] diese und die folgenden Daten von: Eurostat, International Energy Agency; OECD; IWF; Estnische Bank.

im Mittelfeld.[4] – Gleiches gilt für die Erwerbslosenquote. Estland ist mit seiner mittleren Arbeitslosigkeit von 7,9 Prozent im Jahre 2005 besser positioniert ist als Deutschland mit einer Rate über 10 Prozent.

Welche Vorteile eine Währungsunion für ein Land bringt, hängt im Wesentlichen auch davon ab, wie wichtig der Austausch von Waren und Dienstleistungen innerhalb des einheitlichen Währungsraumes für dieses Land ist. Bei intensiven Handelsbeziehungen gleichen sich nicht nur die wirtschaftlichen Wechsellagen einander an, auch die Kurssicherungskosten entfallen.

Der Anteil der Europäischen Union im Außenhandel übersteigt gegenwärtig 80 Prozent und macht bei der Einfuhr der Investitionen sogar 85 Prozent aus.

Bedenken könnten im Hinblick auf den negativen Außenbeitrag Estlands bestehen. Die Güterbilanz Estlands weist seit der Wende im Jahre 1992 ständig negative Salden auf, die zeitweilig sogar die 10%-Grenze[5] überschreiten. Dies könnte ein Indiz dafür sein, dass die Inlandswährung permanent überbewertet ist. Dabei ist allerdings zu bedenken, dass der massive Erwerb von Anteilsrechten durch gebietsfremde Investoren hohe Importe von Anlagegütern nach sich gezogen haben. Auch haben die Erdölverteuerungen der vergangenen Jahre zu einer Verschlechterung der Terms of Trade geführt, ein Phänomen, das auch andere erdölabhängige Länder gleichermaßen belastet. Das estnische Currency-Board-System, welches praktisch außenwirtschaftlich bereits eine Währungsunion simuliert, hat verhindert, dass Estland im Alleingang mit einer Abwertung seiner Währung dieses Missverhältnis korrigieren konnte.

Im Großen und Ganzen ist die estnische Wirtschaft auf einen Beitritt zur EWWU recht gut vorbereitet. Die hohe Erwerblosigkeit ist ein weltumspannendes Problem, das mit fortschreitendem technischen Fortschritt (Nano-Technik!) und sich fortsetzender Substitution von Arbeit durch Betriebsmittel für alle Industrienationen auf absehbare Zeit ein unlösbares Problem bleiben wird, es sei denn, dass sich die politischen Entscheidungsträger zu einem grundsätzlichen Umdenken durchringen können. Estland hat vor einem Euro-Beitritt in erster Linie ein landesspezifisches Problem zu lösen, nämlich das seiner Inflation.

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In den früheren Jahren hat man auf unserer wirtschaftspolitischen Konferenz auch Themen behandelt, die ihrem Inhalt nach mehr zur Betriebswirtschaftslehre als Wirtschaftspolitik gehörten. Seit dem Jahr 2003 findet Anfang jedes Jahres im estnischen Kurbad Pärnu die Konferenz über die Betriebswirtschaft statt, deren Schwerpunkte Fragen der Betriebswirtschaft sind. Auch auf der Basis der Vorträge-Artikel der Konferenz wird jedes Jahr ein Tagungsband veröffentlicht. Durch die

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[4] Zum Vergleich, jeweils in Tonnen Öleinheiten je 1 Mio. $ BIP: Frankreich: 70,3; Deutschland 75,3; Slowakei: 363,2.
[5] in Bezug zum Bruttoinlandprodukt

Aufteilung der Wirtschaftsthematik zwischen den Konferenzen können Diskussionen sowohl in Tartu-Värska als auch in Pärnu zielgerichteter geführt werden.

Auf Wunsch der Teilnehmer kann der Umfang der Artikel im Tagungsband flexibler als bisher variiert werden. Dadurch wird es den Autoren möglich, spezifische Fragen ausführlicher und vollständiger zu behandeln. In diesem Jahr und weiterhin werden die zur Veröffentlichung im Tagungsband anstehenden Beiträge zur Qualitätssicherung Rezensionen durch qualifizierte Wissenschafter vor allem aus dem Ausland unterzogen.

Die Beiträge in dem vorliegenden Sammelband sind in folgende Themenbereiche untergliedert:

(1) Makrowirtschaftspolitik;
(2) Sektorale Politik;
(3) Regionalpolitik;
(4) Unternehmenspolitik.

Nach diesen Themenbereichen werden die Arbeitsgruppen in Värska eingeteilt. Um die Voraussetzung für einen erfolgreichen Verlauf der Tagung zu schaffen, wird der Tagungsband bereits vor Beginn der Tagung den Konferenzteilnehmern zur Vorbereitung auf die Diskussionen zugestellt werden.

Die Veranstalter danken an dieser Stelle den Sponsoren dieser Konferenz sowie jenen Teilnehmern, welche durch ihre Artikel zum Entstehen dieses Tagungsbandes beigetragen haben.

Nachruf:

Wir trauern um unseren deutschen Kollegen, Prof. Dr. TONI SCHULZ, der nach langer und schwerer Krankheit am 6. Mai 2005 im Alter von 57 Jahren gestorben ist. Er hat in den vergangenen Jahren mit dazu beigetragen, dass die Konferenzen sowohl in Tartu/Värska als auch in Pärnu erfolgreich waren. Wir werden ihn und seine Leistungen auch in Zukunft in ehrender Erinnerung behalten.

Manfred O. E. Hennies
Kiel und Warder (Deutschland)

Matti Raudjärv (Initiator dieser Konferenzreihe)
Tallinn, Pirita-Kose, und Pärnu (Estland)

Jüri Sepp
(Tartu)

Februar –Mai 2006

PREFACE

Being the sites of annual conferences on economic policy in Estonia again has become a good tradition for Tartu and Värska. The conference held this year will be the 14th and it has been an international conference since 1996. The University of Tartu (the Chair of Economic Policy and the Pärnu College), Tallinn University of Technology (Chair of Regional Policy), University of Leipzig (Institute of Economic Policy) and also Kiel University of Applied Sciences (Institute of National Economy and Economic Policy) take care of the scientific content of the conference. In addition, the publishing, consultation and further training company Mattimar OÜ is traditionally responsible for the organisation. This collection of conference papers is issued – similar to previous years – in cooperation with the publisher Berliner Wissenschafts-Verlag (former name: Berlin-Verlag Arno Spitz) to make the discussions-presentations available also to general public interested in economic policy in Germany (and other countries).

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Estonia has been a EU Member State since 1 May 2004. The business area of the country has been largely privatised so the Estonian Privatisation Agency could terminate its activities already in 2001. The communities of economic policy will be therefore discussing the positioning of Estonia in the EU rather than issues of the transition period.

Estonia is among the new EU Member States which wish to make the monetary integration process as fast as possible. Estonia has applied for accession to the Economic and Monetary Union (EMU) already at the beginning of next year. It is probably not possible to reach such an extremely ambitious goal, however, before 1 January 2008.

EU Commissioner for Economic and Monetary Affairs Joaquin Almunia explained already at the beginning of November 2005 that he has serious doubts about the ability of Estonia – together with Lithuania and Slovenia – to join the EMU already in 2007. He suggested that only countries who fulfil also all Maastricht criteria should be admitted to the EMU.

Estonia amply meets these requirements except for the inflation criterion (which can only be indirectly evaluated).[1] Only the development of the price level in Estonia is a cause for worries. In 2005 the average inflation rate was 4.1 per cent and therefore clearly higher than the indicative allowed target of 2.6 per cent. At the beginning of

[1] Although harmonised long-term interest rate as the eligibility criterion for Estonia is not available yet; cf. here and other Maastricht convergence criteria in preface to the collection of materials of the conference of 2005.

2006 the inflation even accelerated but according to the evaluation of the Bank of Estonia it will reach the annual average level of 3.6 and in 2007 – 3 per cent. The latter level should ensure the eligibility of Estonia for euro.

The moment when accession of Estonia to the EMU becomes possible will depend not only on the convergence criteria established in 1992 in the Maastricht Treaty with respect to monetary, budgetary and exchange rate policies but also on whether the structural framework conditions of the Estonian national economy conform to the respective indicators of the other Member States.

Structural conformity is important to avoid damaging the bases of the stable society with the EMU enlargement. It is evaluated again and again by applying the "theory of optimum currency areas" created by Robert Mundell[2].

It in Economic and Monetary Union, no Member State can solve its domestic economic problems with independent financial policy any more. It is now much more important that the policy of the European Central Bank should conform to the national situation of economic policy or at least would not aggravate reaching domestic goals or make it impossible. The most important eligibility criteria for the national economy are the structure of economic sectors, labour market, economic integration with other partner countries and current account.

In order to keep the – actually inevitable – variations in the development of different Member States within minimum requirements, it is important to have each economic sector approximately with the same proportions in all countries. In such a case the risk of divergent economic cycles of countries is the lowest. The proportion of individuals employed in agriculture in total employment is a symptomatic indicator. Considering this proportion, Estonia with its 5.7 per cent is in the middle of the spectrum, with 1.3 per cent in one end (Luxembourg; 2.2 per cent Belgium; 2.4 per cent Germany) and 18.4 per cent (Poland) in the other end[3]. For instance, the reform of EU agrarian policy would lead to considerably more extensive reorganisations in Poland than in Luxembourg or also Estonia.

The next criterion, which rather influences crises with different causes and economic cycles, is varying dependence on energy carriers – oil and natural gas. Also in this respect Estonia with its oil and gas consumption indicators – 140 tons of oil equivalent per each million euros of real GDP – rather belongs among average countries (cf: France 85; Germany 91; Slovakia 436). The same applies to unemployment

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[2] Nobel Prize laureate in 1999. One of his most important books *A Theory of Optimum Currency Areas* (1961) laid the foundation for the introduction of euro. Also, *A Plan for a European Currency* (1973).

[3] These and the following statistics: Eurostat, International Energy Agency; OECD; IWF, Bank of Estonia.

rates – Estonia with its average rate of 7.9 per cent in 2005 is in a better position than Germany with its unemployment rate of more than 10 per cent.

The advantages of the EMU to a country also considerably depend on the importance of the trade in goods and services for the country in the area of the EMU. With close trade relations not only exchange rates but also the expenses of maintaining the exchange rate are levelled. The importance of the European Union in the Estonian foreign trade is currently more than 80% and in the inflow of foreign investments even 85%.

Looking at the negative balance of exports and imports of goods in Estonia may raise doubts. After 1992 the balance of trade has been constantly negative, exceeding sometimes ten per cent of the gross domestic product. This may be an indicator of constant overestimation of domestic currency. We should, however, take into account the fact that massive acquisition of participation rights by foreign investors has led to large imports of capital. Increase in oil prices in the recent years has also led to a deterioration of terms of trade, a phenomenon which burdens also other countries which depend on oil. The Estonian currency board system which practically simulates EMU in foreign economy already now, has stopped Estonia from devaluation of its currency to reduce the disproportion.

The Estonian economy has generally prepared itself rather well for accession to the EMU. High unemployment rate is a global problem which accompanies further technological progress (nanotechnology!) and replacement of labour with machines and will remain unsolved in industrial countries for a long time, unless political decision-makers can enforce a radically new way of thinking. Before joining euro, Estonia has to solve a specific problem related to the country – namely its inflation.

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In earlier years our conference on economic policy has covered also subjects which were in essence more related to the study of entrepreneurship than economic policy. Since 2003 a conference on entrepreneurship has been held in Pärnu, an Estonian health resort town, at the beginning of each year, focusing mainly on the issues of entrepreneurship. Annual collections of conference papers are also published on the basis of the presentations/articles of the conferences held in Pärnu. Separating the economic subjects that way allows more effective organisation of conferences both in Tartu/Värska and in Pärnu.

According to the wishes of participants, the volume of articles in the collection could also be varied in a more flexible manner in the future. It would permit a more thorough and integrated treatment of specific issues by the authors. This year and also in the next years the articles submitted for publishing are peer reviewed above all outside Estonia by qualified researchers from other countries to ensure the quality of the collection of conference papers.

Papers of this collection have been classified under the following topics:

(1) macroeconomic policy;
(2) sectoral policy;
(3) regional policy;
(4) entrepreneurship policy.

Working groups/sections will be set up at Värska according to these subject areas. The collections of papers will be sent to all participants before the conference to allow them to prepare for discussions and to be able to organise the conference sessions successfully.

The organisers thank the supporters of the conference and also the participants who have contributed to the compiling of the collection with their papers. The organisers also appreciate the assistance of all peer reviewers.

Obituary:

We mourn the loss of our German colleague Prof. Dr TONI SCHULZ who died on 6 May 2005 at the age of 57 after a long severe disease. In earlier years he very much supported the success of the conferences both in Tartu/Värska and in Pärnu. We will commemorate him and his achievements with respect also in the future.

Manfred O. E. Hennies
Kiel and Warder (Germany)

Matti Raudjärv (initiator of the series of conferences)
Tallinn, Pirita-Kose and Pärnu

Jüri Sepp (Tartu)

February–May 2006

ESTIMATING ABSOLUTE PRICE LEVEL IN ESTONIA[1]

Meelis Angerma
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Introduction

In the first one to five years Estonia will abandon its own currency Estonian kroon and replace it by the euro. Estonia will lose opportunity to evaluate price level through the nominal exchange rate. Although nominal exchange rates did not play key role in Estonian price level development. The actual nominal prices were more important. But as Estonia will remain quite different from other EU (the European Union) countries by its price level for a long time, it is necessary to evaluate the development of relative price level against the EU and other large countries average. Measuring relative price level against the US (the United States of America) and Russia is easily understandable, but measuring it against other EU countries is not so clear. The latter countries do not have floating exchange rate between them. In reality it is even more important to have relative price level data for these countries. Estonia has more economic ties in this direction. Researchers often concentrate on changes in relative price level in time, which are easier to calculate from inflation difference and nominal exchange rate. But in practical applications absolute price levels are more useful. Absolute price levels are also more easily understandable and comprehensible. Looking only at inflation difference and nominal exchange rate does not give any information on absolute price level.

The intentions of this article are to give overview about methods available for estimating absolute price level and discuss on changes in Estonian and Eastern and Central European countries' absolute price level, although the levels will be expressed in relative basis. The topic is also important in the point of view of eurozone extension. In the literature the phrase 'relative price level' means that the difference in inflation rates will be analyzed. But in this paper the absolute price level will be analyzed through certain nominal price levels of Big Mac or other goods. But the word 'relative' in this paper means relative absolute price level against countries used in the analysis. In the broad sense we talk about absolute price level but in detail we talk about relative absolute price level. The difference from relative price level comes from that we have different points to hang time serieses on. Traditional relative price level analyses assumes that at the beginning or some other time absolute price levels are equal.

In the empirical part of the article we will look at calculations of ICP[2]-type absolute price levels for Estonia and some other important countries. Possible applications of

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[1] Artikkel on valminud ETF grandi nr. 6630 rahalisel toel

[2] ICP – International Comparison Programme run by the United Nations, the University of Pennsylvania and the World Bank. The methodology is to calculate 'fair' exchange rates from the nominal prices. The 'fair' exchange rate equals the purchasing power parity over countries.

Big Mac index will be overlooked. The methods used for adjusting GNP-s (Gross National Product) to compare countries on PPP (Purchasing Power Parity)-GNP-basis will be explained. ICP index on the basis of property prices will be calculated.

The current topic may be painful for certain groups of interest because the applications of the theory may be used to point to possible risks of overextension in Estonian economy.

Necessity for evaluating relative price level

Taking into account relative price level of the economy is important for many reasons. As Ibrahim Elbadawi from the World Bank introduced the topic in his paper (Elbadawi 1994, p. 93):

> *The concept of the real exchange rate (RER) has assumed a central position in past and current debates in the literature on economic development and growth strategies and in the more recent literature on structural adjustment and macroeconomic stabilization.*

Developments in the relative price level affect directly market values of certain assets. The real asset prices has a key role in influencing investment decisions. The second use of relative price level arises from signaling financial risks in the economy. For example large and sharp appreciation of the price level may point to overextensions in the economy. Overextension in the economy may result in inconvenient corrections for investors and other economic agents. Increasing financial integration throughout the world elevates the costs related to real exchange rate misalignment (Montiel *et al* 1999., pp 2).

Now we have to explain what we mean under relative price level. It is possible to calculate relative price level against foreign country or region for each single product. In case our price level is lower than in our counterparty country, the relative price level for good X is for example 0.7. It is possible to aggregate these price levels over all goods and arrive to aggregated relative price level. The aggregation method depends on single case. The weights of single goods may come from consumer bundle or from the national accounts. The method may take into account only consumer goods or consumer goods and property prices. The exact method will depend on goal.

The relative price level of assets is more dependent on the capital market and productivity than production costs. In this regard housing prices have importance. The housing prices depend partly on financial markets and partly on consumption activity. Since housing units are fixed to certain location, these are not movable in space and not tradable in geographical sense. For this reason housing prices should be especially volatile and show leveraged price level developments. The more tradable is the good, the less its prices differ over countries and the more the law of one price hold (1).

(1) $$P^* = e \times P$$

where P^* - the price of good abroad in foreign currency;
e - exchange rate of the domestic currency in units of foreign currency per one unit of domestic currency;
P - the price of unit of good in domestic currency.

The models of macroeconomy assume that all agents are aware and comprehend of all prices in domestic country and abroad. In reality this assumption does not hold. In order to make rational decisions agents must find out nominal prices and relative prices (aggregated price level). Only after having necessary information, agents are able to make rational decisions and achieve optimal allocation of resources.

Predicting and recognizing bubbles in asset and goods prices is very important for those who make investment decisions and economic policy decisions. Legendary speculators, like George Soros, spend substantial amount of energy and time to recognize discords in price levels and taking adequate speculative positions in assets or currencies. Public is better aware of speculative positions taken against currencies of developing countries. But these transactions preceded analysis of price levels in relevant countries.

Relative price level may be viewed as the relative cost of production resource because labour force is one of production factors. According to the Balassa-Samuelson effect the price level should be low in these countries where productivity and wage level is low. Wage level is low in these countries where demand for labour is smaller. Demand for labour is low in countries where potential for entrepreneurship and business activities is low. This process is rationing of labour force. It is natural that labour force more capable and competitive moves to countries where job opportunities meet their qualification and offer better compensation. This situation has standpoint of system competition. Low price and wage level would reflect low quotation for the system. Relative price level may be calculated for consumer goods, services, properties, land, businesses (stock prices) and labour force.

Relative price level can be used to forecast macroeconomic developments in specified country. It hints whether country's economy is attractive for investments in relation to neighbouring countries. High price level hints inflation and depreciation in money's value in relation to goods and assets. It also may hint high speculators activity. The decisionmakers of economic policy do not like too rapid expansion of prices. But US's former and current head's Alan Greenspan and Ben Bernanke have both indicated that they would not fight against asset bubbles with monetary policy instruments (Shinkle 2006). But this statement includes opinion that asset bubbles should be fighted against. In real life Fed would not fight against housing bubble in US with hawkish interest rate policy.

Estimations on relative price levels are required by investment decision makers and currency speculators. Although some famous fund managers and opinion leaders (W. Buffett, G. Soros, B. Gates etc.) are betting against the US dollar, ICP indexes

already suggest relative undervaluation of US dollar (look below). Comparative table of Big Mac index valuations composed in summer 2005 demonstrated relative undervaluation of the dollar against the euro. Purchasing power parity should have been $1,05, not $1,20. The most legendary success story of ICP indexes belongs to devaluation of the British pound in 1992. ICP indices suggested relative overvaluation of the British price level.

Literature

Price levels of specific goods, services or bundles of them are calculated and compared under given nominal exchange rates.

Geary-Khamis'e method. Is used by IMF to calculate price indices of several countries to make GNP-s of different countries comparable in this sense that the same goods in different countries are taken into account with the same price. Calculated ICP exchange rates express average price level against some foreign country or region. (Hinkle *et al*. 1999, p. 102).

(2) $$ICPER_j = \frac{\sum_{i=1}^{m} P_{ij} q_{ij}}{\sum_{i=1}^{m} \prod_i q_{ij}} \qquad j = 1,...,n$$

(3) $$\prod_i = \sum_{J=1}^{n} \frac{P_{ij}}{ICPER_j} \left[\frac{q_{ij}}{\sum_{j=1}^{n} q_{ij}} \right] \qquad i=1,...,m$$

where n – number of countries;
m – number of goods categories;
P_{ij} – price of good i in country j;
q_{ij} – price of good i in country j;
Π_i – international price of good i;
$ICPER_j$ – aggregated ICP exchange rate between country j and numeraire country currencies.

So-called fair exchange rates are calculated by *International Comparison Programme* (ICP), which is created by the UN and University of Pennsylvania supported by the World Bank. About 90 countries take part in their price survey. Specific ICP exchange rate is calculated for every good. According to their method the price of the good in domestic country in domestic currency is divided by the price of the same good in foreign country in foreign currency. The OECD and Eurostat has their own purchasing power parity program.

The ICP exhange rate data about world countries is available from Heston, Summers and Aten's Penn World Tables.

The two best-known ICP indices are Big Mac index and Ikea index.

Big Mac'i index is the best-known ICP-type exchange rate calculated by *The Economist*. ICP exchange rate equals nominal exchange rate if absolute purchasing power parity holds. By nature Big Mac index is ICP exchange rate calculated on the basis of one good. The numeraire country for the index is the US. Ong (1997) admitted that the Big Mac index is surprisingly good tool for predicting exchange rate movements in long-term. The index has wide use because Big Mac is sold in 120 countries.

Whether the purchasing power parity holds in international trade depends in substantial extent on specific model picked for testing, data sample and country (Fujiki *et al.*, 2003). Some authors argue that the Big Mac index is suitable for estimating purchasing power parity (Pakko *et al.,* 2003).

The most important arguments againts the Big Mac index are existing trade barriers, including tradables in the bundle, incomplete competition on goods and resources markets and current account imbalances (*Ibid.*, 1996).

Ikea index was calculated by Gabriel Thulin from Swedish consultancy firm Hallvarsson & Halvarsson in November 2003. The index was calculated from Ikea department stores' catalog prices from different countries. At the time of index calculation Ikea sold similar products in 165 stores from 22 countries. Part of used prices were online, which made price survey easier. Only products sold in at least 15 countries were included. The cheapest country according to the Ikea index was the US by large. It was followed by the Netherlands, Germany, the UK and Sweden (Ikea index 2003). Excluding VAT taxes the cheapest country was Sweden, but this fact is influenced by the fact that furniture is the cheapest in Sweden. The largest price differential between the countries was 67%. The most expensive countries were Finland, Italy, Denmark, Norway, Spain and Belgium. Ikea had entered Finland lately and was not aggressive by price. In 2003 prices among the countries converged. The cheap price level of the US was in part reasoned by low dollar exchange rate. Price levels in countries were dependent on competitve situation on the markets of these countries. But the extent of price differences between the EU countries was surprise for the author of the survey (Ikea index 2003).

This fact proves that the topic of relative price level remains in high importance even after accession to the eurozone. Most likely markets overestimate future price convergences. Most probably local markets remain separated and different by the level of development and price level. Opponents of the common currency euro point to the same fact.

APESMA Big Mac index or '*The Association of Professional Engineers, Scientists and Managers, Australia*' Big Mac index has the purpose of making salaries of

graduated engineers comparable on the international level. The index shows how many minutes engineer should work to purchase one Big Mac in specific country. The method assumes 40-hour workweek.

Table 1. The time to be spent at work in minutes to purchase 1 Big Mac, 1 kg bread and 1 kg rice

	1 Big Mac	1 kg bread	1 kg rice	Total
Chicago	9	7	6	22
Zürich	14	6	7	27
Los Angeles	10	15	8	33
London	16	6	13	35
Sydney	18	15	8	41
Berlin	16	10	16	42
New York	12	16	15	43
Stockholm	19	17	14	50
Paris	19	17	18	54
Singapur	20	25	11	56
Warsaw	42	17	15	74
Bangkok	46	39	23	108
Rio de Janeiro	42	58	20	120
Shanghai	27	80	26	133
Bombay	104	35	89	228
Average	27.6	24.2	19.3	71.1
Tallinn	30	11	18	74.3

Source: APESMA. Burgernomics, December 2005/January 2006.

APESMA Big Mac index is not relative price index in its usual sense. It should be remembered that it is the relative price of labour force in relation to Big Mac. It shows real wage and hints where engineer or scientist would sell its labour force at the highest real price against Big Mac price. It is not the best indicator for pure relative price level because the productivity of labour is very different by countries.

Application of ICP exchange rates in estimation of absolute price level of Estonia

Most methods used to measure the real exchange rate measurement does not provide any information about the level of real exchange rate or absolut price level. Measuring absolut price level is more important for small Estonia-like country in transition than for slow-growth developed country. In economy in transition we need to measure the extent of transition and price convergence ahead. Measuring real

exchange rate from inflation difference and nominal exchange rate differential does not allow us to hang calculated real exchange rate curve to any certain level.

The Big Mac index has turned out to be unexpectedly good and authentic measure for absolute price level. It may be especially useful in economic conditions of Estonia where measuring relative price level and equilibrium real exchange rate is complicated. The another reason in favour of Big Mac-type index is that Estonia will give up its own currency – the Estonian kroon - soon. The main focus will shift from measuring the real exchange rate to measuring relative price level between Estonia and the EU. Following the relative price level remain important topic after the euro adoption. Removal of currency exchange costs should even increase reliability of this index.

Some authors state that absolut and relative purchasing power parity in Central-European countries (Hungary, Slovenia, the Czech Republic) does not hold (Boršič, 2002). They state that during the ten-year transition process the price level of these countries did not converge to the price level of Western Europe in sufficient extent. But economic theory provides enough explanations to this observation. According to the Balassa-Samuelson effect the price level in these countries should rise in accordance with productivity and personal incomes. This means slow step-by-step process, not rapid convergence to Western European level. The price must not be totally converged to fixed rate of Western price level. The price level should converge by the end of catch-up period after several decades. The slow progress of convergence should be especially typical for nontradable goods and services. Macroeconomic theory classifies houses and land to nontradables group. Therefore these items should be among the slowly converging prices. In reality in Estonia property prices showed very rapid increase during the past few years. Therefore it may be realistic to believe that the increase in property is not so much caused by successful economic convergence than rapid price price appreciation in itself. The author believes that property prices are relatively good measure of domestic price level dynamics. These items are not tradable in geographical sense and price dynamics can not be stabilized by international market. In average term it is possible to produce practically unlimited number of new houses in Estonia or in Tallinn. Production costs should depend directly on domestic price levels for goods, services, labour force and productivity.

Empirical results

In the following table 2 the price levels for selected countries are presented. These price levels are calculated from Big Mac prices and actual nominal exchange rates between countries. The price levels are expressed in relation to eurozone price level (100). During the period when eurozone was nonexistent, Germany's price level was used.

Table 2. Relative price level of goods according to the Big Mac index against eurozone

	1994	1995	1999 April	2001 April	2004 May	2006 Januar
US	85.5	66.7	89.7	98.8	88.4	89.7
Eurozone	100.0	100.0	100.0	100.0	100.0	100.0
Sweden	…	…	106.3	90.7	120.1	121.9
Estonia	...	...	...	...	69.2	...
Russia	60.7	46.7	49.8	47.1	44.2	45.6
Poland	51.3	42.0	50.9	56.8	49.7	59.5
Czech Republic	62.4	54.7	...	55.6	64.9	74.1
Hungary	60.7	45.3	46.5	51.4	76.8	77.2
Argentina	134.2	86.0	92.3	97.3	45.1	44.2
Turkey					78.7	87.5
Japan	139.3	133.3	90.0	92.6	71.0	62.4
China	38.5	30.0	44.3	46.7	38.4	37.0
Russia+ Poland+ Czech+ Hungary	58.8	47.2	49.1	52.7	58.9	64.1

Source: The Economist; calculation of the author.

The following table 3 presents relative price levels from Penn World Table CICUP database against the price level of Germany. Original data showed relative price level for each country against the US dollar. For Estonia, it is more sensible to compare the price level against the EU and other European countries. Otherwise dollar/euro exchange rate fluctuations would overshadow real convergence.

The difference in Estonia's relative price level in tables 2 and 3 is explained by difference in goods bundle used in calculation. Big Mac contains relatively more tradable goods than bundle of GDP goods and services. Tradables prices have converged much more than nontradables prices. The bundle of goods used in CICUP data contains much more goods and services. The latter describes economy's price level probably more realistically.

Table 3. Relative price levels of GNP from Penn World Table against Germany 1992-1999

	1992	1993	1994	1995	1996	1997	1998	1999
US	76.01	79.58	77.59	68.69	72.57	84.11	85.81	90.32
Germany	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sweden	121.06	96.16	94.93	91.44	103.03	105.54	103.39	105.37
Estonia	12.18	13.19	17.95	23.20	28.67	31.98	34.36	34.12
Russia	11.91	11.05	19.45	22.17	28.91	33.48	23.32	14.80
Poland	29.01	28.91	30.10	31.39	35.04	37.99	40.50	39.60
Czech Rep	20.36	24.16	26.24	27.57	30.17	31.50	33.38	33.31
Hungary	36.13	38.10	38.30	35.13	36.92	40.61	40.35	41.37
Argetina	63.94	57.97	57.18	50.81	52.66	59.82	59.52	60.67
Turkey	37.34	39.42	29.06	31.00	32.69	35.74	36.80	36.38
Japan	108.75	127.97	133.97	126.03	112.59	116.24	108.41	128.25
China	16.37	18.94	14.94	15.67	17.66	21.48	20.56	21.23

Source: Heston et al., author's calculations.

The price level of properties have increased in Estonia at higher pace than in western developed countries. The price level in Estonia's capital Tallinna has partly exceeded or equal to that of Germany and the US. In January 2006 the leading construction company in Estonia Merko Ehitus proclaimed auction for the apartment in the new building under construction where starting price was 5000 euros per square meter. In the old town of Tallinn in some transactions the price level has reached above 7600 euros per square meter. The price level of these transactions is similar to price level of apartments in New York, Manhattan.

The high price level of nontradable assets in Eastern and Central Europe can be explained by massive foreign investments inflow. The high price level of assets is also reflected by high valuation of businesses (stock prices). The indicators of high valuations are high P/E (price-to-earnings) and P/B (price-to-book) ratios. The latter is analogical to Tobin's q ratio from economic theory which indicates attractiveness of new investments into business assets. But it is important to remember that emerging markets have been characterised by volatile capital flows. In case we know that the fundamental value of the assets is lower than current market value, and current price level is due to foreign investor's speculative activities, we should take cautious standpoint on current price levels.

In the following table 4 relative price level of average house in Tallinn to US median house is calculated. The relative real purchasing power is also calculated. One of the main weakness is different work capacity of houses. Most of US houses are situated in more southern areas than Estonia and take less thorough construction. But this difference is compensated by older buildings on average in Estonia and smaller size. We must also keep in mind that economic policy insitutions of the US think of US

property market as overheated and bubbly. Relative price level for Tallinn to the US would be probably higher in absence of bubble in the US.

Table 4. Calculation of relative price of average house in Tallinn

		4Q 02	4Q 03	4Q 04	4Q 05
House median price US, USD	A	161200	172167	187467	213033
Avg hourly wage US, USD	B	15.1	15.4	15.8	16.3
Cost of house in hours US	C = A/B	10647	11153	11855	13070
Avg hourly wage in Tallinn, EEK	D	45.56	50.22	52.14	55.25
Estonian kroon exc. rate against USD	E	15.48	12.96	11.82	13.20
Avg hourly wage in Tallinn, USD	F = D/E	2.94	3.87	4.41	4.19
Avg house price in Tallinn, EEK	G	1100000	1200000	1300000	1500000
Cost of house in Tallinn in hours	H = G/D	24 144	23 895	24 933	27 149
Avg house price in Tallinn, USD	I = G/E	71 043	92 569	109 949	113 663
House relative price in Tallinn	J = I/A	0.44	0.54	0.59	0.53

Source: EcoWin, Eesti Statistikaamet; authors calculations.

It is possible to see from Table 4 that average house price in Tallinn constituted 53% of US median house price. Growth tendency of this ratio reversed in 2005 probably due to surprising appreciation of dollar exchange rate. Without this change the ratio would have been 60%. Average hourly wage in the US was 3,89 times higher than in Estonia in Q4 2005. The ratio between the ratio of house price and hourly pay comes from given variables. Namely, 0.53 x 3.89 = 2.06. The ratio is in equilibrium and fair if Estonian workers are less effective at construction than US workers.

Historical data shows that on average average US house price is equal to 9000 average hourly wage in the US. If we take an average hourly wage in Tallinn, which is 55 kroons, the equilibrium house price in Tallinn would cost: 9000 x 55 = 495 000 kroons. We can take on the other hand the actual price and the number of equilibrium working hours and calculate corresponding hourly wage: 1500000 / 9000 = 167 kroons. If we assume that lower deciles of income does not take part in property market, it is possible to come to this average pay if we exclude lower deciles. But in this case we would argue that income distribution in Tallinn is more unequal than in the US, which is quite unequal country. In 2000 the Gini coefficient in the US was 0.462 (Wikipedia) and in Estonia it was 0.372. Therefore the income inequality in Estonia was higher.

In author's opinion, there is reason to doubt in that relative and absolute purchasing power parity holds in Estonia in average future perspective. It is not reasonable to expect that purchasing power parity holds for nontradables. For tradables absolute purchasing power parity seems to hold in Estonia. The prices of home appliances and apparel belong to the same calibre in Estonia and western countries. Existing differences in tradables price level can be explained by different taxes, competitive situation and in smaller extent by lower labour costs.

Most likely price differences among the EU and eurozone members remain to exist although decrease from current level. Does purchasing power parity holds? Current view is that in big picture it holds but measured differences in price levels may remain very long or even infinitely. In case the most productive resources will be drawn out from periphery, relative productivity in periphery may decrease and the difference in price levels increase. Then it is hopeless to expect purchasing power parity to hold or beginning to hold.

The other factors influencing price level, which cause purchasing power parity not holding, are the different pace of economic growth in countries and different availability of investment opportunities.

Conclusions

In order to estimate price level development in Estonia-like transition country, it is necessary to estimate its absolute price level, not only relative price level change in time without estimate about its absolute levels. During the transition process absolute price level should change very substantially. Economics theory provides ICP-type exchange rate calculation methodologies to satisfy this need. The best-known ICP-type exchange rates are those used to compare GNP-s of different countries at PPP price level and Big Mac index.

According to the author's views consumer price indices are insufficient to follow and analyze price level and dynamics of it. Those price indices used to compare GNP-s are much more exhaustive and has more meaning.

The large differences in price levels among the EU countries will remain significant also after eurozone enlargement to Eastern Europe countries. This view is supported by current large price level differences and the long time period required for convergence of income levels.

In order to make optimal decisions in economy, economic agents need a lot of information about prices and price levels. Therefore the topic of relative prices and relative price levels and calculating those remain in high importance. Especially in time period when labour force leaves massively Estonia and other Eastern European countries.

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Kokkuvõte

ABSOLUUTSE HINNATASEME HINDAMINE EESTIS

Meelis Angerma
Tartu Ülikool

Lähema ühe kuni viie aasta jooksul asendab Eestis ühisraha euro kohaliku valuuta Eesti krooni. Sellega kaob võimalus arvutada Eesti-spetsiifilist reaalkurssi ehk hinnataset nominaalse vahetuskursi järgi, nii palju kui seda oli. Sellegipoolest jääb suhtelise hinnataseme arvutamise vajadus aktuaalseks teemaks. Viimase dekaadi jooksul on peamine osa Eesti suhtelise hinnataseme muutusest toimunud nominaalsete hindade muutuse kaudu, mitte nominaalse vahetuskursi muutuse kaudu. Seega jääb suhtelise hinnataseme arvutamise ülesanne sarnaseks varasemaga. Suhtelise hinnataseme arvutamise vajadus EL-s isegi kasvab, sest majandussidemed nende riikidega järjest tihenevad.

Suhteliste hinnatasemete absoluutse taseme mõõtmiseks kasutatakse ICP tüüpi vahetuskursse. Kõige tuntumad neist on vahetuskursid, mida kasutatakse erinevate riikide RKP-de võrreldavaks muutmisel. Samasse klassi kuulub tuntud hinnataseme indikaator Big Mac indeks, mis vaatamata oma lihtsusele on osutunud ootamatult kasulikuks hinnatasemete hindamise ja vahetuskursside prognoosimise vahendiks. Big Mac indeksi kasutusvõimaluste kohta on kirjutatud juba suur hulk teaduslikku kirjandust. Lisaks absoluutse suhtelise hinnataseme arvutamisele on võimalik arvutada suhtelist hinnataset sissetulekute suhtes.

Kinnisvarahinnad on hea indikaator üldise hinnataseme hindamiseks, sest nende objektide hinnaliikumisi ei tasanda rahvusvaheline kaubeldavus.

Autori arvates jääb Eesti agregeeritud hinnatase veel pikaks ajaks, kui mitte igavesti, madalamaks Lääne-Euroopa arenenud riikide hinnatasemest. See arvamus tugineb praegusel suhteliselt suurel hinnaerinevusel ning sissetulekute ühtlustumiseks vajaliku ajaperioodi suhteliselt suurel pikkusel.

Majandusotsuste langetamiseks vajavad majandussubjektid põhjalikku informatsiooni üksikute kaupade suhtelise hinna ja kaupade grupi suhtelise hinnataseme kohta. Investeerimisotsuste langetamiseks on oluline informatsioon varade suhteliste hindade kohta.

CENTRAL BANK'S TOOLS FOR TACKLING FINANCIAL INSTABILITY: FEASIBILITY TO IMPLEMENT EMERGENCY LENDING FACILITY IN ESTONIA[1]

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Introduction

Alongside the primary goal of a central bank – to ensure price stability – the second important objective is to safeguard financial stability in the country. Both of the objectives are closely interrelated: while a strong and efficient financial sector supports monetary stability, the functioning of financial institutions and markets as well as implicit and explicit guidelines for their activities are largely determined by the monetary regime and respective policies.

The main goal of a central bank in safeguarding the stability of the financial system is to ensure that financial intermediation in the country performs efficiently to contribute to economic growth and welfare. The day-to-day work of a central bank is primarily of preventative nature. At the same time public authorities, including the central bank should stand ready to intervene in case of unexpected failures in the functioning of markets and to quickly restore the normal conditions that allow smooth and efficient financial intermediation.

Historically, the traditional role of a central bank in the field of financial stability has been to act as a lender of last resort. Emergency liquidity assistance (ELA), which is a more modern expression of the notion, constitutes an essential part of a country's financial safety net even today. The principles and conditions of ELA differ across countries and are mostly determined by a country's monetary system, the structure of the financial sector, and the legislative framework.

The objective of this paper is to indicate the problems related to the design of the ELA framework in a small country like Estonia. In a situation where large foreign-owned banking groups dominate the local market, the central bank responsible for the country's financial stability may not be in position to effectively perform its role. Moreover, the financial stability objectives may contradict if the market liquidity is guided by the monetary policy principles of a monetary union.

Based on earlier research in the field, the first part of the paper discusses the tools and opportunities the central bank has to fulfil its objective of safeguarding financial stability. The principles and limitations of ELA are in the centre of attention. The second part deals with the current arrangements in Estonia and in the EU in the field of crisis management regulation. The main aim is to ascertain whether the traditional ELA framework is able to perform its task - to avoid a financial crisis with severe

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macroeconomic implications - in Estonia under the current structure of the financial sector.

The role of a central bank in managing financial crises: the classical ELA instrument

Price stability and financial stability – common aim, common tools?

In recent decades the consensus on the definition of monetary stability (i.e. price stability) has been internationally achieved among central bankers, economists and policy makers. In addition, the respective strategies and tools are being broadly debated. However, discussions on how to define the role of central banks in financial stability have intensified just in recent years. Central banks are interested in financial stability, because a potential financial crisis with systemic implications[2] may endanger the achievement of important macroeconomic objectives, such as economic growth and price stability. Besides, the efficiency of the monetary policy transmission mechanism essentially depends on the smooth functioning of the major financial institutions and markets. While banking supervision is institutionally separated in many countries, central banks have increasingly made efforts to improve the prevention of financial crises (incl. macro-prudential analysis, regulation etc.). At the same time, the other side of the financial stability framework – the issues related to the resolution of potential financial crises - has remained hidden to the public.

A financial stability instrument that traditionally belongs to the toolbox of a central bank is ELA, which can be defined as "the discretionary provision of liquidity to a financial institution (or the market as a whole) by the central bank in reaction to an adverse shock, which causes an abnormal increase in demand for liquidity, which cannot be met from an alternative source (Freixas et al, 1999)". As emergency liquidity assistance depends on the discretion of the liquidity provider, the definition does not include standing facilities, which are standard monetary policy instruments.

Devoted to safeguarding financial stability, ELA is closely related to the other objectives of the central bank, mostly to the monetary and payment system stability. When setting payment systems standards or planning market communication (in conjunction with the implementation of monetary policy tools) the preventative aspects of financial stability are considered, whereas ELA is provided when markets or institutions are already facing severe liquidity problems. In that sense, emergency liquidity is granted very rarely, while routine lending on the basis of a sufficient collateral and on market terms follows the standard monetary policy procedures. Although ELA could be provided either to the whole market or to single institutions, the instrument is still focused on enhancing macroeconomic stability. The main

[2] A systemic financial crisis could be viewed as a situation which could severely endanger the smooth functioning of the financial system and that is caused by the liquidity or solvency problems of one or more financial institutions, or by failure of payment and settlement systems or financial markets. The issue how to define financial stability is profoundly covered by Schinasi (2004).

issue here is how to reallocate liquidity in the market in case the financial markets (i.e. private investors) are not willing or able to provide sufficient liquidity to the banks that are hurt by a systemic shock.

Two types of market failures are characteristic of the banking sector: the possibility of a liquidity crisis, and the external effects generated by the failure of a financial institution. (Freixas, 1999) Therefore, two types of emergency lending can be distinguished: intervention to the whole market and liquidity support to single institutions.

- For example a negative external shock can cause an unexpected liquidity need in the market. To maintain financial stability the central bank can increase market liquidity by temporarily extending the list of collaterals accepted in the monetary operations. (Hoggarth&Soussa 2001)[3]. However, it is not easy to make a clear distinction between emergency lending to the market and temporary easing of monetary conditions. Both the instruments used are open market operations, and the expected result - increase in reserve money supply and decrease in short-term interest rates - is the same in both cases. The main difference between the two situations lies in different decision-making procedures. ELA is an extraordinary, rare and temporary measure, aiming to mitigate the market pressures arising from an external shock, whereas monetary policy operations are planned and follow the long-term objectives of price stability. Despite this explanation Goodhart (1999) has argued that ELA is nothing else than a traditional monetary policy tool leading to a decline in interest rates; so the specific ELA concept could be applied only in cases when liquidity is provided just to a single institution.
- Liquidity assistance to a single institution has its implications to the composition of the central bank's balance sheet, but different from the lending to the whole market, it does not necessarily increase the central bank's total assets. It is because the evolving monetary effects can be offset by lessened lending through regular market operations. Hence, the conflict with monetary objectives can be effectively avoided.

Still conflicts between the two main objectives of a central bank – price stability and financial stability – can easily come forward, as both rely on the same operational tools and targets, i.e. short-term interest rates and reserve money. Although the two main objectives provide synergy in the long run, the successful implementation of monetary policy is not necessarily enough to avoid financial instabilities. At the same time, the central bank should sterilize liquidity to avoid monetary conflicts that may appear in high inflation, unexpected capital outflows, or even currency collapse. Besides, in a systemic crisis there may exist also the need to provide uniform support for all banks short of liquidity (even if suspected to be insolvent) to protect payment system operation and stable macroeconomic developments. As a

[3] It follows, that the regular and the emergency liquidity support are not independent. The broader (narrower) the facilities and the types of collaterals accepted in regular monetary policy operations, the less (more) likely is the need for emergency liquidity assistance.

crisis itself is a form of monetary tightening, the general macroeconomic easing (e.g. interest rate cuts) may not be conflicting[4].

Traditional design of ELA: theory and practice

The main elements of a central bank's emergency liquidity assistance[5] were described already in the 19th century. Walter Bagehot's (1873) classic statement on ELA: "*lend freely to temporarily illiquid but nonetheless solvent banks at a penalty rate and on good collateral*", however, is a poor description of the current national practices and therefore widely criticized. The opponents argue that what makes lending of last resort effective is rather the uncertainty as to whether liquidity support will be provided, and also the discretion regarding the conditions attached[6]. Besides, financial sector supervision and enforcement issues constitute also part of the instrument design.

To develop an effective instrument for ELA, the criticism of the Bagehot principles is most valuable.

- **"lend freely..."** relies on the assumption that the lender of last resort has free and unlimited access to the funds that exceed the amounts needed to avoid the largest possible crisis. Although we tend to conclude that a central bank can print money without any limits, the availability of resources can still be a serious problem. While a central bank can extend emergency loans for unlimited amounts, its capacity to absorb losses is limited; it is in principle determined by the size of its capital. Lending freely might be complicated also because of the monetary system (for example, under the fixed exchange rate regime, particularly currency board) and because it can easily damage the monetary policy objectives. The insolvency risk of a credit institution constitutes a major credit risk of the central bank. This may cause higher inflation, as central bank is forced to monetise its losses. Therefore, if there is a need to lend very large amounts, it might be better if the government took the credit risk.
- **"...to temporarily illiquid but solvent banks...".** Resulting from the moral hazard, the ELA provides incentives to take on excessive risks. In most cases it is difficult to distinguish illiquidity from insolvency, because what appears to be "good security" in ordinary times may suddenly turn out to be poor in a crisis. In fact, the distinction can be made, if at all, only post factum, after the crisis has already occurred. Nyberg (2000) argues that at today's complexity of financial markets the ELA could rather be considered "as a means for handling acute problems, so that the authorities gain time to decide whether other crisis management measures are needed". Rochet (2005) suggested making ELA strictly conditional on the approval of supervisory authorities.
- **"...at penalty rates...".** To limit the negative implications of the moral hazard, a central bank is induced to require an appropriate margin to cover its credit

[4] Although a solution is still needed to avoid excessive inflation or exchange rate collapse.
[5] The old-fashioned term of which is lender of last resort (LOLR).
[6] The wording refers to the „constructive ambiguity" concept discussed by many authors, incl. Goodfriend and Lacker (1999).

risk. In other words, to apply penalty rates on emergency lending. An above-market interest rate provides banks the incentive to seek for other possibilities to acquire liquidity. According to Hoggart and Soussa (2001), lending at the market rate (or even at a subsidised rate) can still be justified, if (i) the high interest rate can deepen the banking crises, (ii) it will give a signal that triggers a sudden and massive bank run, (iii) the higher interest rate impels the management to apply riskier strategies to overcome repayment difficulties (i.e. "gamble for resurrection" and other reflections of adverse selection).

- **"... and on good collateral."** In this regard, two different approaches could be pointed out. First, every asset of the bank could be regarded collateral (incl. bank loans and fixed assets). The main problem of this approach is that as the time is limited, the central bank may be not able to ascertain whether the respective assets are already pledged. The second approach is to apply for a government guarantee. It could be a sensible decision in case the central bank has serious doubts whether the respective banking institution is solvent or not. (He 2000) Irrespective of the chosen approach, the central bank has to require collateral in order to limit its credit risk. On the one hand this rule gives the central bank the possibility to develop an "exit strategy", on the other hand it helps to reduce the moral hazard. If the central bank lowers the standards for collaterals, it should require a higher haircut compared to that used in regular operations.

A powerful tool used by central banks to overcome moral hazard problems, while not increasing forbearance or political interference, is the constructive ambiguity conception, that is, keeping ambiguous not only whether or not a rescue would be forthcoming, but also the terms and conditions at which it would come if authorities deemed it necessary to intervene (Corrigan, 1990). In practical terms the conception can be taken as a suggestion to spell out the necessary but not sufficient conditions for ELA (e.g. preconditions of solvency and exhausting the available sources of funds).

Among other terms and conditions of ELA, the speed of (discretionary) decision-making should be highlighted. Globalisation of financial markets, higher volatility and innovations will increase the risk that a crisis may evolve suddenly and most probably spread from one market to others.

With a view to the traditional principles of ELA (as set by Bagehot) and criticism on these, some recommendations for deciding and designing ELA principles on the national level are provided in table 1 below.

However, it should be recognised that the list of „key considerations" is not adequate to be applied in every country and in any market situation. First of all, while the conditions of ELA and communication principles should be, in principle, applicable in any country irrespective of the financial system structure, the institutional set-up should always rely on the legal structure and the specific market

conditions[7]. One of the major drawbacks of the „one size fits all" approach is that it does not take into account specific monetary arrangements and the limitations resulting from that (e.g. in the case of Estonia, the current limitations of the currency board are the most relevant).

Table 1. Key Considerations of Emergency Lending

1. Institutional set-up	
1.1	Have in place clearly specified lending procedures, authority, and accountability.
1.2	Maintain close cooperation and exchange of information between the central bank, the supervisory authority (if it is separate from the central bank), the deposit insurance fund (if it exists), and the ministry of finance.
1.3	Decisions to provide liquidity support should be part of a general crisis management strategy and should be consistent with other tools applied by the monetary, the supervisory, and the fiscal authorities.
2. Conditions of Emergency Lending	
2.1	If any lending is done to non-systemically important institutions, only those institutions should be granted a loan that are deemed to be solvent and have sufficient acceptable collateral.
2.2	Lend speedily.
2.3	Lend in the domestic currency.
2.4	Lend above the average market rates.
2.5	Maintain monetary control by effective sterilization.
2.6	Subject borrowing banks to enhanced supervisory surveillance and restrictions on activities.
2.7	Lend only for a short term, preferably not exceeding three to six months.
2.8	Have a clear exit strategy. Repayment terms may be relaxed to accommodate the implementation of a systemic bank restructuring strategy.
3. Communication	
3.1	Make public announcements of the willingness to lend.
3.2	Emergency support operations should be disclosed when such disclosure will not be disruptive to financial stability.

Source: Conception from He (2000), modified and complemented by the author

Cross-border banking groups and ELA

In addition to the problems related to the different monetary systems, the issues on crisis management of large cross-border banking groups add complexity to the design of the ELA framework. Historically, central banks have provided liquidity assistance to systemically important credit institutions within their jurisdiction. This reflects a central bank's responsibility for safeguarding financial stability in the country. However, national authorities may not have sufficient information on the overall nature and the systemic extent of a crisis. Furthermore, they do not necessarily have the right incentive to use the most appropriate instrument. The

[7] Saapar and Soussa (2000), for example, highlighted three structural factors that determine the design of ELA: (i) size of institution ("too big to fail" issues), (ii) conglomeration (scope of emergency lending), (iii) internationalisation of banks (conflict of interests).

incentive is rather to try shifting the burden to the other countries[8]. (Bini Smaghi, 2000).

In general, host authorities lack mechanisms that ensure adequate response to the liquidity problems of a systemically important foreign bank subsidiary or branch. On the one hand, it could be argued that if the home countries' authorities support their systemic banks through liquidity assistance or other support, the host depositors are protected via spillover. On the other hand, if the parent bank is not systemically important in its home country it may not qualify for ELA.

Moreover, it can happen that the risks of a multinational banking group could be shifted to its daughter institutions; most likely to a subsidiary located in the country where the banking group expects the greatest government support. If the subsidiary goes bankrupt, it is the deposit insurance system of the host country, which is responsible for providing compensation. This implies losses, which are borne by the local taxpayers. High banking concentration in a host country adds to the likelihood of a bail-out because the government may not be willing to accept the failure of a subsidiary which constitutes a substantial part of the country's financial system.

Referring to an example regarding the New Zealand's case, Kaufmann (2004) noted that the subsidiary is not necessarily an independent institution, as its parent bank or other parts of the banking group could provide a part of its functions or operations. Facing this situation, the host country lacks tools to keep the domestic banking activities functioning irrelevant of the legal corporate form.

Some theoretical aspects of international or regional ELA

With the aim to limit the moral hazard the ELA principles should contain a rule that the official support will be granted only in very rare cases when, for some reason, it is not possible to turn to private sector solutions. A theoretical model developed by Herrala (2001) shows that if the entry is not restricted and if an interest rate is applied on the repayment, also the private schemes could be applied. Still Giannini (1999) has brought up enforcement problems that could influence the effectiveness of government intervention. Compared to some multinational body the national institutions can find themselves in a better position, as they can rely on past, presumably successful, acts of institution-making (incl establishment of a credible legal system), which helps lessening the specific problems of enforceability. For an international institution it is much harder to self-enforce in the sense that the member countries must clearly perceive that they have long-run interests, which clearly dominate short-run gains.

Recent theoretical reflection on political economy of cooperation has shown that international collective action requires some notion of reciprocity, whereby each member can be sure that the gain (or loss) will be shared. However, crisis management provides further challenges in that regard. First, based on the definition

[8] Kaufman (2001) argues that the home country's taxpayers may be more reluctant to bail out depositors in foreign countries than in their own.

of crisis, the payoff structure tends to vary from one crisis to another, making ex ante assessment of gains and losses complicated. Second, dealing with a crisis means that the resources will be shifted from one part of members to another, even if on a temporary basis. If some members are more prone to crises than others, the legitimizing of the crisis may prove difficult; unless it is clearly understood that the resolution of the crisis is in everybody's interest. (Giannini, 1999)

Fortunately the problems described above do not necessarily mean a successful crisis resolution is unrealistic by assumptions. The theoretical discussions help to understand how the issues of control could get amplified if to move from the national to the international level. National authorities want to be confident of having all the information before they commit its resources in each particular case. For example, when establishing a special organisation for cross-border crisis management, it is in every country's interest to build up control structures, which help to limit potential losses. By Giannini (1999) this outcome is feasible through some lessening of the volume of the committed resources[9] or technical discretion of the crisis manager, or both. At the same time, this may cause decrease in the efficiency of international crisis management.

It is not easy to define ELA in accordance with the principles of universality and reciprocity, as ELA should be provided rapidly and with determination, whereas the decision is inevitably not desirable at least for some parties. If to use Giannini's (1999) wording, ELA may not be taken as "the enemy of none but the common friend of all". Whether liquidity assistance has been provided in everybody's or at least most parties' interests, can only be assessed ex post. The proper functioning of the control mechanisms is very important. The architects of the IMF's international lender of last resort institution were aware of the problems and pointed out that, a clear rule-based framework should ensure that the incentives to violate these arrangements could effectively be avoided[10]. Hence we can conclude that if the control problem is left unsolved, any attempts to give ELA international dimensions will fail.

In the light of the preceding debate, regional ELA seems to have some advantages over the international one (Giannini, 1999).

1) Geographical proximity is often used as one of the important factors or indicators explaining economic integration. In that respect we can think that potential non-action during a crisis might increase social costs.
2) As the number of relevant countries is much smaller, it might be easier to reach a consensus at the regional level on the need for joint action as well as on the forms of intervention.

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[9] In the national set-up, some countries have introduced limits on emergency lending, which contradicts Bagehot's "lend freely" principle. In most cases, the upper limit is set in ratio to the central bank's capital.

[10] See, for example, Corsetti, Guimaraes, and Roubini (2003) describing the incentives of government in case of ILOLR

3) Tight cultural relationships form a basis for an "epistemic community", reflecting the common understanding how to deal with certain problems. In political economy, the epistemic communities are essential factors in the field of international co-operation.

However, regional ELA has its drawbacks that result mostly from control problems. The development of a credible ELA structure is a complex issue that cannot be easily addressed by forcing economic integration or taking further steps in international co-operation. Countries are interested in maintaining some autonomy in their economic policies. As the „rescue package" is likely to involve costs of another country (as there will be certain deviation from the pattern of domestic policies), the result will be uncertain. An example here is the failure to organize an effective area-wide defence against speculative flows during the 1992-93 ERM crisis. Another deficiency of the regional ELA is the fact that the moral hazard of the debtor country may prove too large, when the awareness of the social cost from non-action becomes evident, partly resulting from the geographical proximity.

Designing ELA for Estonia

Current limits under CBA

Since the monetary reform of 1992, Estonia's monetary policy strategy has been based on the CBA-based fixed exchange rate system. Although according to the traditional approach, the currency board cannot provide the lender of last resort function to the domestic banking sector, the rule is not rigorously applied in practice[11]. Estonian legislation neither allows nor prohibits central bank lending. Thus the excess cover can be taken as a specific buffer for potential negative shocks emerging in the monetary and financial system. At the end of 2005, the excess reserves[12] of Estonia's currency board amounted to 3.6 billions of kroons (see Figure 1), constituting 16% of the monetary base and just over 4% of broader money. The excess reserves have increased year after year, but their volume is still insufficient to withstand a systemic financial crisis.

The scarcity of excess reserves is even more problematic if the banking sector is consolidated like in Estonia (see table 2). The capability to absorb a liquidity shock of a large bank using the central bank's funds is very limited, far from managing effectively a liquidity crisis affecting the whole banking sector. In 2005 the excess cover was large enough to meet the emergency liquidity needs of just the small banks. However, regarding the size of their total assets, the small banks are not "systemically important", thus these banks would probably not qualify for ELA.

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[11] Among modern CBAs, the LOLR (or ELA) is excluded by law only in Bosnia Herzegovina. In Hong Kong and Bulgaria the respective laws allow liquidity support only up to the excess cover of the currency board; in Lithuania (like in Estonia) the possibility of ELA is not mentioned explicitly.

[12] The excess reserves or the excess cover are defined as the net foreign reserves less the domestic liabilities of Eesti Pank

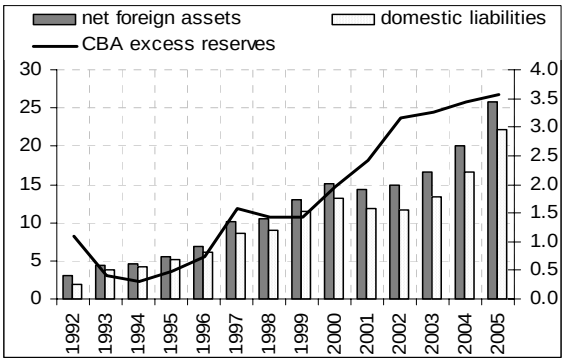

Figure 1. Net foreign assets and domestic liabilities of Eesti Pank (EEK b, left scale) and the "excess reserves" (EEK b, right scale)
Data: Eesti Pank, author's calculations

Table 2. Factors of ELA in Estonia: the CBA principles and the high foreign ownership concentration in banking, as at end-2005

Name of the bank (1)	**Foreign ownership (country of parent bank)**	**market share**	**total deposits (2) (m EEK)**	**demand deposits (2) (m EEK)**	**CB's excess reserves (m EEK)**	**excess reserves / total deposits**	**excess reserves / demand depostis**
Hansapank	Sweden	59%	51 881	36 780	3 579	0.07	0.10
SEB Eesti Ühispank	Sweden	21%	33 850	15 285	3 579	0.11	0.23
Sampo Pank	Finland	8%	8 187	3 813	3 579	0.44	0.94
Eesti Krediidipank	Latvia	2%	2 739	1 447	3 579	1.31	2.47
Tallinna Äripank	domestic	0.3%	282	183	3 579	12.67	19.58
BIG Bank	domestic	0.3%	128	60	3 579	27.98	59.36
SBM Pank	domestic	0.2%	175	39	3 579	20.46	92.23

(1) domestic banks and foreign bank subsidiaries on the solo-basis, at the end of 2005
(2) incl liabilities to credit institutions
Data: Eesti Pank; author's calculations

The conservatism resulting form the specific monetary arrangements has provided a strong basis for establishing a credible financial system. It has also provided banks with incentives to develop liquidity management systems that are predominantly based on foreign assets. Many factors and developments have contributed to the current situation:

- After several liquidity shocks in late 1990s Estonian banks recognized limitations resulting both from the small size of the market and the exchange rate system. Therefore, banks have considered it vital to create adequate buffers in foreign markets aimed at reducing the dependency on the (often insufficient) domestic market liquidity.

- In the banking sector, the consolidation processes have led to the emergence of financial conglomerates that are active also in the neighbouring markets. Banks' ownership structure has totally changed; the share of foreign ownership has risen from 26% in 1997 to over 99% at the end of 2005. Strong parent bank commitments are reflected in treasury mandates banks have concluded on liquidity management issues.
- The effective application of other tools compensates for the scarcity of monetary policy instruments. For example, the reserve requirement in Estonia (13% since 1997) is significantly higher than in most other countries, implying that liquidity should always be built up ex ante and by market participants themselves. Over the years the central bank has improved the smooth functioning of its monetary policy instruments.[13]
- The intraday liquidity facility was introduced in the course of the payment systems' reform (implementation of the RTGS system) in order to ensure the smooth functioning of payment systems.

To conclude, it seems that in Estonia the tools of monetary policy and financial stability are interrelated more strongly than in the case of a traditional set-up. However, irrespective of the intermediate targets of applying the tools, the ultimate goal is to ensure macroeconomic stability and economic welfare. Joining the Eurosystem forms the exit policy of the Estonian currency board-based monetary system. Adoption of the monetary policy operational framework of the ESCB will result in a significantly lower reserve requirement for banks (2%). Also, the new regulatory set-up will give the opportunity to manage liquidity through open market operations provided by the Eurosystem. These changes in monetary policy instruments also have an impact on the financial safety net framework, besides the fact that central bank should be ready to participate more actively in a crisis management process. Therefore, when designing a financial safety net (incl imposing ELA principles), the main guidelines should be provided by the respective framework of the euro area.

Emergency lending arrangements in the EU and EMU

The ESCB has given a clear mandate for monetary stability. At the same time it is hard to find any good legislative basis on the role of financial stability. The issue is by and large referred to in Article 105 of the Treaty and in Articles 18, 20 and 25 of the ESCB Statute. Lastra (2000) argues that the second indent of Article 18.1 of the ESCB Statute regarding credit operations leaves the door open for a generous interpretation that could allow for the role of LOLR in the ESCB[14]. Even though the

[13] For example, since July 2001 the banks are allowed to fulfil up to 50% of the reserve requirement by highly rated foreign euro-denominated securities. At the same time a facility was introduced allowing the sale of the securities to the central bank, therby giving banks the opportunity to use the foreign securities in liquidity management domestically, in exceptional circumstances. (Source: Eesti Pank)

[14] "*In order to achieve the objectives of the ESCB and to carry out its tasks, the ECB and the national central banks may: … — conduct credit operations with credit institutions and other*

roles of the ECB and the national central banks are not explicitly mentioned as regards emergency liquidity, the implicit arrangements on the ELA responsibility could be described as follows:

i. It is the responsibility of the Member States to provide liquidity support to single institutions.
ii. In case of a general liquidity crisis, which enfolds the entire euro area, the instruments and procedures determined by the single monetary policy framework should apply.
iii. Any liquidity support should be consistent with the single monetary policy[15], whereas being temporary and short-term.
iv. Potential cross-border implications of financial crises are handled using specific cross-border arrangements[16].

While the general principles of deposit insurance in the EU Member States prescribed in the Directive[17] (though large differences exist across countries) make bank runs in the EU countries less likely, the liquidity loss from wholesale markets becomes even more important. Thus, the market operations aimed to ensure adequate liquidity conditions are the key instruments to safeguard financial stability in the Eurosystem. Possibilities of the Eurosystem to effectively deal with systemic liquidity problems were proved in co-ordinated actions after terror attacks in New York on 11 September 2001.[18]

When analysing the framework more generally, it seems that the ECB has much more in common with the IMF, which effectively operates as an International Lender of Last Resort (ILOLR), than with national central banks operating as last resort liquidity providers. As fiscal power belongs to national governments, the costs of resolving a crisis will be covered form the budgets of Member States. However, even though national central banks act as lenders of last resort, their inability to create money will limit their possibility for action. As noted by Freixas (1999),

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market participants, with lending being based on adequate collateral" (Statute of the ESCB and of the ECB)

[15] European Shadow Financial Regulatory Committee (ESFRC) proposed already in October 1998 that before a national central bank provides ELA, the ECB should be informed. (ESFRC, 1998)

[16] In the EU, two memoranda of understanding define the main principles of co-operation in this field. One of them was signed in March 2003 between the EU central banks and supervisory authorities and the other, which also included the finance ministries of all Member States, was concluded in May 2005.

[17] Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes.

[18] After the attack, many banks in the euro area were cautious and did not want to lend to the market. This was reflected in higher overnight interest rates and bid-ask spreads. The Eurosystem reacted by providing additional funds through fine-tuning operations. Euro area banks that did not have US banking licences could not borrow directly from the US discount window. To channel the necessary US dollar funds to euro area banks, the ECB and Fed NY concluded a ESD/EUR swap contract followed by contracts between the ECB and the NCBs and the NCBs and market participants.

when dealing with large sums, the bail-out of an institution will require ECB's funds, which ultimately means that the ECB itself will have to supervise European institutions. It follows that the unique challenge faced by the ECB lies in the threefold separation between (i) the regulatory body (the EU), (ii) the single currency area (the euro area) and (iii) the supervisory jurisdictions (each euro area country). This threefold separation requires special forms of co-operation between public bodies (Padoa-Schioppa, 2002).

Therefrom follows an intriguing debate whether ELA should be more centralised in the EU. If the process on ELA decisions is made more transparent and centrally co-ordinated, the responsibility and accountability of decision-makers will increase. This could, in turn, help to mitigate conflicts of interest that could originate from the political pressure of interest groups related to problem banks or from national interests (exploiting forbearance as a competition tool while preferring domestic banks). The pros and cons of decentralisation of the ELA function are listed in table 3. Although there seem to exist clear advantages in centralising the provision of liquidity, the responsibility for ELA in the Eurosystem remains decentralised in medium term.

Ways forward: alternative frameworks to the current arrangements.
Considering the continuous process of financial integration, the idea to centralise banking supervision is slowly gaining a firm footing in Europe. One of the most widespread ideas is to establish the "European System of Financial Supervision" that could perform similarly to the ESCB framework. Shoenmaker and Oosterloo (2004) refined the idea somewhat, proposing that the home supervisor is given full responsibility for the EU-wide operations, whereas it will need a European mandate to ensure that the interests of all depositors/countries are taken into account (i.e. consolidated or lead supervisor approach). This kind of arrangement may support the shift of emergency liquidity assistance to the EU level. A problem still remains, as in that case the European fiscal mechanism should also cover the ultimate costs of a potential bailout. A fixed rule to share the costs may give rise to moral hazards and aggravate the control problem, as described previously.

Alternatively, Prati and Schinasi (2000) proposed to form institutional mechanisms for crisis management that do not involve the central bank, such as a privately funded liquidity consortium which also has national authorities as shareholders. Given that all non-central-bank institutions can set aside ex ante only a limited quantity of resources and given that speed is becoming a critical factor in the handling of systemic crises, the ESCB, or the NCBs, would have to remain, at least in the case of pan-European crises, the immediate providers of liquidity, while other entities would become the ultimate providers of funds.

Another possible direction in which the framework could shift is that the ECB might evolve into an institution assuming the leading and coordinating role in crisis management. If no other single institution can satisfactorily take up ELA responsibility at the EMU level, responsibility might devolve to the ESCB. This might require the ECB to have more independent and regular access to supervisory

information than is made explicit in the relevant statutes (Prati, Schinasi 2000). Mayes (2005) has concluded recently, that in the EU a European body is needed to control a crisis management process even if the banking supervision and regulation are left on the national level with respective fiscal responsibilities.

In current debates it has also been proposed to establish a single resolution agency appointed in advance for each "systemic" bank. The idea is challenging, as it requires establishing particular forms for the organisation of supervision, deposit insurance, regulation and ELA. (Mayes, 2005) This kind of "networking" is a step forward, but in long-term the centralised EU system still seems more reasonable.

Table 3. Discussions on ELA in EMU: most common arguments for centralised vs. decentralised approach

Decentralised approach	Centralised approach
1. Current arrangement. • Treaty Article 105, Statute of the ESCB Articles 18, 20, 25. 2. Supervisory home country regime for banking supervision. • Supervisory and ELA functions are intrinsically linked during times of crisis. 3. The cost of ELA will be fully internalised. • Deposit insurance payouts are based on the home country principle. • Requirements for incentive compatible decision-making - the cost should be borne at the same level of decisionmaking. 4. NCBs are able to decide on the terms and conditions on a case-by-case basis. • More flexibility to accept lower-grade collaterals 5. Feasible from the macroeconomic policy point of view. • If ELA is centralised, then it is difficult to convince the ECB to expand monetary policy with a view to increasing the inflation tax.	1. Implications for monetary policy. • If decentralised, then approval by the ECB and ECB's offsetting transactions is needed. 2. National authorities could be ineffective supervisors or practice forbearance. 3. Systemic risk should be judged at an EMU-wide level. • Emergence of large pan-European banks. • Potential conflicts of interest (small host country problems). 4. Equal treatment across the EU banking systems: • If decentralised, then the terms and conditions (rate of interest, type of collateral, margin requirements etc) should be harmonised within the Eurosystem. 5. Limits on excessive amount of bailing out operations. • If each NCB can decide independently, the soundness of the Eurosystem balance sheet would deteriorate with serious repercussions for the credibility of the currency.

Source: Conception and main principles from Schoenmaker (2000) and Bini Smaghi (2000); modified and complemented by the author.

What kind of ELA for Estonia?

The "key considerations" given in table 1 provide useful guidelines for designing ELA for Estonia. Setting the specific conditions is above all a technical issue that might not be too complicated[19]. Much more challenging is the broader framework and ideological side of ELA, that, on the one hand, should be consistent with the EMU dynamic monetary policy arrangements and financial stability matters, but on the other hand, take into account the current structure of the Estonian financial sector (incl the high market share of foreign banks and high market concentration).

Based on one of the key principle that ELA is applied only in very rare cases when private solutions do not work, the primary responsibility for solving liquidity problems rests on parent banks. This logical outcome should definitely be valid also in Estonia where the three largest banks, which possess almost 90% of the market share, act as foreign banks' subsidiaries, whereas their parent banks centrally decide on foreign liquidity management. All major foreign banks' subsidiaries have concluded treasury mandates with their parent banks, which should, under normal circumstances, ensure a smooth flow of funds for any liquidity (or capital) needs. The growing role of parent banks is reflected both in the changing structure of liabilities (see Figure 2), as well as in the decreasing liquidity buffers (see Figure 3) of the banks registered in Estonia.

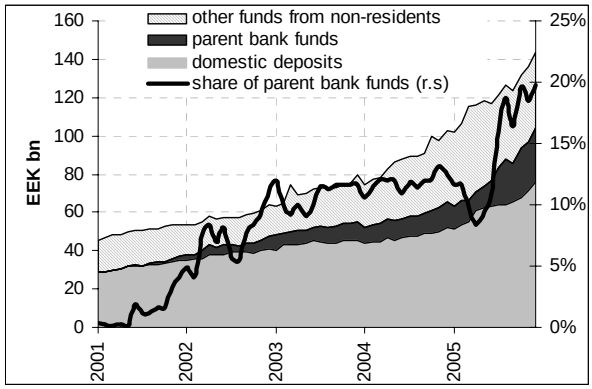

Figure 2. Funding Structure of the Three Largest Banks in Estonia.
Data: Eesti Pank, author's calculations

[19] Besides, such a "cookbook approach" to problems may prove inefficient. It is almost impossible to define ex ante the types of problems the banking sector may face. Therefore, it might not be possible to design operational rules for any crisis situation.

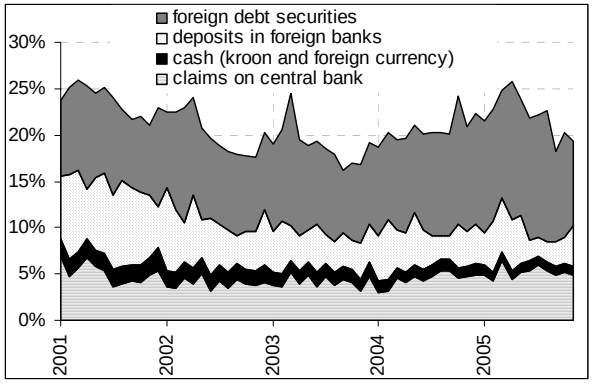

Figure 3. Liquid Assets as a Percentage of Total Assets of the Three Largest Banks in Estonia
Source: Eesti Pank, author's calculations

Nevertheless, it might happen that for some reason the parent bank cannot grant liquidity quickly enough (for example due to IT-problems or a general liquidity squeeze). Thus, it should be clear in advance which country's central bank is responsible for intervening and restoring the smooth functioning of financial intermediation:

a) whether the host country's central bank responsible for financial stability and most concerned about the welfare of the institutions and individuals of that particular country (i.e. current arrangement);
b) or the home country's central bank, because the liquidity management of the banking group is centralised; some ideological support can also be exerted from the consolidated supervision principles.

The choice between the two alternatives is not easy. Moreover, the liquidity pool does not necessarily have to locate at the parent bank, but rather in some other country. Also, we cannot offset the possibility that after the restructuring of a banking group the liquidity pool will move from one country to another. Moreover, in case of centralisation of liquidity management, it remains questionable, what problems of which country the emergency lending of a central bank can actually solve.

As there does not seem to exist an ideal solution suitable for all large banking groups in Europe, alternative ways should be found. The most feasible, although maybe not the best solution would be creation of networks consisting of all parties of single cross-border banking groups potentially involved in crisis management. Following the consolidated supervision principles, home authorities should take the leading role in these networks. However, this division of responsibilities may fail, if a home country's competent authorities are not interested (or not able) in co-operation, particularly if they turn out to be leading many networks around banks

that prove non-systemic in home country. Hence, the solution is definitely not optimal. The pros and cons of the networking concept are given in table 4.

Table 4. Pros and Cons of the Networking Concept for Crisis Management of Cross-Border Banking Groups

Pros	Cons
• Related parties perceive each other's interests; possibility to reduce conflicts of interests. • Division of roles and duties in a crisis management process is flexible, thereby respecting the dynamism in corporate structure; enables effective solution for moving the liquidity pool. • Allows effective cost sharing.	• Too burdensome to countries potentially involved in a large number of networks. • For a large pan-European banking group the solution is not sufficient, because at a large number of countries involved, it is much more difficult to follow features of the "epistemic community". • Other parts of financial safety net might not support the concept (deposit insurance and banking supervision are not fully harmonised yet). • Even if the relevant agreements and practices are feasible within the EU countries, the financial safety net in the third countries may prove too different to adopt in the networking concept.

Source: derived by the author

If the financial integration in the EU develops, in the long term it will be inevitable to find a solution to crisis management issues at the EU level. In the medium term, any solution towards closer co-operation in this field is an improvement in the current ambiguous set-up.

Summary

The main task of a central bank in safeguarding financial stability is the prevention of financial crises: when establishing the conditions for sound and efficient financial markets and institutions, the central bank aims at avoiding financial crises with disruptive consequences to macroeconomy. However, as preventative actions may prove to be insufficient, a central bank has to be ready to take necessary steps and provide support to credit institutions short in liquidity in order to avoid potential large-scale insolvencies and thereby loss of wealth.

Due to the currency board based monetary policy framework, the ELA instrument in its classical sense is offset in Estonia, and its absence has so far been compensated by higher requirements on ex ante holdings of liquidity buffers. Also, conservative central banking principles combined with the unwillingness to rescue unsound banks in the past has reduced the moral hazard and improved system credibility by giving incentives to introduce better risk management systems.

After joining EMU, ELA will become a natural instrument in the toolbox of Eesti Pank. In most countries the ELA principles are more or less based on historical Bagehot' principles. The principles are broadly applicable in Estonia as well. However, the technical design (i.e. issues related to terms, penalty rates and even collaterals) is not the main issue here, but rather the question whether ELA in its traditional meaning could be efficiently imposed under the EMU monetary policy framework and financial sector structure. While some progress concerning the harmonisation of supervision and deposit insurance has been made in the EU, the silence regarding ELA can mainly be attributed to the complex issue of emergency lending in case of cross-border banking groups.

The only guideline that countries can count on is that each Member State is responsible for financial stability, while not compromising the common monetary policy goals. Today's institutional framework for promoting financial stability in Europe is inefficient and internally inconsistent. In line with the allocation of supervisory responsibilities, the responsibility for decision-making in crisis situations regarding an individual institution and its branches rests with the home country authorities. However, home country authorities are not responsible for the financial stability of host countries. Moreover, the home country taxpayer may not be prepared to pay for cross-border spillover effects of a failure.

Today's ambiguous situation has evoked hot and widespread debates among theoreticians and practitioners about how the crisis management of cross-border financial groups in Europe should be organised. As the regulatory and institutional structure in the field of financial stability will remain largely unchanged in the medium term, the optimal solution would be to establish cooperative networks between competent authorities, relevant for each single cross-border banking group. In the longer run, when financial markets are becoming even more integrated, the broader framework for financial stability should also be reformed.

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Kokkuvõte

KESKPANGA VAHENDID FINANTSSÜSTEEMI EBASTABIILSUSE KORRAL: ERAKORRALISE LIKVIIDSUSLAENU INSTRUMENDI RAKENDAMISE VÕIMALUSED EESTIS

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Keskpanga ülesandeks finantssüsteemi stabiilsuse eest seismisel on hoolitseda selle eest, et finantsvahendus riigis toimiks efektiivselt ja ilma tõrgeteta, aidates seega kaasa majanduse arengule ja heaolu kasvule. Keskpanga roll finantsstabiilsuse tagamisel on eelkõige preventiivset laadi. Ent nagu ajalugu on näidanud, võib ette tulla olukordi, kus keskpangal on vaja otseselt turule sekkuda, pakkudes finantstuge ajutistes likviidsusraskustes krediidiasutustele. Et vältida likviidsusprobleemide arenemist ulatuslikeks maksevõimeraskusteks ning potentsiaalsete kriisikulude kuhjumist, kuulub keskpanga raha- ja finantspoliitika töövahendite hulka traditsiooniliselt ka erakorralise likviidsuslaenu (ELA – *emergency liquidity assistance*) instrument. Selle, ühe olulise finantsturvavõrgu instrumendi, põhimõtted ja tehniline raamistik on riigiti erinevad, sõltudes muuhulgas kehtivast rahasüsteemist ja finantssektori struktuurist.

Käesoleva artikli eesmärgiks on Eesti näite analüüsimise varal näidata, et tingimustes, kus turul domineerivad suured välisomanduses pangagrupid, ei pruugi keskpank olla suuteline temale pandud finantsstabiilsuse rolli täitma. Veelgi enam, kui tegemist on ühtse valuutapiirkonna riigiga, siis seab selle rolli täitmisele oma nõudeid ka ühtne rahapoliitika.

Seni ei ole ELA instrumendil olnud kohta Eesti finantsturvavõrgu raamistikus, sest selle kasutamist piirab valuutakomitee põhimõtete rakendamine rahapoliitika elluviimisel. Valuutakomitee tingimustes tuleb likviidsuse tagamise eest hoolitseda turuosalejail endil; samuti on õigustatud tavapärasest kõrgemad regulatiivsed kohustusliku reservi nõuded. Koos EMU täieõiguslikuks liikmeks saamisega kaob aga nõue hoida kõrgeid likviidsuspuhvreid ja Eesti Pangal muutub võimalikuks erakorralise likviidsuslaenu andmine.

Erakorralise likviidsuslaenu raamistiku kujundamisel on riigid lähtunud enamasti Bagehot' ajaloolistest printsiipidest. Ka Eesti ELA jaoks oleksid need põhimõtted aktsepteeritavad. Samas ei ole ELA raamistiku kujundamisel põhiküsimuseks mitte instrumendi tehniline disain (sh küsimused laenu tähtajast, intressimääradest ja isegi

tagatistest), vaid märksa olulisemaks teemaks on, kas ELA oma traditsioonilisel kujul on üleüldse rakendatav EMU rahapoliitilise raamistiku ja finantssektori väljakujunenud struktuuri juures.

Euroopa institutsionaalne raamistik finantsstabiilsuse tagamisel ei toeta efektiivseid kriisilahendusi suurte piiriüleste pangagruppi puhul. Liikmesriikide keskpankade ja järelevalvete vahel valitsev ebamäärane rollide ja vastutuse jaotus finantsstabiilsuse küsimustes on viimastel aastatel vallandanud majandusteoreetikute ja -praktikute seas ulatuslikke debatte, kus üritatakse leida probleemile optimaalset lahendust. Juhul kui pangajärelevalve korralduses ei ole ette näha märkimisväärseid muutusi, tundub väljapakutuist kõige mõistlikum ettepanek kujundada kriisijuhtimine nn koostöövõrgustike baasil. Samas on ka sellel lahendusel märkimisväärseid puudusi, mistõttu finantsintegratsiooni edenedes tuleb finantsstabiilsuse laiemat raamistikku kindlasti edasi reformida.

Kuivõrd Eesti pangandussektori arenguid kujundab jätkuv rahvusvahelise finantsintegratsiooni süvenemine, mõjutavad Euroopas toimuva piiriülese panganduse alase diskussiooni järelmid otseselt ka Eesti finantsturvavõrgu tõhusust. Võimalikud regulatiivsed arengud Euroopas ei välista siiski ELA vajadust Eesti pangandusturu kontekstis, sest riigi finantsstabiilsus kindlustatakse ikkagi eelkõige iga riigi enda majandussubjektide huvides, sõltumata sellest, kes on vastaval ajahetkel riigi peamiste finantsinstitutsioonide omanikeks.

GROWTH SUPPORTED BY FISCAL POLICY

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Introduction

Every economic outcome, including economic growth, is the function of an economic policy. It can be easily claimed that fiscal policy is one of the most important economic policies (not to say most important) beside monetary policy. It can be assumed that the more transparent, efficient and conservative the fiscal policy is the better macroeconomic outcome, including economic growth, can be reached. Budget balance, government spending and tax burden are three important fiscal indicators of conservatism. Consequently, the hypothesis is set that the lower are budget deficit, government total spending and tax burden the faster is the economic growth. Further on, the effects of specific categories of government expenditure and revenue have been analyzed.

The literature overview covers the literature on the effects of budget deficit and taxes on economic growth. Two general conclusions on the effects of budget deficit based on the literature are: deficit reduction tends to support economic growth in long run; and growth is achieved rather based on the cuts of current expenditure than on increasing revenue. Regarding tax effects on economic growth the results have been quite contradictory.

Secondly, the description of the methodology is presented, i.e. the reasoning behind the choice of fiscal variables being used in this research, data description, and overview of the econometric approach. Budget balance has been the most analyzed fiscal measure in the researches probably. The importance of that can be imagined as it indicates through the borrowing needs the sustainability of government finances and thus of fiscal policy, which in turn gives very relevant signals to the agents of the economy. The sizes of government total expenditure and revenue indicate the rate of government's intervention into the private sector's actions. Affecting the functioning of private sector government clearly affects the macroeconomic performance.

Finally, the main findings of the analysis are summarized, i.e. both separately and simultaneously the effects of budget balance, government spending and revenue and the breakdown of them on economic growth.

Literature Overview

Several researches have been made on the field of budget deficit reduction (often called as fiscal consolidation) and of its implications on the economy. McDermott and Wescott (1996) analyzed the relationship between deficit reduction and economic growth based on the data of industrial countries. All successful cases (continuous deficit cuts reflected by strong decrease in government debt) resulted in

economic growth and declining unemployment rate in medium term. This economic development was based on the growth of investments rather than of consumption. On the contrary, unsuccessful cases resulted in recession and unemployment growth. Furthermore, deficit reductions tended to be relatively more successful if they were based on expenditure cuts but not on tax increases.

Alesina and Perotti (1996) have done similar work. They also found that deficit reductions that rely primarily on spending cuts on transfers and government wages have a better chance of being successful and have expansionary implications on the economy. On the contrary, deficit reductions which rely primarily on tax increases and cuts in public investment tend not to last and are contractionary for the economy.

Leibfritz, Roseveare and van den Noord (1994) investigated fiscal policy, government indebtedness and its implications for economic performance in OECD countries elaborating a number of macroeconomic scenarios. The baseline scenario relies on the assumption that economic recovery takes place and fiscal consolidation targets are largely attained. The improvement in fiscal deficit goes hand in hand with a broadly equivalent decline in the saving-investment balance of the private sector. This means that in most countries the total domestic saving-investment balances and external current balances remain broadly unchanged. The second scenario assumes that the economic recovery takes place but fiscal consolidations are less ambitious. It shows that the impact of fiscal policy on the macroeconomic performance heavily depends upon the behavior of interest rates. An expansionary fiscal policy is likely to push towards higher real and nominal interest rates, have adverse effects on private-sector confidence and would slow down the economic growth. The third scenario takes into account the possible lower growth and also considers the consequences of a further deficit reduction in these circumstances achieved either through tax increases or through expenditure cuts.

The conclusions made by Richardson, Giorno and Thurman (1994) to that third scenario suggest that slower than projected growth implies cumulative deterioration in deficits and would accelerate growth in the ratio of debt to GDP. The necessary fiscal consolidation would therefore be steep and have serious secondary effects on activity and unemployment, unless accompanied by a supporting easing of monetary conditions. Because of adverse effects on prices and wages, deficit reductions through higher taxes appear to be more costly in terms of output and employment than corresponding reductions in current expenditure.

Cashin (1994) developed an endogenous growth model of the influences of public investment, transfers and taxation on the rate of economic growth. Increased government spending on productive items like investments and transfers generate positive externalities that raise private investments and thus economic growth. However, additional spending has to be covered by additional taxes that reduce the marginal return to private capital and so dampen economic growth.

Herd (1989) examined the impact of increased government saving, i.e. of decreased deficit or increased surplus, on the economy looking at the consequences for five major economies of the OECD. The results of the various scenarios show that the deficit reductions will have beneficial effects on the economy in the long run. In the short run the fall in output would be significant but after five years the initial depressive effects of government expenditure cuts are largely overcome. Of course, the cumulated loss of output remains large but the investments and national savings are higher. This implies the possibility of the economy to produce more output that is realized in the long term.

Gupta, Clements, Baldacci and Mulas-Granados (2002) provided empirical evidence that in low-income countries fiscal consolidations were not harmful for long term as well as for short term growth in the period 1990-2000. Fiscal consolidations achieved through cutting selected current expenditures tend to cause higher growth rates than adjustments based on revenue increases and cuts in more productive spending (capital expenditures and non-wage goods and services). In post-stabilization economies, increases in public investment and public consumption tend to have more typical Keynesian effects being likely supportive for economic growth.

There have also been made many researches on the area of taxation and of its effects on different economic indicators, including on growth. Leibfritz, Thornton and Bibbee (1997) have reviewed the theoretical and empirical literature on the effects of taxation on economic performance and added to the empirical literature. They made an attempt to replicate some of the cross-country studies on the relationship between taxation and growth for OECD countries. Examining this relationship for three types of tax rates – an average tax rate (tax revenue to GDP), a marginal tax rate (from time-series regressions between nominal GDP and total tax revenues) and an average direct tax rate (by weighting together the average capital income-tax rate and the average labor-tax rate) – they found that all these tax rates are negatively related to the rate of growth. This implies that a 10 percentage point higher tax rate is accompanied by roughly 0,5 percentage point lower rate of growth.

Plosser (1992) has found a significant negative correlation between the level of taxes on income and profits (as a share of GDP) and growth of real per capita GDP. King and Rebelo (1990) simulated changes in the income tax by applying an endogenous growth model and found that an increase from 20 per cent to 30 per cent reduces the rate of growth by 2 percentage points. In a Solow-type neo-classical growth model, the tax effect is much smaller and the welfare loss is equivalent to a permanent drop in real consumption by only 1.6 per cent.

Easterly and Rebelo (1993) found that the level of taxes is not significant in the new growth theory-type regressions. In their view, the reason that Plosser found significant effects is the strong positive correlation between the level of taxes and the initial level of income: tax to GDP ratios are relatively low in poorer countries, which then start to catch up (the convergence effect). When the initial level of income is controlled for Plosser's results break down. They found that only income

tax rates have a significant negative effect on per capita growth, but no other tax measures do.

Slemrod (1995) found positive, negative and no correlations between taxes and the level of per capita income depending on specification of the parameters and the countries considered. He found a positive correlation between the level of the tax revenue to GDP ratio (or the government expenditure ratio) and the level of real GDP per capita across countries in particular when developing countries (with lower GDP per capita and lower tax rates) are included in the sample. For OECD countries alone, he found no positive or negative relationships between the level of tax rates and the level of GDP per capita. By looking at the relationship between changes in tax rates or expenditure ratios and growth in OECD countries, he found a negative correlation.

Koester and Kormendi (1989) found in a cross-country analysis for the 1970-ies a significant negative effect of the marginal tax rates on the level of real GDP per capita but not on the rate of growth. Holding average rates constant, a 10 percentage point decrease in marginal tax rates would increase per capita income in an average industrial country by more than 7 per cent and in an average developing country by more than 15 per cent. Thus, a revenue-neutral tax reform that reduces tax progressivity would raise income and lead to an upward shift in the growth path.

Methodology

Every economic outcome, including economic growth, is function of an economic policy. It can be easily claimed that fiscal policy is one of the most important economic policies (not to say most important) beside monetary policy. Obviously, transparency, efficiency and conservatism are three essential components of fiscal policy. It can be intuitively assumed that the more transparent, efficient and conservative the fiscal policy is the better macroeconomic outcome, including economic growth, can be reached.

More precisely, the effects of some main fiscal indicators are analyzed: budget balance, government spending and tax burden. These are the indicators of conservatism most of all. It is assumed that the lower are budget deficit, government total spending and tax burden the more rapid is economic growth. Further on, the breakdown of government expenditure and revenue is analyzed. For example, it can be assumed that increase in direct taxes is more negative regarding growth than increase in indirect taxes; or that increase in government investment spending could provide for additional growth whereas increase in current spending would not (efficiency indicators).

Probably the most analyzed fiscal measure is budget balance or financial balance (D|S), which can be deficit if negative or surplus if positive. The importance of that can be imagined as it indicates through the borrowing need the sustainability of government finances and thus of fiscal policy, which in turn gives very relevant

signals to agents of the economy. Budget balance is the difference between government total revenue and total expenditure (spending):

$$D|S = Rev - Exp \quad (1)$$

Not only the gap between revenue and spending but also the levels of revenue and spending have effects on the economy. This is due because the sizes of government revenue and expenditure indicate the rate of government's intervention into the private sector's actions. This is done through collecting taxes, giving subsidies and social contributions, making public investments etc. So, affecting private sector's actions government clearly affects the macroeconomic performance. The size of spending (often also called the role of government, for example) has been considered more important in this regard mostly. This can be understood, as the level of expenditure is higher than the level of revenue, i.e. there is a deficit, usually. Thus revenue consideration could underestimate the rate of government's intervention.

But also the different components of government expenditure have different effects. Expenditure could be broken down to government investments, transfers (including social benefits), purchases of goods and services, wage costs and interest payments:

$$EXP = I_{govern.} + Exp_{transf.} + Exp_{purch.} + Exp_{wages} + Exp_{interest} \quad (2)$$

Similarly, different revenue categories have different effects. There are direct taxes, indirect taxes, grants (from abroad mostly) and non-tax revenue:

$$Rev = TD + TI + Rev_{grants} + Rev_{nontax} \quad (3)$$

In this research, a large set of fiscal and other macroeconomic and institutional data of many countries within quite many years is used. The analysis reflects cross-country study in order to demonstrate long-term relationships. In this research 51 countries are under observation. The country choice is world-wide including examples from both European Union old and new member states as well as from other advanced, transition and developing countries.

European Union old members cover Austria, Belgium, Denmark, France, Germany, Ireland, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom. Other advanced countries include United States, Australia, Canada, Iceland, Israel, New Zealand, Norway, Singapore and Switzerland. European Union new members are here Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia. Transition countries are Belarus, Bulgaria, Kazakhstan, Kyrgyz Republic, Mongolia, Romania and Russia. Developing countries are Egypt, India, Indonesia, Iran, Kuwait, Malaysia, South Africa, Thailand and Tunisia. In addition there are four Latin America countries – Bolivia, Brazil, Chile and Mexico.

The time series begin with early 1970-ies generally and with early 1990-ies in the case of most EU new member states. In the analysis the average values of variables of each country are used. The fact that the financial year of government is sometimes different from calendar year is considered irrelevant.

The main data sources are government finance statistics and international finance statistics yearbooks of International Monetary Fund. In addition, the data provided in Eurostat's database NewCronos is employed but only where it is comparable with the IMF-s data (for example, Eurostat's data on GDP growth and budget balance for old EU member states). Very often the methodologies are too different to combine several sources.

The data are for general government and not for central government only. In few cases where the data (or part of it) for the sub-national government are missing and the size of the sub-national government can be assumed irrelevant the general government is equalized with central government (or with central plus regional governments).

There are several shortcomings in the quality of fiscal data, which have to be kept in mind. First, the classification of data may not always be correct in the sources. Second, the cash based approach has been used in fiscal statistics mostly differing thus from other macroeconomic statistics which is on accrual basis. Third, there are some consolidation issues. For example, inside the central government the social security contributions have been consolidated but those paid by sub-national government to central government cannot be consolidated on the level of general government because of the lack of the data.

In order to demonstrate analytically the functionality between fiscal policy and growth we can start with the assumption that GDP largely depends on the GDP level of the previous period:

$$Y_t = F\,(Y_{t-1}) \tag{4}$$

By definition GDP aggregates are consumption (both private consumption C and government consumption G), investments I and foreign balance (exports X less imports M):

$$Y_{t-1} = C_{t-1} + G_{t-1} + I_{t-1} + (X - M)_{t-1} \tag{5}$$

Due to that Y_t should also depend on the structure of (or on the aggregates of) Y_{t-1}:

$$Y_t = F\,[C_{t-1}, G_{t-1}, I_{t-1}, (X - M)_{t-1}] \tag{6}$$

Dividing function (6) by Y_{t-1} we get that GDP nominal growth ΔY is the function of previous period GDP aggregates as shares of GDP:

$$\Delta Y = F\,[C, G, I, (X - M)] \quad (7)$$

where C, G, I, X and M are the variables as shares of GDP

As we use average data of long period we do not necessarily distinguish between t and t-1. Using long term data also helps to avoid the problem of causality in the sense that in long term rather (fiscal) policy decisions have impact on economic development (including GDP growth) but not on the contrary.

We assume that GDP aggregates have impact on real GDP growth as well:

$$\Delta Y_{real} = F\,[C, G, I, (X - M)] \quad (8)$$

By intuition private consumption should depend more or less on several government actions like direct taxes TD (lower taxes increase disposable income), social benefits (which is major component of government transfers $Exp_{transf.}$; bigger benefits increase disposable income), government wages Exp_{wages} (higher government wages could increase consumption of government employees):

$$C = F\,(TD, Exp_{transf.}, Exp_{wages}) \quad (9)$$

As government consumption expenditure is similar to government expenditure of purchases of goods and services we can consider these as equal:

$$G = Exp_{purch.} \quad (10)$$

Investments are sum of private and government investments:

$$I = I_{private} + I_{gov} \quad (11)$$

One component of net export is government budget balance. Taking account of equations (1), (2) and (3) we can write as follows:

$$(X - M) = F\,(D|S) \quad (12)$$

Taking account of functions and equations (9)-(12) we can rewrite function (8) as follows:

$$\Delta Y_{real} = F\,(TD,\ Exp_{transf.}, Exp_{wages},\ Exp_{purch.},\ I_{govern}, I_{private}, D|S) \quad (13)$$

Taking account of equations (1), (2) and (3) and adding some additional non-fiscal exogenous variables the function (13) takes the form as follows:

$$\Delta Y_{real} = F\,(TD,\ TI,\ Rev_{grants},\ Rev_{nontax},\ Exp_{wages},\ Exp_{purch.},\ Exp_{interest}, Exp_{transf.}, I_{govern}, I_{private}, EF, N) \quad (14)$$

where EF is index of economic freedom and N reflects level of development

This function is analyzed as linear function. Regression and correlation analyses are employed in this research. Least squares method is used to find the values for the parameters. The quality of the regression equations is measured using the determination coefficient $D=R^2$, multiple correlation coefficient R and linear correlation coefficient in the case of the simple regression equations. For measuring the reliability of the regression equations and parameters the Fisher's F-criterion and the Student's t-criterion are used.

Correlation Between Main Fiscal Variables and Growth

First we start simply with testing if there is any correlation between the economic growth and main fiscal variables – budget balance, government total expenditure and total revenue.

We can see that in accordance with our assumption there is a positive correlation between economic growth and budget balance:

$$\Delta Y_{real} = 0{,}0372 + 0{,}2385\ D|S \qquad (15)$$

This relationship indicates that the smaller is budget deficit (or the bigger is budget surplus) the higher is the economic growth. The analysis suggests that the balance of general government revenue and expenditure would imply the economic growth of 3,72% and that the deficit of -3% (a ceiling set by EU for its member states in Stability and Growth Pact) would result in 3% growth – thus every 1 percentage point higher deficit would decrease the economic growth by 0,24 percentage points. The equation is statistically reliable at 95% confidence (F = 5,8375). However, the determination coefficient R^2 = 0,1065 and the linear correlation coefficient γ = 0,3263 indicating a weak correlation.

Regarding government total expenditure and total revenue there are negative correlations with real GDP growth:

$$\Delta Y_{real} = 0{,}0629 - 0{,}0775\ Exp \qquad (16)$$

$$\Delta Y_{real} = 0{,}0579 - 0{,}0680\ Rev \qquad (17)$$

This is again we assumed that higher expenditure and revenue levels go hand in hand with slower economic growth.

The expenditure level of 40% of GDP would mean the growth rate of 3,2%. The same growth rate would be achievable at the revenue level of 38% of GDP. Both equations are statistically reliable at 95% confidence (F_{Exp} = 10,7237; F_{Rev} = 7,1447). But the correlations are quite weak here again (γ_{Exp} = -0,4237; γ_{Rev} = -0,3567). The determination coefficient R^2_{Exp} = 0,1796 and R^2_{Rev} = 0,1273.

The Importance of Decomposing Main Fiscal Variables

Looking at the government revenue or expenditure or budget balance only gives a very simplified picture based on many assumptions but the exercise is useful in order to better understand the following analysis. For example, in the case of balanced budget there can be found a certain value for growth but it does not take into account what are the levels of revenue and expenditure – would it be 30% of GDP, 40%, 50% or something else. In each case, the budget would be still balanced. Therefore, it is necessary to analyze the effects of budget balance, revenue and expenditure simultaneously rather than separately.

So, we now look at the functionality between economic growth on one side and general government revenue and expenditure on the other side. We could also include budget balance and government revenue, or budget balance and government expenditure but it would make no difference as the final effect would be the same. On the similar reason the problems of multicollinearity and reliability of single exogenous variables are irrelevant here because we just want to demonstrate that decomposing fiscal variables does matter (of course, the model as the whole must be reliable).

Using exactly the same sample as previously the simultaneous effects of expenditure and revenue (and thus of budget balance) on GDP growth are as follows:

$$\Delta Y_{real} = 0{,}0615 + 0{,}1634\ Rev - 0{,}2292\ Exp \qquad (18)$$

This equation is statistically reliable at 95% confidence (F = 6,9862). Revenue parameter is significant at 90% confidence (t = 1,6867) and expenditure parameter is significant at 95% confidence (t = -2,4670). The determination coefficient R^2 = 0,2255 and the multiple correlation coefficient R = 0,4748 being higher than seen in previous chapter.

We can see that the effect of expenditure is quite remarkable and is negative being consistent with the hypothesis that less public expenditure is needed for stronger growth. The effect of the revenue seems to be contradictory to the equation (17). But it should not be forgotten that the effects have to be considered simultaneously here.

Increase in revenue means improvement in budget balance at the same time. If analyzed separately, the former seems to hinder growth and the latter to support it in general. So, if there is a change in revenue but not in expenditure it means that not the change in revenue has effect on growth but that the effect stems from change in balance which is caused by change in revenue.

According to the regression equation (18) general government revenue of 37% of GDP, expenditure of 40% and deficit of 3% would imply the economic growth of 3,03%. Analyzing the effects of budget balance, revenue and expenditure separately indicates that the growth would be 3,20% if expenditure was 40% of GDP, 3,28% if revenue was 37% GDP and 3,00% if deficit was 3% of GDP.

Every 1 percentage point higher revenue and lower deficit (expenditure being the same) would increase the growth by 0,16 percentage points (pp). Every 1 percentage point lower expenditure and deficit (revenue being the same) would increase the growth by 0,23 pp. Every 1 percentage point lower revenue and expenditure (budget balance being the same) would increase the growth by 0,07 pp.

Four main consequences can be drawn here:

1. if expenditure decreases and revenue is constant or decreases to a lesser extent – budget balance improves then GDP growth accelerates;
2. if revenue increases and expenditure is constant or with a modest growth only resulting in improvement of budget balance then growth accelerates as well;
3. growth is stronger if the improvement in budget balance stems from decreasing expenditure rather than from increasing revenue;
4. if budget balance is constant then growth is more rapid on lower levels of revenue and expenditure.

The Wider Role of Fiscal Policy

We now should further decompose the exogenous fiscal variables in order to see if and what impact the different components of expenditure and revenue would have. Solving regression equation based on function (14) gives the result as follows (economic freedom index EF has been left out as the value of parameter of it was found statistically insignificant and adding this would not much change the values of parameters of other exogenous variables; the average score of years 1995-2006 provided by Heritage Foundation was used for EF):

	Coefficients	*t Stat*
Intercept	0,0331	1,6312
$I_{private}$	0,0805	1,2376
Level of development	0,0157	2,1364
Rev_{nontax}	0,1760	1,8489
Rev_{grants}	0,7059	2,7011
TD	0,1557	1,4517
TI	0,2668	2,1799
Exp_{wages}	-0,2154	-1,6679
$Exp_{purch.}$	-0,4703	-3,7759
$Exp_{interest}$	-0,1230	-0,9911
$Exp_{transf.}$	-0,2787	-2,6667
I_{govern}	0,0257	0,1464

The equation is statistically reliable at 95% confidence (F = 4,6147). The determination coefficient R^2 = 0,5655 and the multiple correlation coefficient R = 0,7520 which are remarkably higher than seen above.

Regarding non-fiscal variables the value of private investments parameter is not statistically significant. Concerning the level of development variable the value of parameter is significant at 95% confidence. The impact of level of development was analyzed using a dummy variable where advanced countries including EU new member states where scored "1" and other countries where scored "0". The logic behind is the finding that economic convergence is present only among countries which are economically interrelated. This was found by testing the impact of relative GDP levels of countries compared to USA GDP (thus at least globally there is no convergence going on). The value of level of development variable indicates that in advanced countries growth rate is higher by 1,57 percentage points which indeed does not provide for the global convergence.

Regarding fiscal variables interest expenditure and government investments seem to have only limited effects on economic growth (statistically not significant) even though they would bring along a change in budget balance. So the assumption that increase in government investments should be beneficial to the growth even though it would mean worsening of budget balance could not be fully proved. But we also cannot claim the opposite. In addition we could think that increasing government investment spending is rational only in the manner where it would not bring along the crowding out effect of private investments.

The values of parameters of grants, indirect taxes, government purchases and transfers are significant at 95% confidence. The values of other variables are significant at lower confidence. For example, one percentage point higher indirect taxes would add to the growth rate 0,27 pp. The importance of assistance to the developing countries is reflected by the fact that one percentage point higher grants bring along additional growth of 0,71 pp. We can see that all revenue categories have positive effect on economic growth. This again indicates that revenue increase reduces budget deficit and deficit reduction has positive impact on growth. In addition, it clearly matters what type of revenue to raise in order to improve the budget balance and at the same time achieve best results on GDP growth.

On the expenditure side all categories have negative effects on growth as expected and analyzed before. Most remarkable are the effects of purchases of goods and services and transfers. One percentage point higher purchases (and thus higher total spending and larger budget deficit) would result in reduction of GDP growth by 0,47 pp. One percentage point higher government transfers would decrease the growth by 0,28 pp. The latter reflects the fact that endless increase of social benefits (largest part of transfers usually) does not support the GDP growth and thus not the welfare of citizens.

Though there are some fiscal variables for which the variables are not statistically relevant we should not to remove them from the regression equation. The reason is

that we have to take account of all the revenue and expenditure components in order to find out simultaneously the effects of single components as well as of total revenue and expenditure level and of the size of budget balance. Missing any of the components (i.e missing full information) would lead us to the different conclusions which could be wrong.

To conclude we could see that lower budget deficits support faster economic growth, especially if they are rather supported by cuts in government spending than by increasing the revenue. But we also saw that it matters to take account of the effects of different components of government expenditure and revenue.

Conclusion

Regression and correlation analyses have been employed in this article in order to analyze the effects of budget balance, government spending and tax burden on economic growth.

First, the correlation between GDP growth and some main fiscal variables – budget deficit, government total spending and total revenue – was analyzed. It was found that the lower are budget deficit, government total spending and total revenue the faster is the economic growth.

Second, the functionality between economic growth on one side and general government revenue, expenditure and budget balance on the other side was reviewed. The basis for that approach was the feeling that not much can be said about the effects of budget balance on GDP growth only if one does not know what are the levels of revenue and expenditure at the same time or how should the balance be improved – by increasing revenue or decreasing expenditure. It was proved again that if budget balance improves then GDP growth accelerates. In addition, it was found out that growth is stronger if the improvement in budget balance stems from decreasing expenditure rather than from increasing revenue; and that growth is more rapid on lower levels of revenue and expenditure.

Third, the main fiscal variables were further decomposed and other (non-fiscal) variables were taken into account in the regression analysis in order better to explain the effects on economic growth. It was found that different components of government expenditure and revenue have different effects on growth. Most considerable impacts on growth acceleration come through decreasing government consumption (purchases on different goods and services) and transfers (includes largely social benefits) and through increasing indirect taxes and grants (from abroad mainly. The effects of other types of revenue (direct taxes and non-tax revenue) and expenditure (government investments, wage costs and interest expenditure) were not clear.

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Kokkuvõte

MAJANDUSKASVU TOETAV EELARVEPOLIITIKA

Kalle Kukk
Tallinna Tehnikaülikool

Iga majandusnähtus, sh majanduskasv, on majanduspoliitika funktsioon. Võib väita, et rahapoliitika kõrval on eelarvepoliitika üks tähtsamaid majanduspoliitikaid (kui mitte kõige tähtsam). Saab eeldada, et mida läbipaistvam, tõhusam ja konservatiivsem on eelarvepoliitika, seda soodsamalt mõjub see majandusele, sh majanduskasvule. Eelarvetasakaal, valitsussektori kogukulud ja maksukoormus on

kolm olulist konservatiivsuse eelarveindikaatorit. Sellest tulenevalt saab esitada hüpoteesi, et mida väiksemad on eelarvedefitsiit valitsussektori kogukulud ja maksukoormus, seda kiirem on majanduskasv. Täiendavalt tuleb uurida valitsussektori tulude ja kulude üksikute liikide mõjusid.

Käesoleva töö esitatakse kirjanduse ülevaade selle kohta, mida seni on tehtud majanduskasvu ning eelarvedefitsiidi, valitsussektori kulude ja maksukoormuse omavaheliste mõjude valdkonnas. Kaks peamist järeldust kirjanduse põhjal eelarvedefitsiidi mõjude kohta on, et pikal perioodil defitsiidi alandamine toetab majanduskasvu ning et kasvule mõjub paremini selline defitsiidi alandamine, mis tugineb pigem jooksvate kulude vähendamisele kui tulude suurendamisele. Mis puudutab maksude mõjusid majanduskasvule, siis on uurimuste tulemused olnud üsna vastuolulised.

Seejärel selgitatakse metodoloogiat, sh töös kasutatud eelarvenäitajaid, andmete kirjeldust ning ülevaadet ökonomeetrilisest lähenemisest. Eelarvetasakaal on ilmselt enim analüüsitud eelarvenäitaja. Selle tähtsus on ka mõistetav, sest see näitab läbi laenuvajaduse valitsussektori rahanduse ja ühtlasi eelarvepoliitika jätkusuutlikkust, mis omakorda on oluline signaal teistele majandusagentidele. Valitsussektori kogukulude ja -tulude suurused näitavad valitsussektori sekkumise taset erasektori tegemistesse. Erasektori mõjutamine valitsuse poolt mõjutab kahtlemata majanduse üldist toimimist.

Lõpetuseks võetakse kokku analüüsi tulemused. Esmalt vaadeldi majanduskasvu ja peamiste eelarvenäitajate – eelarvetasakaal, valitsussektori kogukulud ja kogutulud – vahelist korrelatsiooni. Selgus, et mida väiksemad on eelarvedefitsiit ning valitsuse kulude ja tulude tasemed, seda kiirem on majanduskasv.

Teiseks analüüsiti eelarvetasakaalu ning valitsuse tulude ja kulude samaaegset mõju SKP kasvule. Sellise lähenemise aluseks oli eeldus, et ei saa teha kaugeleulatuvaid järeldusi eelarvetasakaalu mõjude kohta majanduskasvule, kui samal ajal pole teada valitsuse tulude ja kulude tasemed. Samuti poleks võimalik öelda, kas defitsiidi vähendamiseks tuleks pigem suurendada tulusid või vähendada kulusid.

Nimetatud lähenemise alusel saab teha neli peamist järeldust:

1. kui kulud vähenevad ning tulud on konstantsed või vähenevad väiksemas ulatuses, s.t eelarvetasakaal paraneb, siis majanduskasv kiireneb;
2. kui tulud suurenevad ning kulud on konstantsed või tagasihoidliku kasvuga, siis samuti majanduskasv kiireneb;
3. majanduskasv on kiirem, kui eelarvetasakaalu paranemine tuleb pigem kulude vähendamisest kui tulude suurendamisest;
4. kui eelarvetasakaal on konstantne, siis on majanduskasv kiirem tulude ja kulude madalamatel tasemetel.

Kolmandaks analüüsiti eelarvenäitajate mõjusid veelgi detailsemalt ehk üksikute tulu- ja kululiikide lõikes. Selgus, et tulude ja kulude erinevatel komponentidel on majanduskasvule erinevad mõjud. Kõige märgatavamalt aitab majanduskasvu

kiirenemisele kaasa valitsussektori tarbimiskulude (mitmesuguste kaupade ja teenuste ostukulud) ja eraldiste (millest moodustavad suure osa sotsiaaltoetused) vähendamine ning kaudsete maksude ja toetuste (valdavalt toetused teistelt riikidelt ja rahvusvahelistelt organisatsioonidelt) suurendamine. Muude tulude (otsesed maksud ja mittemaksulised tulud) ja kulude (investeeringud, tööjõukulud, intressikulud) mõju jäi ebaselgeks.

ARBEITSMARKTPROBLEME IN OSTDEUTSCHLAND – WELCHE URSACHEN UND WELCHE LÖSUNGEN?

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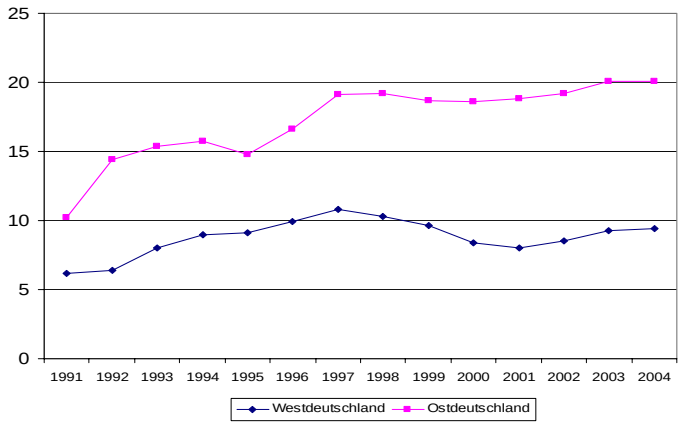
Ostdeutschland gehört zu den Ländern, die ab 1990 einen Transformationsprozess durchlaufen haben. Gleichzeitig unterlag und unterliegt es durch den Beitritt zur Bundesrepublik einer Reihe von Sonderbedingungen, zu denen in erster Linie die schlagartige Einführung der Marktwirtschaft, die sofortige Integration in die westdeutsche und europäische Wirtschaft und der hohe Kapitaltransfer aus Westdeutschland gehörten. Mit diesen Mitteln wurde eine rasche Strukturanpassung der ostdeutschen Wirtschaft in Gang gesetzt, die binnen weniger Jahre zu einer fast vollständigen Erneuerung des Anlagenbestandes führte. In diesem Prozess gingen bis Mitte der 1990er Jahre mehrere hunderttausend industrielle Arbeitsplätze verloren, die durch die (vor allem im Dienstleistungssektor) neu entstehenden Arbeitsplätze nicht ersetzt werden konnten. Ostdeutschland verzeichnet seit Mitte der neunziger Jahre eine hohe Sockelarbeitslosigkeit, die trotz allmählicher wirtschaftlicher Konsolidierung nicht sinkt, sondern tendenziell weiter steigt. Die anhaltenden Unterschiede zum westdeutschen Arbeitsmarkt sind drastisch. Die Arbeitslosenquote liegt seit fast einem Jahrzehnt in Ostdeutschland rund 10 Prozentpunkte höher als in Westdeutschland. (vgl. Abb. 1).

Abb. 1: Arbeitslosenquote 1990-2004 in Ost- und Westdeutschland (in %)



Quelle: Statistisches Bundesamt (http://www.destatis.de/indicators/d/1rarb01ad.htm).

Es stellt sich die Frage nach den Ursachen dieser Persistenz. Die andauernde Differenz zur Situation in Westdeutschland scheint darauf hinzudeuten, dass transformationsbedingte Ursachen eine wesentliche Rolle spielen. Doch lässt die Tatsache, dass 15 Jahre nach Beginn der Transformation trotz vielfältiger und umfangreicher wirtschaftspolitischer und arbeitsmarktpolitischer Maßnahmen nicht nur keine Verbesserung, sondern statt dessen eine weitere tendenzielle Verschlechterung der Situation zu konstatieren ist, die Annahme zu, dass auch andere Ursachen im Spiel sind.

Im Folgenden soll zunächst erörtert werden, inwieweit für die höhere Arbeitslosigkeit in Ostdeutschland transformationsbedingte Faktoren ursächlich sind, um im zweiten Schritt andere mögliche Einflussfaktoren zu diskutieren. Dabei wird zunächst auf die (zu) starke Regulierung des Arbeitsmarktes eingegangen, die in Deutschland in den letzten Jahren im Mittelpunkt der wissenschaftlichen wie der öffentlichen Debatte über die Ursachen der Arbeitsmarktprobleme steht. Eine weitere, umfassendere Betrachtungsebene eröffnet die Frage, in welcher Weise das rasche Voranschreiten der europäischen Integration und der Globalisierung der Märkte die Arbeitsmarktsituation beeinflussen. Abschließend wird diskutiert, welche Art von Arbeitsmarktpolitik zur Lösung der Probleme des ostdeutschen Arbeitsmarktes angemessen ist. Es versteht sich, dass es angesichts der Komplexität dieser Fragen nicht um eine erschöpfende Behandlung, sondern eher um einige grundsätzliche Überlegungen zum Stellenwert und zur Wirkungsweise der verschiedenen Einflussfaktoren gehen kann.

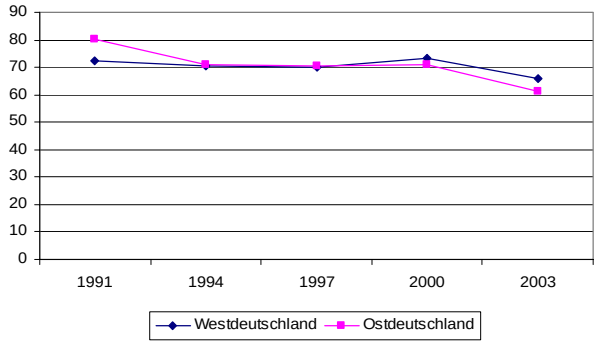
Transformationsbedingte Ursachen der Arbeitslosigkeit

Unbestritten ist, dass der dramatische Wandel der Wirtschaftsstruktur, der mit einer großen Zahl von Betriebsschließungen, Massenentlassungen bzw. radikalem Beschäftigungsabbau verbunden war, eine wesentliche Quelle der ostdeutschen Arbeitslosigkeit darstellte. Hier bildet aber bereits das Jahr 1994 eine deutliche Zäsur. Es markiert den weitgehenden Abschluss der Privatisierung. Seitdem ging der drastische Schrumpfungsprozess in einen gemäßigteren Wandel und in stetiges, wenn auch bescheidenes wirtschaftliches Wachstum über. Dennoch stieg die Arbeitslosigkeit weiter an. Arbeitsangebot und Arbeitsnachfrage klaffen immer weiter auseinander. Der durch den marktwirtschaftlichen Umbau erfolgte Strukturwandel bietet offenbar kein ausreichendes Erklärungspotenzial für die hohe ostdeutsche Arbeitslosigkeit.

Neben dem beschriebenen Verlust von Arbeitsplätzen durch den Strukturwandel wird immer wieder auf die deutlich höhere Erwerbsneigung der Ostdeutschen verwiesen, die mit zu der hohen Arbeitslosenquote beiträgt. Tatsächlich ist in Ostdeutschland die Erwerbsbeteiligung vor 1990 sehr hoch gewesen. In den achtziger Jahren waren durchschnittlich 87% der Erwerbsfähigen erwerbstätig, Arbeitslose existierten praktisch nicht. Noch 1991, ein Jahr nach dem Beginn des marktwirtschaftlichen Umbaus lag die Erwerbstätigenquote in Ostdeutschland bei 80,1%. Seitdem hat sich die ostdeutsche Erwerbstätigenquote der viel niedrigeren westdeutschen nicht nur angenähert. Im Jahr 2004 betrug sie nach den Angaben des

Mikrozensus nur noch 61,2%. Sie war damit sogar um rund 4% geringer als in Westdeutschland. Dem Rückgang in Ostdeutschland von fast 20% stand ein Rückgang in Westdeutschland von 6,5 Prozent gegenüber (vgl. Abb. 2).

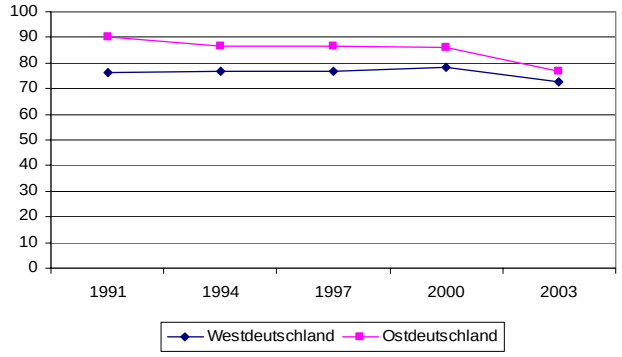
Abb. 2: Entwicklung der Erwerbstätigenquoten in West- und Ostdeutschland 1991 bis 2004 (Anteil der Erwerbstätigen an der Bevölkerung im erwerbsfähigen Alter)



Quelle: Bundesamt für Statistik, Ergebnisse des Mikrozensus, verschiedene Jahre.

Allerdings hat sich die Erwerbsquote, die außer den Erwerbstätigen auch die Erwerbslosen einschließt, nicht in gleichem Maße angepasst, sondern lag immer noch höher als in Westdeutschland (vgl. Abb. 3).

Abb. 3: Entwicklung der Erwerbsquoten in West- und Ostdeutschland 1991 bis 2004 (Anteil der Erwerbstätigen und Erwerbslosen an der Bevölkerung im erwerbsfähigen Alter)



Quelle: Bundesamt für Statistik, Ergebnisse des Mikrozensus, verschiedene Jahre.

Wenn also im Jahr 2000 die Arbeitslosenzahl in Ostdeutschland rund doppelt so hoch ausfällt wie in Westdeutschland, so deshalb, weil die Erwerbsneigung, also der Wunsch, sich am Erwerbsleben zu beteiligen, in Ostdeutschland sehr viel höher ausgeprägt ist als in den alten Bundesländern. Auffälligstes Merkmal hierbei ist die deutlich höhere Erwerbsneigung der ostdeutschen Frauen. Auch dies scheint auf den ersten Blick eine Fortsetzung der in der Planwirtschaft eingeübten Haltung. Allerdings verkennt diese Interpretation, dass eine hohe und steigende Frauenerwerbsbeteiligung auch für viele seit langem marktwirtschaftliche Länder typisch ist. So lag die Frauenerwerbsquote in Schweden und Dänemark in den letzen Jahren zwischen 70 und 80%. Insofern lässt sich die aktuelle hohe ostdeutsche Erwerbsneigung nicht ausschließlich, wahrscheinlich nicht einmal vorrangig dem Erwerbsmodell der Planwirtschaft zuordnen. Vielmehr scheinen Frauen besonders gut in der Lage, den Bedürfnissen des modernen Arbeitsmarktes zu entsprechen. So stieg auch in Spanien, Irland und nicht zuletzt in Westdeutschland die Frauenerwerbstätigkeit in den letzten zwei Jahrzehnten kontinuierlich an. Dass in Ostdeutschland nach einem drastischen Anstieg der Frauenarbeitslosigkeit Anfang der 1990er Jahre inzwischen die Arbeitslosigkeit der Männer größer ist als die der Frauen, dürfte ebenfalls Ausdruck dieser Entwicklung sein. (Kunze 2003a) Befragungen zeigen, dass seit der zweiten Hälfte der 90er Jahre ein wichtiges Motiv für die Erwerbstätigkeit von ostdeutschen Frauen die vergleichsweise niedrigen Löhne der Ehemänner, das hohe Arbeitsplatzrisiko und die damit verbundene Angst vor sozialer Degradation war. (Holst/Schupp 2001)

Auch eine weitere mögliche Erklärung für die hohe Arbeitslosigkeit, eine fehlende, weil in der Planwirtschaft nicht gewünschte Bereitschaft zum selbständigen Unternehmertum, wird durch die Statistik inzwischen widerlegt. Lag die ostdeutsche Selbständigenquote (Anteil der Selbständigen an der Gesamtzahl der Erwerbstätigen) 1991 noch bei nur 4,5%, so hat sie sich bis 2004 mit 10% der westdeutschen weitgehend angeglichen (2004: 10,8%).

Auch die höhere Erwerbsneigung erklärt sich offenbar nur teilweise aus während der Planwirtschaft eingeübten Verhaltensweisen, sondern entspringt zu einem großen Teil den Möglichkeiten und Zwängen des aktuellen Arbeitsmarktes.

Überregulierung des ostdeutschen Arbeitsmarktes?

Angebotsorientierte Ökonomen führen die wachsende Arbeitslosigkeit in Gesamt- und besonders in Ostdeutschland zu einem erheblichen Teil auf institutionelle Faktoren zurück, insbesondere die strengen gesetzlichen Kündigungsschutzbestimmungen und das starre Tarifrecht, aber auch auf die vergleichsweise hohe Belastung der Löhne durch Abgaben sowie die zu hohen Leistungen der Arbeitslosen- und Sozialhilfe. Das deutsche Tarifrecht gilt flächendeckend und sieht Abweichungen für wirtschaftlich schwache Regionen nicht vor. Die Löhne in wachstumsschwachen Regionen werden damit über den Gleichgewichtspreis des Marktes gedrückt und tragen so zu Arbeitslosigkeit bei. Tatsächlich hat dieser Wirkungsmechanismus insbesondere in der ersten Hälfte der neunziger Jahre erheblich zur Zerstörung von Arbeitsplätzen in Ostdeutschland beigetragen. Die (westdeutschen) Gewerkschaften

„erkämpften“ Anfang der 1990er Jahre für die ostdeutschen Arbeitnehmer tarifliche Lohnerhöhungen, die weit über den Produktivitätsfortschritten der ostdeutschen Wirtschaft lagen. Inzwischen hat sich die Situation stark verändert. Seit Mitte der 90er Jahre haben sich unter dem Druck der hohen Arbeitslosigkeit tarifliche und effektive Lohnangleichung in Ostdeutschland entkoppelt. Dies wurde zum einen durch den Ausstieg vieler ostdeutscher Unternehmen aus der Tarifbindung bewirkt: Im Jahr 2000 waren gut 45 Prozent der westdeutschen, aber nur noch 23 Prozent der ostdeutschen Betriebe durch Branchentarifverträge gebunden. Zum anderen hängt es mit der Verschiebung der branchen- und größenspezifischen Betriebsstrukturen in der ostdeutschen Wirtschaft zusammen, die sich hin auf solche Betriebstypen entwickelte, die unterdurchschnittlich entlohnen. Eine diesbezügliche Untersuchung des DIW kam 2004 zu dem Fazit, dass sich Ostdeutschland innerhalb Deutschlands zu einem strukturellen Niedriglohngebiet entwickelt hat. (Görzig 2004) Die ostdeutschen Effektivlöhne liegen danach rund 20% unter den westdeutschen. Auffallend dabei ist ein wachsender Anteil des Niedriglohnsektors. Gleichzeitig stieg die Flexibilisierung der ostdeutschen Arbeitsverhältnisse. So wuchsen Zeitarbeit, befristete Tätigkeit und Pendelarbeit deutlich schneller als in Westdeutschland. Dennoch führten diese Standortvorteile – bei sonst gleichen Voraussetzungen – bisher nicht zu deutlich höheren Investitionen und einer höheren Wachstumsdynamik als in Westdeutschland, sondern das Wachstum in Ostdeutschland fiel sogar hinter das westdeutsche zurück, und auch die Zahl der Erwerbstätigen sank schneller als dort. Die deutlich schnellere und breitenwirksamere Deregulierung in Ostdeutschland – hierzu gehört auch die spürbare Absenkung der Lohnersatzleistungen durch die Zusammenlegung von Arbeitslosenhilfe und Sozialhilfe im Rahmen der Hartz-Reformen im Verlauf des Jahres 2005 – hat die Arbeitsmarktsituation in Ostdeutschland nicht verbessert.

Auswirkungen der EU-Osterweiterung und der zunehmenden Globalisierung von Produktion und Märkten

Angesichts der seit 1990 rasch voranschreitenden Integration der mittel- und osteuropäischen Transformationsökonomien in die EU, die sich im Einklang mit der wachsenden Internationalisierung von Produktion und Märkten vollzieht, liegt es nahe, die von diesen Prozessen ausgehenden Wirkungen auf den Arbeitsmarkt zu betrachten. Nach der traditionellen Integrationstheorie bringt die ökonomische Integration Wohlfahrtsgewinne für alle beteiligten Länder, da freier Warenverkehr und freier Fluss von Kapital und Arbeit für einen optimalen Einsatz der Produktionsfaktoren sorgen. Langfristig gleichen sich die Preise für Güter, Kapital und Arbeit an. Obwohl der freie Fluss von Arbeit bisher nur eingeschränkt funktioniert und besonders der deutsche Arbeitsmarkt eher abgeschottet wird, gerät der Faktor Arbeit hier dennoch unter Druck, sowohl durch den Abfluss von Kapital als auch durch den Handel. Der deutsche Arbeitsmarkt hat dies bereits seit den 70er Jahren zu spüren bekommen, als erstmal in größerem Umfang der Import arbeitsintensiver Güter aus Asien die entsprechende Produktion in Deutschland schrumpfen ließ. Aufgrund der damals starken Verhandlungsmacht der Gewerkschaften gaben die Löhne nicht nach, so dass eine Sockelarbeitslosigkeit entstand, die dann in den folgenden Jahrzehnten immer weiter zunahm.

Charakteristisch für diesen Prozess war und ist, dass die Arbeitslosigkeit vor allem niedrig qualifizierte Arbeit im Verarbeitenden Gewerbe betrifft, während hoch qualifizierte Arbeitskräfte tendenziell profitieren (vgl. Tab. 1). Bis in die achtziger Jahre entstanden parallel im Dienstleistungssektor zahlreiche neue Arbeitsplätze. Inzwischen werden jedoch zunehmend auch Dienstleistungen importiert bzw. in Niedriglohnländer verlagert. Außerdem werden durch den Einsatz neuer Technologien auch im Dienstleistungsgewerbe, beispielsweise im Bankensektor, zunehmend Arbeitsplätze eingespart.

Tab.1: Beschäftigungswachstum im Verarbeitenden Gewerbe in Westdeutschland und Berlin-West nach Qualifikationsniveau
(Jahresdurchschnittliche Wachstumsrate in %)

	insgesamt	mittleres	hohes	geringes
1975-2000	0,58	1,32	4,02	-2,67
1975-1990	0,73	2,10	4,32	-3,55
1991-2000	0,36	0,15	3,56	-1,34

Quelle: Geishecker, Ingo:Outsourcing and the Demand for Low-skilled Labour in German Manufacturing: New Evidence, DIW-Discussion-Papers Nr. 313, 2002.

Durch die Öffnung der mittel- und osteuropäischen Länder und die immer stärkere Integration der asiatischen Länder in den Weltmarkt hat der Druck auf niedrig qualifizierte Arbeit weiter zugenommen und wird weiter zunehmen. Angesichts des hohen Lohngefälles zwischen Deutschland und den EU-Beitrittsländern entstand zusätzlicher Lohndruck durch direkte Arbeitsmigration nach Deutschland. Der Versuch, durch Abschottung (Blockierung der Freizügigkeit für Arbeitnehmer aus den neuen EU-Ländern) eine spürbare Entlastung des deutschen Arbeitsmarktes zu erreichen, verkennt, dass auch über den Kapitalfluss (Standortverlagerungen) und den Handel Druck auf die Löhne entstehen kann. (Geishecker/Görg 2004) Außerdem trug und trägt die Unterbindung des freien Wettbewerbs der Arbeitskräfte zu erheblicher illegaler Arbeitsmigration nach Deutschland bei, wie dies besonders im Bausektor und im Gastgewerbe beobachtet werden konnte. (Kunze 2003 b)

Es liegt nahe, dass die verschiedenen Segmente und Branchen der deutschen Wirtschaft in ganz unterschiedlicher Weise durch die Internationalisierungsprozesse beeinflusst werden. Zu den Gewinnern gehören eindeutig die exportorientierten Branchen, besonders solche, die arbeitsintensive Komponenten ihrer Produktion auslagern und gleichzeitig neue Märkte erschließen konnten. Zu den Verlierern zählen arbeitsintensive Wirtschaftsbereiche, bei denen eine räumliche Verlagerung in Niedriglohnländer nicht möglich ist, wie der Baubereich, das Gastgewerbe, das Reinigungswesen, Teile der Landwirtschaft (Gemüseanbau), Teile des Einzelhandels. Dem Druck sinkender Rentabilität versuchen gerade diese Branchen durch Lohnsenkung, vermehrte geringfügige Beschäftigung, legale und illegale Beschäftigung ausländischer Arbeitnehmer, insbesondere Saisonarbeitnehmer, zu begegnen, ohne dabei eine grundsätzliche Verbesserung ihrer schwierigen Situation

erreichen zu können. Die Situation des Arbeitsmarktes unterscheidet sich dementsprechend in den einzelnen Branchen und Unterbereichen häufig sehr stark.
Neben den unterschiedlichen Auswirkungen der Globalisierung auf die Branchen ist auch eine sehr ungleichmäßige Auswirkung auf die einzelnen Regionen zu verzeichnen, dies sowohl auf internationaler wie auch auf nationaler Ebene. Als Erklärung ungleicher räumlicher Entwicklungen hat sich in neuerer Zeit das Zentrum-Peripherie-Modell der Neuen Ökonomischen Geographie (Krugman 2004) durchgesetzt, das im Gegensatz zum Gleichgewichtsmodell älterer Theorien des internationalen Handels von der Annahme vollständiger Konkurrenz abgeht. Eine Kern-Peripherie-Struktur entsteht danach, wenn hohe Skalenerträge bei der Produktion von Industriegütern, hinreichend niedrige Transportkosten für diese Güter sowie ein hoher Anteil von Industriegütern an dem insgesamt nachgefragten Güterbündel zusammentreffen. Kern-Peripherie-Beziehungen können in Aufholprozesse münden (Irland), aber auch in Stagnation. Bezogen auf den Arbeitsmarkt ist ein pooling von Arbeitskräften in den Zentren zu beobachten, das sowohl für die Unternehmen (leichtere Rekrutierung von Arbeitskräften) als auch die Arbeitnehmer (größere Nachfrage nach Arbeitskräften) Vorteile birgt. Im Gegenstück dazu führt die geringere Konzentration von Unternehmen in der Peripherie tendenziell zur Schrumpfung des Angebots qualifizierter Arbeitskräfte. Infolge der höheren Nachfrage sind die Löhne in den Zentren höher als in der Peripherie, so dass im Ergebnis innerhalb eines Landes regional stark unterschiedliche Arbeitsmärkte entstehen. Auch die empirischen Daten unterstreichen die überraschend heterogene Dynamik der regionalen Arbeitsmärkte innerhalb verschiedener europäischer Länder, trotz gleicher, da auf nationaler Ebene festgelegter Arbeitsmarktinstitutionen und Arbeitsgesetzgebung. Der Arbeitsmarkt in Deutschland (wie auch in anderen europäischen Ländern) hat sich in den letzten Jahren immer stärker fragmentiert, und zwar sowohl nach Qualifikationsniveau, nach Branchen als auch nach Regionen, insbesondere (aber nicht nur) zwischen Ost- und Westdeutschland. (Frank/Pflüger 2002) Vieles spricht dafür, dass die Situation Ostdeutschlands und des ostdeutschen Arbeitsmarktes im Sinne des Kern-Peripherie-Modells interpretiert werden kann, wobei die Peripherie wegen niedriger Transportkosten mit Gütern aus dem Zentrum versorgt wird. Nach diesem Modell geben auch deutlich niedrigere Löhne keine Entwicklungsanstöße.

Welche Arbeitsmarktpolitik für Ostdeutschland?

Wurde zu Beginn des marktwirtschaftlichen Umbaus eine Entlastung speziell des ostdeutschen Arbeitsmarktes durch Ermöglichung des Vorruhestands bei Arbeitslosigkeit ab 55 Jahre (befristet bis 1992) vorgenommen, so dominierten seither die auch in der alten Bundesrepublik praktizierten Maßnahmen: Umschulungs- und Weiterbildungsprogramme, öffentlich finanzierte Tätigkeiten auf dem so genannten Zweiten Arbeitsmarkt, Existenzgründerhilfen sowie Zuschüsse an Unternehmer für die Einstellung von Arbeitslosen, insbesondere Langzeitarbeitslosen. Letztlich blieb diese mit vergleichsweise hohen Kosten betriebene Arbeitsmarktpolitik aber ohne den erwünschten Erfolg, was die Schaffung neuer Arbeitsplätze angeht. Die so genannten Hartz-Reformen, die in der vorangegangenen Legislaturperiode mit hohem institutionellem Aufwand

durchgeführt wurden, zielen auf Deregulierung. Sie beinhalteten im Kern eine spürbare Reduzierung der Leistungen mit der Absicht, stärkeren Druck zur Aufnahme von niedrig entlohnten Tätigkeiten zu erzeugen. Als offensichtlich nicht zielführend und wegen knapper Budgets wurden auch Umschulungen und die Beschäftigung auf dem zweiten Arbeitsmarkt erheblich eingeschränkt. Die Reformen waren aber offenbar bei weitem noch nicht ausreichend, um die die Disbalancen des Arbeitsmarktes zu beseitigen.

Welche Lösungen sind denkbar? Eine Reihe von Wissenschaftlern hält eine weitere drastische Absenkung insbesondere der ostdeutschen Löhne für unvermeidlich. So prognostizierte Werner Sinn 2004, dass sich die ostdeutschen Löhne „mittelfristig irgendwo zwischen dem polnischen und dem westdeutschen Niveau einpendeln". (Sinn 2004) Erst die Angleichung an die (zwischenzeitlich aufholenden) Löhne in Mittel- und Osteuropa in 10 bis 15 Jahren werde die Investitionsblockade in Ostdeutschland auflösen. Zweifellos drängen die Marktkräfte in diese Richtung. Aber – sieht man einmal davon ab, dass auch in peripheren westdeutschen Regionen die Niedriglöhne unter Druck geraten – welche Folgen hätte ein solches dramatisches Absinken der ostdeutschen Kaufkraft für die ostdeutsche, aber auch die westdeutsche Wirtschaft? Da keine Mobilitätsschranken bestehen, wäre ein weiteres Anschwellen der Pendlerzahlen und der Übersiedelung nach Westdeutschland wahrscheinlich, ebenso der Zusammenbruch zahlreicher Dienstleistungsunternehmen in Ostdeutschland. In jedem Fall wäre ein fundamentales Auseinanderdriften von Ost- und Westdeutschland die Folge, das politisch nicht gewollt sein kann und auch aus wirtschaftlicher Perspektive mit hohem Risiko, nämlich dem einer gesamtdeutschen Abwärtsspirale behaftet ist.

Um das weitere Absinken der Niedriglöhne zu verhindern, debattieren Wissenschaft und Politik gegenwärtig über die Einführung eines gesetzlichen Mindestlohnes in Deutschland. Ein einheitlicher Mindestlohn erscheint angesichts der heterogenen Situation auf den regionalen und in den Branchen-Arbeitsmärkten allerdings hoch problematisch. Sollen nicht bestehende Arbeitsverhältnisse gefährdet werden, müsste sich der Mindestlohn jeweils an den untersten derzeit gezahlten Löhnen orientieren, wäre damit jedoch für andere Regionen und Branchen nutzlos. Zu hohe Mindestlöhne setzen rentabilitätsschwache Branchen und Bereiche zusätzlich unter Druck. Insofern muss bezweifelt werden, dass die Einführung eines Mindestlohnes in Deutschland beschäftigungsneutral wäre, beschäftigungsfördernd wäre sie sicherlich nicht.

Auch das Modell eines Kombilohns (Lohnkostenzuschüsse auf Niedrigeinkommen) mit dem Ziel der Ausweitung niedrig qualifizierter Beschäftigung wurde diskutiert, wegen der wahrscheinlichen Mitnahmeeffekte im Unternehmensbereich allerdings vorerst nicht verwirklicht. Ein anderer Vorschlag sieht die Freistellung gering verdienender Arbeitnehmer von den Sozialabgaben vor. Nach einem weiteren Modell sollen die Sozialabgaben im unteren Lohnbereich in progressiver Weise wachsen, ähnlich wie bei der Steuererhebung. Von dieser Entlastung würden sowohl Arbeitnehmer als auch Arbeitgeber profitieren. Wie auch beim Kombilohn und beim Freistellungsmodell müsste der Staat bzw. der Steuerzahler für die tatsächlichen

Kosten der Sozialversicherung aufkommen. Für dieses Modell spricht, dass alle Niedriglohnbezieher und alle Unternehmensbereiche in gleicher Weise einbezogen sind, so dass keine Mitnahmeeffekte oder Allokationsverzerrungen zu befürchten sind. Auch würden regionale Lohnunterschiede nicht unterlaufen. Doch auch bei diesem Modell muss noch überprüft werden, ob sich ein Niedriglohn erreichen lässt, der international wettbewerbsfähig ist, ohne den Steuerzahler zu überfordern.

Die Findung und Umsetzung von praktikablen Modellen für die Ausweitung der niedrig qualifizierten Beschäftigung und die Senkung der hohen Arbeitslosigkeit wird sich – wie schon die bisherige Arbeitsmarktpolitik – im Verfahren des *trial and error* vollziehen, denn die Komplexität der zu steuernden Prozesse macht die Einschätzung der Wirkungen der arbeitsmarktpolitischen Maßnahmen außerordentlich schwierig. Künftige Arbeitsmarktpolitik muss dabei, anders als bisher, die zunehmende Differenzierung (regionale, Branchen- und Lohngruppenunterschiede) berücksichtigen. Die dargelegten Fakten zeigen, dass Lebensunterhalt sichernde Löhne im Niedrigeinkommensbereich bei gleichzeitiger Zunahme der Beschäftigung in Deutschland und besonders in Ostdeutschland in den nächsten Jahren nur erreicht werden können, wenn die Beschäftigung im Niedriglohnbereich auf die eine oder andere Weise subventioniert wird.

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Summary

EAST GERMAN LABOUR MARKET PROBLEMS
WHAT ARE THE REASONS AND WHICH SOLUTIONS?

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The East German labour market has made disappointing progress since the beginning of transition, particularly with regard to its unemployment rate (2005: 20%). Unemployment is much higher not only than in West Germany but than in most other transition countries as well. This paper deals with the different reasons for the high and continuous East German unemployment in order to relate the findings to current German unemployment policy. While the emergence of unemployment in East Germany is closely linked with transition (privatization) there is no indication for that influence on present growth of unemployment. Overtaking the rules of the West German labour market system (particularly the collective bargaining system) in the beginning of transition played a negative role for East German employment growth. Meanwhile the membership of unions and employer's associations in collective bargaining systems declined sharply. East German real wages are decreasing, particularly those of low skilled labour and transition to flexible forms of work (temporary work, subcontracted work, commuting) is much faster than in the West without any positive influence on employment growth. The paper argues that East German labour market problems arise principally from globalization of markets. The German labour market may be not yet liberalized but outsourcing to low cost countries in Central and Eastern Europe and increasing imports of low cost countries from CEE and Asia put pressure on the wages of low skilled labour in Germany (East and West) as well. As wage agreements and social benefits impede further adjustment of wages unemployment of low skilled workers increases. Additionally to divergent influences on high and low skilled labour we find divergent influences on different regions. While agglomerations (with concentration of production and high skilled labour) are winners of globalization other regions are losers, among them East Germany having lost most of its industrial production during transition. Very few East German locations can hope to overcome their structural disadvantages in the medium term. German employment policy at present doesn't take into account the growing regional differentiation of the labour market. Recent labour market reforms reducing unemployment benefits in order to facilitate the development of the low wage sector were not successful for social benefits prevent still adjustment. Subsequently some scholars propose further reduction of benefits. But German low skilled labour can't compete with low skilled labour in CEE and Asia without risking its subsistence level. Latest discussions on labour market reforms in Germany therefore favour subsidies for low wages in order

to prevent growing unemployment and growing poverty as well. However subsidizing low wages alone would not solve the labour market problems of East Germany which are linked with the problem of a stagnating region – a growing problem not only in Germany but in many old and new EU member states.

REGIONAL INCOME CONVERGENCE DURING THE PRE-ENLARGEMENT PERIOD OF THE EUROPEAN UNION

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Introduction

The European Union is one of the world's most prosperous economic areas. But there are also large economic disparities between its member states and regions. Therefore income inequality and convergence in the EU-25 countries is a continually important field of research, giving additional information for the development of regional policies in the European Union. The essential argument for the EU regional policy is the insight that a balanced regional development is a prerequisite for social cohesion and an increase in the competitiveness of countries and regions.

The paper explores regional income disparities and convergence in three groups of countries: EU-25 – the EU member states after the May 1st 2004, EU-15 – the so-called old member states and the new member states (NMS) – the countries that acceded in 2004. The empirical part of the paper investigates income inequality and convergence in EU-25 countries and their NUTS-3[1] level regions in 1995-2002 using GDP(PPS) *per capita* data from Eurostat. The years 1995-2002 characterize a preparative period of the fifth enlargement (the so-called east—enlargement) of the European Union that took place in May 2004. During this period, which in the current paper is defined as the EU pre-enlargement period, the political decisions about the candidate and the acceding countries were made.[2]

The paper consists of four parts. In the first two parts a brief overview of theoretical framework and some empirical results of the previous convergence studies are given. The third and fourth parts of the paper present the results of regional income disparities and convergence processes in EU-25 countries during the pre-enlargement period. In the empirical part of our paper we mainly focus on the empirical testing of absolute (unconditional) and conditional convergence hypothesis using regional income data and implementing both *sigma*- and *beta*-convergence analysis.

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[1] *NUTS - Nomenclature of Statistical Territorial Units of EUROSTAT*. There are 5 NUTS-3 level regions in Estonia (also 5 in Latvia and 10 in Lithuania): North-, Middle-, North-East-, South- and West-Estonia.

[2] The decisions about the candidate countries were made in 1997 (Luxembourg group: The Czech Republic, Cyprus, Hungary, Estonia and Slovenia) and 1999 (Helsinki group: Bulgaria, Romania, Latvia, Lithuania, Malta and Slovakia) and about the acceding countries in 2002 (The Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland Slovakia and Slovenia).

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1. Theoretical considerations and empirical results of studying income convergence processes

The concept of convergence in its most general view means equalizing, decreasing disparities. Economic theory does not give a unique answer to what is the direction of the income convergence processes. Both convergence and divergence (so-called negative convergence) may occur. Based on several theories, the optimistic (mainly neoclassical growth theory) and pessimistic (mainly endogenous growth theory) approach of explaining convergence processes can be distinguished. The former predicts decreasing disparities in income levels because of decreasing returns to capital while the latter predicts continually significant and even increasing inequality because of positive returns to scale. The endogenous growth theory considers government policy to be absolutely necessary for reducing inequality, while the neoclassical growth theory does not. The integration theory, the classical trade theory and the New Economic Geography (NEG) do not support clearly nor the convergence optimism neither the pessimism. NEG (Krugman 1991) claims that location is playing an important role in economic activity of a region. The economic situation of a region depends also on several other factor, for example on interrelations to its' neighbours. Poor regions have ordinarily better chances for development when they are surrounded by rich neighbours.

International trade, migration and capital flows create preconditions for reducing the gap in productivity and living standards between the countries and their regions. Several authors have also emphasized that development of technology may lead to convergence even in the case of positive returns to scale (see Barro and Sala-i-Martin 1995). The costs of taking over the innovations are generally considerably lower then the costs of actually creating innovations and therefore rich countries (regions) create innovations and the poor ones only take these over (see also Rey 2004). Thus, poor countries have good conditions to win from technological progress if they are able to be good followers of this progress.

The previous empirical studies have shown that the relationship between economic development and income inequality is still not clear (see also table 1)[3]. Already in 1955 Simon Kuznets introduced the hypothesis of an inverted-U relationship between the level of economic development and inequality, which is called the

[3] The income convergence processes in the framework of the EU enlargement processes are also considered by several Estonian authors (e.g. Randveer 2000; Rajasalu 2001, 2003; Varblane and Vahter 2005). These research studies have mainly been focused on the exploring speed of the income convergence processes in Estonia and on the analysis of economic growth and income convergence determinants. The research results indicate that convergence processes have been successful in Estonia in comparison with other NMS.

Kuznets Curve. According to this hypothesis income inequality generally rises in the early stages of economic development and declines in the latter stages. Later many authors have found that there is a positive relationship between the level of economic development and income inequality and therefore also decrease of poverty has been reported (e.g. Milanovic 2002, Adams 2003).

It is possible to affect income convergence processes using proper economic policy measures. The necessity for these measures also depends on the development stage of economies. Several factors like the stages of economic development of a country and its neighbours, the effectiveness of policy measures, the ability to adapt technological progress etc. have a significant impact on income convergence processes and as a consequence determine whether inequality decreases or increases. Last but not least, the results of empirical studies about income convergence also depend on the chosen methods of an analysis and on sample of countries and periods (table 1).

Table 1. The empirical results of income convergence studies

Author(s)	**Data**	**Conclusion**
Dowrick, DeLong (2001)	1820 – 2000	1820-1870 convergence, 1870-1914 divergence, 1914-1950 convergence, 1950-2000 divergence
Harrison, Bluestone (1998)	2nd half of the 20th century	Convergence of income levels after the World War II is replaced by increasing diversities
Gustafsson, Johansson (1999)	16 industrial countries, 2nd half of the 20th century	Income inequality has not changed significantly in industrial countries
Melchior, Telle, Wiig (2000)	Developed countries 1960's-1990's	Income inequality has not changed significantly in highly developed countries in 1960-1990
Cornia, Court (2001)	2nd half of the 20th century	Decreasing inequality since beginning of the 1950's until the middle of the 70's, increasing inequality in the last decades

Sources: authors' composed, based on the studies of authors given in the table

Exploring the income convergence processes across the world's countries during the recent 200 years, Dowrick and DeLong (2001) distinguished four periods that vary in direction of the process: income convergence or divergence. According to their research results, there has been no convergence of economic development in the past half of the 20th century. Overall inequality between the countries in the world has increased, convergence has occurred only in small groups (clubs) of economies, for example OECD countries after the World War II (see also Dowrick and Nguyen 1989), East-Asia after the year 1960 (see World Bank 1994), regions of India in the

end of 20th century (see Bajpai and Sachs 2000). These examples are in line with the club convergence hypothesis.[4]

The majority of countries and regions have become much richer during the past century, but those that have already been richer have gained considerably more. Therefore the gap between the rich and the poor ones has increased. Durlauf and Quah (1999) argued that the differences between income levels of rich and poor countries have increased significantly during the period 1965-1989. According to Cornia and Court (2001; see also Atkinson 2003), income inequality decreased in most of the countries from the beginning of 1950's until the middle of 1970's and only since the end of the 1970's the income inequality has been increasing.

Thus neither economic theory nor previous empirical studies can give clear outlooks of regional income convergence processes in EU-25 countries and therefore the profound analysis of income disparities between countries and regions is continually important for elaborating regional policy instruments.

2. Absolute and conditional convergence hypothesis and testing methodology

The absolute convergence hypothesis is based on the assumption that economies (countries, regions) converge towards the same steady state equilibrium. With similar saving rates poorer countries (regions) experience faster economic growth than richer ones. This follows from the assumption of diminishing returns, which imply higher marginal productivity of capital in a capital-poor country. The absolute convergence hypothesis argues that *per capita* incomes in different countries (regions) equalize in the long run and that expresses the so-called convergence optimism.

In contrast, the concept of conditional convergence emphasizes possible differences in the steady state and hence requires that appropriate variables are included on the right hand side of the growth-initial level regression in order to control for these differences. The conditional convergence hypothesis assumes that convergence occurs if some structural characteristics (like the demographic situation, government policy, human capital and employment, etc) have impact on income growth. Hence, conditional convergence may occur even if the absolute convergence hypothesis is not valid. In the case of conditional convergence, the equilibrium level of per capita income differs between economies, and each particular economy approaches its own unique equilibrium.

Traditional methodologies for analyzing convergence hypotheses are *sigma*- and *beta*-convergence analyses. In the case that poorer economies grow faster than the richer ones, there should also be a negative correlation between the initial income

[4] The idea of club-convergence is based on models that yield multiple equilibria (see Baumol 1986, Islam 2003). Which of these equilibria an economy will reach, depends on its initial position or some other attributes. A group of countries may approach a particular equilibrium if they share the initial location or attributes corresponding to that equilibrium. This produces club-convergence.

level and the subsequent growth rate. *Beta*-convergence (*β*-convergence) is defined as a negative relation between the initial income level and the income growth rate. The regression model has been set up with the GDP growth rate as a dependent variable and the initial level of GDP *per capita* as an explanatory variable. Thus, the coefficient of the initial income variable in this regression equation is supposed to pick up the negative correlation and convergence judged by the sign of *β.* In the case of a conditional convergence hypothesis some structural characteristics should also be included into the regression equation. Unconditional convergence implies that chosen structural characteristics (or explanatory variables additionally to the initial income variable) should be the same for all economies considered for the analysis.

The *sigma*-convergence (*σ* – convergence) hypothesis examines the changes in dispersion of countries' and regions' *per capita* income (logarithmic) levels or growth rates. If this dispersion decreases over time the *sigma*-convergence hypothesis can be accepted. It should be noticed that *beta*-convergence is a necessary but not sufficient condition for s*igma*-convergence to occur. A negative *β* from a growth-initial level regression does not necessarily imply a reduction in regional income or growth rate variation over time.

In this paper the following equation for testing *beta*-convergence using nonlinear least squares method is estimated (see also Niebuhr and Schlitte 2004):

$$\frac{1}{T}\ln(\frac{y_{iT}}{y_{i0}}) = \alpha + \frac{(1-e^{-\beta^{*T}})}{T}\ln(y_{i0}) + \sum_{j=1}^{25}\gamma_j d_{ji} + \varepsilon_i \qquad (1)$$

where

y_{i0} – GDP *per capita* in PPS in region *i* in 1995 (base year),

y_{iT} – GDP *per capita* in PPS in region *i* in 2002 (last year of the given time period),

$\sum_{j=1}^{25}\gamma_j d_{ji}$, d_{ij} = 1 if region *i* belongs to country *j* and otherwise d_{ij} = 0,

ε_i – error term,

a and β^* are the parameters of the model: a is the constant and β^* is the rate of convergence, that shows, how fast countries (regions) are moving towards the steady state equilibrium.

The dummy variable is used to test the conditional convergence hypothesis, assuming that it shows government policy and other country-specific factors, that affect the income convergence process in region *i.*

The main indicators that are used to characterize *beta*-convergence are the rate of convergence (estimation of parameter β^* in equation (1)) and the so-called half-life that can be found from the next equation (*ibid*, p. 168):

$$\tau = \ln(2)/\beta^* = 0.69/\beta^* \quad (2),$$

which shows time that is necessary for half of the initial gap of income inequalities to vanish. Of course, we should be rather careful by making comprehensive conclusions based on data of the very short time period (1995-2002).

3. Regional income disparities and *sigma*-convergence in the EU-25 countries and their regions

The analysis of regional income disparities is conducted using Eurostat income data of the EU-25 countries and their 1214 NUTS-3 level regions during the period 1995-2002. Table 2 presents descriptive information about the sample of regions considered for the income convergence analysis.

Table 2. Data characterizing the groups of countries in EU-25 and NUTS-3 level regions, 2002

Group of countries	**Number of regions**	**Population of the groups of countries in mio.**	**Average population of regions in 1000**	**Average population density in km^2**	**Regions' average GDP *per capita* (PPS) in 1000**	**Average GDP growth rate in 1995-2002 (%)***
EU-25	1214	453.8	374	116.6	21.2	4.8
EU-15	1091	379.5	348	120.3	23.2	4.6
NMS-10	123	74.2	604	100.5	11.0	6.3

Source: Eurostat, authors' computations; * - weighted by NUT-3 level regions' population.

The number of NUTS-3 regions in the NMS forms only 10% of the total number of the EU-25 regions; the respective share of the NMS countries' population is 16%. The average population of the NMS regions is twice as big as the respective indicator of the EU-15 countries' regions. Thus, by developing regional policy measures for the NUTS-3 regions also this fact besides other information should be taken into consideration. The average per capita GDP (weighed by the population of the regions) was two times higher in the old member states than in the new ones in 2002, at the same time the rate of economic growth (also weighed by population of the regions) was higher in NMS: 6.3% in NMS and in EU-15 4.6% during the years 1995-2002.

Data given in table 3 characterize heterogeneity of regional income levels in EU-25 and its groups of countries. The income level of the poorest region (Tamega) is

almost 15 times lower than the respective income level of the richest region (London) of the EU-15. In the NMS the respective gap indicator was 8: the poorest region is Latgale in Latvia and the richest one is Prague in the Czech Republic. The difference in income levels between the poorest region in the EU-15 and the poorest region in the NMS is about twofold, while the gap is almost fourfold between their respective richest regions.

Table 3. Regional income disparities in EU-25 countries, 2002 (per cent of EU-25 average)

	Average	**Minimum**	**Maximum**	**Variation**
EU-25	100.0	18.9 (Latgale, Latvia)	569.8 (Inner London West, United Kingdom)	0.039
EU-15	108.4	38.2 (Tamega, Portugal)	569.8 (Inner London West, United Kingdom)	0.040
NMS	51.8	18.9 (Latgale, Latvia)	152.8 (Prague, Czech Republic)	0.032

Source: *Eurostat*, authors' computations

Figure 1 characterizes the dynamics of the within-country dispersion of regional income levels (*sigma*-convergence) in two country groups – the EU-15 and NMS during the years 1995-2002.

The dispersion of regional income levels has been relatively stable in the EU-15 and it has even decreased in some countries (for example Italy and Portugal giving some proof of weak *sigma*-convergence within these countries. At the same time the dispersion of regional income levels has increased in all NMS countries indicating that the proof of regional sigma convergence did not occur during the EU pre-enlargement period.

The fastest increase in dispersion of income levels has been in Latvia, while Slovakia and the Czech Republic have experienced moderate but continuous growth of per capita income disparities. Regional per capita income disparities in Estonia also increased continually over the period. In comparison to the other new member states this increase was about average. The only exception was the year 1999 as the following year of the economic boom when dispersion of income levels somewhat decreased and regained the value characterizing the growth trend of the period.

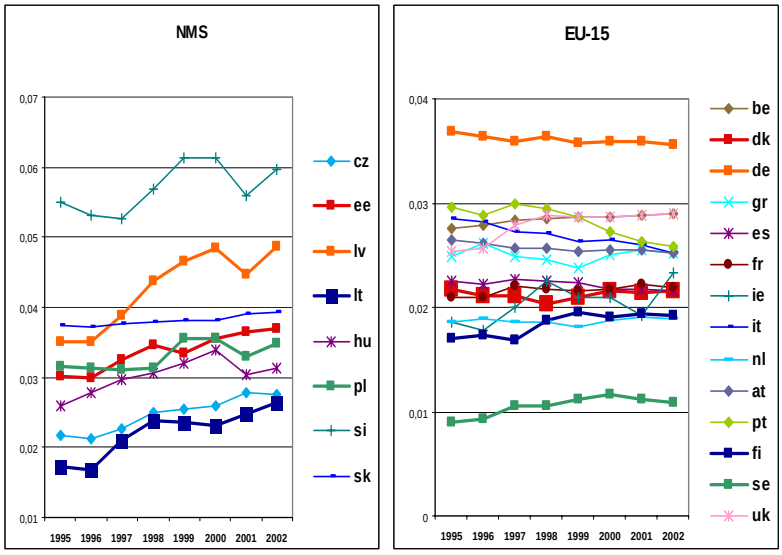

Figure 1. The dynamics of the dispersion of regional income levels (GDP *per* capita (PPS)) in new (NMS) and old (EU-15) EU member states in 1995-2002.

Source: Eurostat, authors' computations

Hence in the example of European Union regions it is found that in terms of comparatively quick economic growth during the EU pre-enlargement period regional income disparities increased. Both rich (EU-15) and poor (NMS) countries have developed, but the growth of rich regions – relative to the corresponding national level - was considerably faster. This phenomenon was particularly evident in the case of regional development of the NMS economies.

4. Absolute and conditional convergence in EU-25 countries and regions

The equation (1) is estimated for testing absolute and conditional convergence and analysing the speed of convergence in the NUTS-3 regions of EU-25 during the years 1995-2002. The estimation results are presented in the table 4.

The term of the left-hand side of the equation (1) is the average annual growth rate of per capita income from the base year (1995) to the year T (2002). The non-linear least squares estimator (β^*) gives a direct measure of the speed of convergence – the rate of convergence. National factors are accounted for by including country dummies in the equation. Table 4 presents the estimators of the equation (1) without (absolute convergence) and also with the country dummies (conditional convergence).

Table 4. *Beta*-convergence (absolute and conditional) in EU-15 and NMS regions in 1995-2002

	EU-25		EU-15		NMS	
	Absolute converg.	**Condit. converg.**	**Absolute converg.**	**Condit. covnerg.**	**Absolute converg.**	**Condit. Converg.**
Constant	0.1722** (15.47)	0.0717** (5.82)	0.1488** (9.42)	0.0910** (7.34)	0.0832 (1.95)	-0.1392** (-2.93)
β^*	0.0142** (11.02)	0.0024 (1.85)	0.0116** (6.50)	0.0044** (3.36)	0.0029 (0.58)	-0.0216** (-4.67)
Half-life	49	–	60	157	–	–
R^2	0.12	0.39	0.06	0.34	0.01	0.37
N	1214	1214	1091	1091	123	123

Source: authors' estimations based on data from *Eurostat*

Applying the same methodology, we analyze convergence patterns of the EU-25, EU-15 and NMS regions during the EU pre-enlargement period. The estimated average absolute convergence rate of the EU-25 was 1.4% and 1.2% in the EU-15 during the period 1995-2002. At these rates of convergence it would take about 49 years for half of the initial differences in regional income levels to vanish in EU-25 and 60 years in EU-15. The estimates of the coefficient β^* are statistically significant at the 0.01-level in both cases. However, according to the R^2 the correlation between per capita income growth and the initial income levels is quite low. The income level can explain 12% of regional growth in the EU-25 and only 6% in the EU-15. The parameter β^* as an absolute convergence speed indicator is not statistically significant in the case of the NMS regions and therefore the absolute convergence hypothesis is not proven.

If we include the countries' dummies into the equation (1) and thus test the conditional convergence hypothesis the rate of regional growth is explained much better in the equation. However, the rate of conditional convergence is much below the rate of unconditional convergence at only 0.44% in EU-15 and 0.24% in EU-25. The so-called half-life of regional convergence would be 157 years in EU-countries. Of course, the validity of these estimators which are based on the short time period (only eight years) is somewhat doubtful.

In the case of NMS regions the parameter β^* is negative. Thus, the estimators imply that a strong divergence process took place among the regions in the NMS with the regional disparities increasing annually by 2.16% between 1995 and 2002. Catching-up of the poor NMS at the national level seems to be driven mainly by a few high growth regions (e.g. Tallinn and Harju county in Estonia, Riga and surroundings in Latvia etc).

These results are also in accordance with the findings of Niebuhr and Schlitte (2004), which are based on NUTS-2 level data of GDP *per capita* (Euro) during the period 1995-2000. Also the findings of several other studies indicate that the high growth regions coincide essentially with highly competitive agglomerations and thus, the regions that are already marked by relatively high GDP *per capita* (see Tondl and Vuksic, 2003). The decline of income disparities between countries is often accompanied by the increasing regional disparities within the new member states. This stresses the necessity to improve conditions for economic growth at the national and at the regional level as well. The primary task of the EU member states' regional policies should be the implementing of policy measures that are focused on the reduction of regional income disparities within the countries. The EU regional policy should focus on overall cohesion by improving conditions for economic growth in the member states.

Conclusions

The results of the analysis on EU-25 regional income levels during the EU pre-enlargement period (1995-2002) show significant regional disparities in both old and new member states (the candidate countries during the pre-enlargement period). The differences between the highest and lowest income level in EU-25 regions in 2002 were more than 30-fold. Differences were considerably higher in EU-15 countries than in the new member states, but in the latter ones the growth of disparities in income levels was also remarkable during the period under observation. Not only the differences are large, also the speed of regional income convergence processes was very slow as shown by *sigma*- and *beta*-convergence analysis. The latter also found an important influence of country-specific factors to the convergence process.

The results of the analysis confirm the findings of earlier studies that there might exist some trade-off between high growth dynamics at the national level and social cohesion on the regional level. It is not clear whether action should be to foster social cohesion at the costs of growth in any case. The findings of the New Economic Geography deliver no clear-cut solution. The regions that are lagging behind some highly dynamic growth leaders at the moment might profit from regional growth spillovers in the future. On the other hand the process of regional concentration of economic activity might be very persistent over time if the advantages of agglomeration are high. If factors of production are mobile this might lead to economically abandoned areas. Increasing inequalities may produce dissatisfaction of people, weaken cohesion of society and thus may in the long run lower the country's competitiveness and economic growth. In the present days it is

hard to predict whether there is a tendency to the one or the other case in the NMS. In some cases it might be suitable to foster the development of a particular industry or region in order to exploit future spillovers to the whole economy. In other cases it might be necessary to prevent the total drain out of productive resources in some disadvantaged regions.

The European Union regional policy measures are mainly addressed to reduce the gap between member states' income levels and support integration and economic growth. Lowering regional income differences and using effective measures for that reason belong primarily to the competence of the member states. Their policy determines how well one manages to combine the EU policy measures with local possibilities and how purposefully they are implemented. On the country level it is possible to better specify whether increase of regional income differences accompanying with economic growth is normal self-balancing process or if it may become dangerous to cohesion of society and lower the country's competitiveness in long run. If the latter is the case, then the necessity for using effective economic and regional policy measures is inevitable. It is important to establish opportunities for poorer regions to stimulate their economic growth by giving them chances to effectively take over innovations created in richer regions. Systematic investments into local human capital and stimulating labour force mobility are necessary to accomplish that.

In addition to country-specific dummies many other factors that may affect regional income levels (for instance employment, changes in the size and age structure of the working-age population, human capital) should be considered in further analysis. In the light of the New Economic Geography hypothesis about bilateral influences of regions' economic activity the authors will next use spatial-econometrics methods for estimating convergence equations.

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Kokkuvõte

REGIONAALSETE TULUTASEMETE KONVERGENTS EUROOPA LIIDU IDALAIENEMISELE EELNENUD PERIOODIL

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Artikli analüüsiobjektiks on tulutasemete ebavõrdsus ja konvergents EL-25 riikides ja nende *NUTS-3* taseme regioonides perioodil 1995-2002. Vaadeldav periood on 2004. aastal toimunud laienemisvooru ehk Euroopa Liidu nn idalaienemist ettevalmistav ajaperiood, mille jooksul langetati poliitilised otsused kandidaatriikide ning Euroopa Liiduga assotsieeruvate riikide väljavalimise kohta. Artiklis läbiviidava analüüs selgitab regionaalsete tuluerinevuste ulatust ning hindab tulude konvergentsi kolmes riikide grupis: EL-25 ehk Euroopa Liidu koosseisu pärast 1. maid 2004 kuuluvad riigid, EL-15 ehk nn vanad liikmesriigid ning uued liikmesriigid ehk EL-i idalaienemisel liitunud riigid.

EL-25 riikide regionaalsete tulutasemete analüüsi tulemused annavad tunnistust olulisest regionaalsest ebavõrdusest nii Euroopa Liidu vanades kui uutes (analüüsitaval perioodil veel EL-i kandidaatriikides) liikmesriikides. Erinevused EL-25 regioonide madalaima ja kõrgeima tulutaseme vahel on enam kui 30-kordsed, regionaalsed tuluerisused EL-15 riikides on kordades suuremad kui uutes liikmesriikides, samas uutes liikmesriikides regionaalsed tuluerisused analüüsitaval perioodil oluliselt kasvasid. Suuri erinevusi regionaalsetes tulutasemetes ning nende aeglast konvergeerumist EL-i laienemisele eelnenud perioodil kinnitavad ka *sigma*- ja *beeta*- analüüsi tulemused, rõhutades riigispetsiifiliste tegurite olulist mõju regionaalsete tulutasemete konvergentsile.

Läbiviidud analüüsi tulemustest nähtub regionaalpoliitiliste meetmete jätkuva arendamise vajadus nii vanades kui uutes liikmesriikides. Euroopa Liidu regionaalpoliitika meetmed on põhiliselt suunatud liikmesriikide vaheliste tuluerinevuste vähendamisele ning integratsiooni ja majanduskasvu toetamisele. Liikmesriikide regionaalpoliitilistest meetmetest sõltub kuivõrd suudetakse EL-i regionaalpoliitika vahendeid kohalike võimalustega kombineerida ning sihipäraselt kasutada. Riikide tasandil on võimalik täpsemalt määratleda, kas majanduskasvuga kaasnev regionaalsete tuluerisuste kasv on normaalne isetasakaalustuv protsess või on see muutunud ohuks ühiskonna sidususele ning vähendab pikaajaliselt riigi

konkurentsivõimet. Oluline on luua vaesematele regioonidele võimalusi olla rikkamates piirkondades loodud innovatsioonide efektiivseks järgijaks. See eeldab sihipäraseid investeeringuid kohalikku inimkapitali ning tööjõu mobiilsuse stimuleerimist.

THE EFFICIENCY OF ESTONIAN TAXATION SYSTEM

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The problem

Any kind of entrepreneurship needs a specific environment for its development. Environments can be of different kinds: social, economic, technological, ecological, juridical, etc. (Reiljan, 2002). A positive cumulative effect of all these environments is needed in order to obtain maximal result; whereas deviation by any of them could induce conspicuous consequences for entrepreneurship.

There has been much rhetoric in economic theory and economic policy about the possibility and scale of influencing the results of entrepreneurship by changing one of the components of the economic environment. It is obvious that the strength of each chain is determined by its weakest link, as an old saying goes. Therefore, an unsuccessful change can lead to negative results in any component of entrepreneurship environment. Yet economic policy has to gear the development of economics i.e. the Pareto-effective division of limited resources. In other words, the question is: what kind of, and in which component of the economic environment wills the changes is eventually most efficient?

Nations are interested in developing their economies. After the demise of the centrally planned economy, all the newly independent countries have become interested in an economic environment, which will support entrepreneurship. At the same time it is quite difficult to change many of the components of the entrepreneurial environment, especially in a short run. The economic policy is trying to coordinate some of the most important changes in the components of the economic environment. As entrepreneurship ~~is~~ has a purpose to generate profit, thus it is very important to regard the profit margin as a guiding force in entrepreneurship. (Mises, 2002)

Taxation is directly connected with the margin of profit. The main indicator characterizing the profitability is not the net dealing income but the indicators based on the taxation of profit. That is why almost all authors have found consensus when regarding taxation system Recently questions about whether taxes are the most important link in the economic environment have emerged more and more often. Though, no one has denied their role, the question “How important is the influence of taxes?“ remains.

The Estonian experiment of the virtual lifting of corporate income tax, prior to the country’s accession to the European Union, can now become an object of great interest within the EU. The author has not set a purpose to construct a model for the analysis this experiment due to inadequate statistical databases the accuracy is insufficient. The purpose was to observe the influence of taxes in Estonia by using

classical measurements of economics in 1993-2004 and changes that had taken place in the country's economy prior to accession to the EU on May 1, 2004.

Main characteristics of Estonian taxation system during 1993-1999

It was not until 1994 that Estonian economy first began to stabilize after two major upheavals -- leaving the rouble zone (June 1992), and rapidly completing a property reform (in 1991 – 1993). Since that year the burden of taxation has been stable: 1994 – 36.3%, 1995 – 36.7%, 1996 –36.5 %, 1997 – 36.5%, 1998 – 36.4 %, 1999 – 35. 9 % (Riigieelarve... 1999). The stability was possible as there were no principal changes in the tax system in 1994 - 1999.

Nor did the structure of the taxes undergo any remarkable changes. The greatest sources of tax revenue were the value added tax, personal income tax, and excises that in 1994 and 1999 accounted for 48.4 % and 38.8 %; 20.6% and 16.4%; and 9.4% and 17.4%, respectively. (Riigieelarve..., 1999). There are no property taxes in Estonia, the land tax and the customs are of lower importance. The social tax revenue flew into the social fund, whereas the health insurance fund remained outside the budget until 2000. Estonian tax system took effect in 1992 - 1994 as a brainchild of the transition reforms and the *laissez-faire* ideology that predominated in Estonia. Its characteristics included low tax rates (thence a small role of state budget and the whole public sector in the GDP) and the domination of indirect taxes. At the ideological level, the principle of the neutrality of taxes has predominated over all the other principles of the tax system.

General principles of taxation in the EU formed the basis for the VAT and excises in Estonia. Doubling of their proportion in the tax revenues during 1993 – 1999 resulted from the population's extremely low ability to pay subsequently to the monetary reform. Hence, the excises took effect at low rates, thereafter rising continuously throughout the entire period.

Yet, the personal income tax system in Estonia did not heed of the EU. Unlike the progressive personal income tax used by 15 "old" and 9 "new" member states, Estonia imposed only one tax rate -- 26% (on January 1, 2005 owered to 24%). The choice of this proportional income taxation system and a relatively low tax rate had several reasons: insufficient economic knowledge; inexperienced Internal Revenue Service, which failed to levy taxes properly especially in more complex cases of taxation; a desire to boost capital accumulation due to very low earnings of the population, etc.

It is very difficult to estimate the taxation system that existed in Estonia during 1994–1999. Coupled with the problem arising from great influence of values, was the lack of strict observance of research methodology (with regard to uniqueness of the situation); absence of generally acknowledged and appropriate methods, insufficient data, absence of a monitor group, etc. Nor did the author's attempts to find some correlations between the main characteristics of the taxation system and DNP, the level of the real wages (its dynamics), the unemployment, the inflation, the

amount of investments, and other economic indicators give any results. Obviously, some other factors, which could be stronger by an order of magnitude, influenced Estonian economy in that period. Most likely, these factors included escape from the grips of the centrally planned economy, rapid growth of foreign investments, bridling of the inflation, and other factors. Unfortunately, no substantial analysis of the influence of these factors has been made. Given these facts, one can suggest that the taxation-system that helped to set up the entrepreneurial environment in 1994-1999 in Estonia was not well established. Even in spite of the fact that the total burden of taxation was relatively low. The rapid development of entrepreneurship during the period obviously became possible due to the cost of other growth factors.

Estonian taxation system during 2000 – May 1, 2004

The structure of Estonian budget was changed in the year 2000. First, the social tax (from which the charges for the pension and health insurance are covered) was included into the budget. Though it did not incur any principal change in the tax system, it still complicated the comparison of data regarding the budget and taxation before and after 2000. Social tax (35.3 %) was the biggest generator of the tax revenues in 2002, followed by VAT (28.0 %), excises (10.8 %), personal income tax (9.5 %) and corporate income tax (3.7 %). Thus, the structure of Estonian budget in 2002 essentially differed from the structure of Estonian budget before 2000. Comparing these data with those of the period before 2000 (i.e. e we will remove the social tax from the budget), we will find that VAT, excises, personal income tax, and corporate income tax account for 3.5 %, 16.8 %, 14.8 %, and 5.7%, respectively (Table 1). Likewise, the system's structure differs from that of the previous period, due to principal changes that took place in the Estonian tax system in 2000.

Table 1. Proportion of taxes in Estonian state budget (%)

Tax	1999	2002		2004	
		real	comparable	real	comparable
Personal income tax	16.8	9.5	14.8	8.6	14.4
Corporate income tax	8.9	3.7	5.7	5.4	9.2
VAT	35.8	28	43.5	28.9	41.1
Excises	15	10.8	16.8	13.4	19
Social tax	-	35.3	-	34.1	-
Other	0.1	0.2	0.4	0.9	1.5

Source: Eesti riigieelarve…2005; Riigieelarve…..2000; 2002 aasta…., author`s calculations.

Remark: in addition to the social tax the sums of EU financial aid have been subtracted from the profits of the state budget in 2004.

On 1 January 2000 a principal change was introduced in the tax system: the corporate income tax was lifted in Estonia. Basically, the idea of using low taxes to attract-foreign investments is not a new one as all the offshore systems are based on it. Nor is it a new idea, that profits ploughed into real assets will increase these assets' value, thus enabling the assets to reproduce themselves. Yet, theoretical arguments by both the authors of the reform and by those applying the reform ideas in Estonia are "quite interesting."

Lifting the corporate income tax in Estonia can be regarded as an "experiment" whose objective may have been to turn the notion of object of taxation upside down. It has become a common concept that entire profit be subject to taxation, with some benefits such as tax incentives written down in the text of laws. The Estonian income tax system is built up on an entirely different basis. It even does not include the notion of profit; instead, certain ways of using the profit (e.g. payment of dividends, specific benefits, etc.) have been made objects of taxation: In that case, the law should provide an exhaustive list of ways of using profit, which are subject to taxation, instead of mentioning barely the tax incentives. However, no list can be entirely exhaustive. Consequently, opportunities for tax fraud present themselves here, all the more so, because quite often virtually the same payments can bear different names.

Estonian taxation practice differs from that of income tax systems in many countries of the world also in timing of creation of tax liability. By the general practise in many countries of the world the corporate income tax liability arises instantaneously as the profit amount has been confirmed. Possible delays at it can be caused only by verification of accounting statements or by settling of accounts. Under Estonian laws, the profit earned can remain intact on the companies' bank accounts for years, as it is not subject to taxation unless being used for out-payments.

Only when it is used, it becomes the object of taxation, that is, the question arises, whether a certain way of using the profit is subject to taxation or not.
Lots of shallow arguments were presented during the political struggle in order to justify and idealize a taxation system of that kind, whereas only a few counterarguments could be heard. For example, it was suggested that a juridical person was just an abstraction, so it couldn't be subject to income taxation (Kallas, 1999).

Still such pro- and counter-arguments can be put aside because it is more important to consider the impacts that kind of income taxation system inflicted on the economic environment at large.

The Influence of the Lifting of the Corporate Income Tax

The political discussion on the issue of lifting the corporate income tax deserves a specific analysis; that's different from the previous demagogic aspects. During the discussion a motto was raised by which the lifting of the corporate income tax should lead to decrease in redistribution. The income tax system in Estonia observes, more strictly than other tax systems, the principle of neutrality of taxation systems. When companies pay less tax money to the state, the extent of redistribution is also lower and the influence of taxation system on the position of those participating in the market is weaker. Yet, the advocates for this idea claim that such an approach will place companies on a more or less equal footing at the market, whereby the market's regulating function can be more effective.

One cannot agree with such an approach. First, an *a priori* judgement has been used here: the less ~~is~~ the extent of redistribution, the better. Absolutism of this principle would bring about the end of the physical existence of all those who have no private income of their own. (Estonia as an establishment would evidently be among the) But it is even more important that the virtual lifting of the corporation income tax in Estonia actually does not reduce the redistribution between subjects of economy. It is true that the distribution mechanism has been changed and other subjects participate in redistribution. Namely, the income tax system presently effective in Estonia supports the companies that generate higher profits, whereas the gain of those with lower profits turns out to be relatively small. Companies and their branches, which have got subsidies from the state budget, may even lose, because the shrinking volume of the state budget proceeding from the lifting of corporate income tax sets lower limits to the subsidies allotted from the state budget for the promotion of entrepreneurship. It has been calculated that 40 big companies got 90 per cent of the "gain" from the lifting of corporate income tax (Raju, 2001). Eventually, the total "gain" of other companies smaller than the decrease in government subsidies to companies in 2000 (compared to the year 1999, this decrease was about 200 million kroons.) Besides, all these 40 companies enjoy monopolistic or oligopolistic market position, which makes it clear, that one of the outcomes of the income tax system, effective in Estonia, is that the money unpaid through corporate taxation, reinforces the domineering market position of local tycoons. This renders the market conditions for competition even more unequal, which means that one can hardly expect the economic environment to become more regular.

As a consequence of lifting the corporate income tax the revenue from taxation dropped and thereafter the possibilities for financing the public sector dwindled. According to the state budget of the Estonian Republic for 2000, the expected corporate income tax revenue was estimated at 628.8 million kroons that is significantly less than compared to 1914.1 million kroons, received for the budget in 1998.

The corporate income tax made up 13.7 % of the tax revenues of the budget in 1998, but in 2000 it accounted only for 2.4 % (There were also other changes in the budget structure during the period: under comparable conditions the share of corporate income taxes would have been 4.1 %). In 2001-2003 the share of corporate income tax in Estonian state budget in 2001-2003 remained approximately the same: 2.4 % in 2001, 3.7 % in 2002, 3.9 % in 2003 and 5.1% in 2004 (2002. aasta…; Seadus…. 2003, ; 2004 aasta …).

A budget shortfall of more than reducing the incentives of the value covered a milliard added tax (290 million kroons), increasing the government fee (250 million kroons) and increasing the fines (150 million kroons; Seadus... 2000). The remainder was compensated by retrenchment of charges of the state budget. This restructuring of the tax burden is socially painful and ~~it~~ will be justified only in case its benefits can be obtained in another field. The expected outcome from the liquidation of the corporate income tax should have been growth of investments capacity.

Savings are a natural source of investments. In the transition period of states with small value of the GDP and most of the households unable to satisfy their primary needs, the savings make up a small percentage of the GDP. Thus the small total amount of savings cannot meet the actual needs of economy. Mostly, the premise for majority of the theoretical conceptions, which asserts that savings are equal to investments (S = I) cannot totally be applicable in the states undergoing a transition. In 1998 the domestic savings in Estonia were about 20.3 % of the GDP, at the same time the domestic investments made up 16 % of the GDP (Transition... 1999). Obviously, the difference is due to certain historical characteristics inherent in the states undergoing a transition in the second half of the 20th century. The demand that had not been satisfied for decades and was typical of the communist system before its collapse and the bankrupts of banks *en masse* has by now led to the accumulation of money at home. It causes two kinds of negative symptoms: first, money goes out of the circulation, and second, compared with the use of consumption credits, the consumption will be waived. The statistics of Estonia is unable to show the equal capacity of the outflow, but it is sufficiently exact to assert the existence of the problem. The information above explicitly indicates a relatively low level of domestic investments, and more particularly, their small total amount. Investments are one of the most important inputs for production, and their scarcity in a certain period is an extremely influential factor impeding the development of economy of transition states. However, the situation in Estonia is somewhat different. The Estonian Institute of Economic Research has searched the opinion of local leading experts in every quarter of the year since 1993. The insufficiency of investments was on the first place among the factors that broke the economy in 1993-1996. Beginning from the first quarter of 1997 has gradually been moving backwards and reached lately the 4 – 6 positions. It is even and such factors as the low qualification of labour, the lack of markets, etc.

Table 2. Some characteristics of Estonian economy in 1998- 2003

Characteristic	1998	1999	2000	2001	2002	2003
GDP (million kroons)	78341	81639	92717	104337	116869	125832
GDP in comparative prices	86070	86004	92717	98645	105791	111234
Share of the profit in GDP	0.234	0.260	0.231	0.247	0.260	0.253
Corporate income tax (millions)	1914	1635	855	748	1348	2149
Income tax efficient rate (%)	5.62	5.21	2.11	1.78	3.00	4.32
FDI (billion kroons)	8.07	4.45	6.64	9.43	4.80	6.78
FDI elasticity on the basis of 1998			0.28	-0.29	0.87	-0.69
FDI elasticity on the basis of 1999			0.83	-1.72	0.18	3.08
Unemployment (by ILO; %)	9.8	12.2	13.6	12.6	10.3	10.6

Source: The author's calculations. Eesti panga…,2000; Eesti statistika…2004

The figures in Table 2 enable to estimate the results of the lifting of corporate income tax.. Obviously, it is very difficult to find a connection between the lifting of corporate income tax and the foreign direct investments (FDI). FDI depend on the expansion rate of GDP, hence on the economic cycle. But a tendency of their diminution has been observed since 2002. Certainly there hasn't been a leap inside FDI since 2000. Although the companies' investments into fixed assets (domestic and foreign altogether) didn't demonstrate any rising tendency in 2000, a decline suddenly occurred. As a matter of fact, their continuous rising tendency can be observed through a longer period. It is certain that great investments are needed to revitalize the Estonian economy. It is practically difficult to point out the presence and the influence of the abolition of corporate income tax. Obviously, the influence of other factors, such as business expectations and the international companies' niche on the Estonian market, has been ~~a~~ greater than the impact from lifting the corporate income tax (Tab. 2).

Table 2 shows that there has been no decrease in unemployment. The dynamics of the unemployment rate depends also on great number of other factors rather than the attempt to reduce it by striving for greater investments subsequently to the lifting of corporate income tax. The factors that caused changes in unemployment in 1999 - 2003 deserve a separate analysis.

Some decrease in the unemployment in 2002 was due to a slightly different economic policy of the ruling coalition compared to preceding cabinets. However, it has become clear that the expectations of those who advocated for the lifting of corporate income tax to receive FDI and thereafter substantially reduce the unemployment rate have not worked out.

Certainly, a question will arise: why have the foreign direct investments into Estonia remained below the level expected? An answer to this is: the most profitable fields of economy in Estonia had been acquired by foreign owners already before the year 2000. Secondly, it can't be forgotten that the rate of the income tax is just one of the factors, according to which the investors choose the place for their investments. Thirdly, the competitive ability of Estonia and Eastern Europe in engaging foreign investors has not been dealt with. In 2002 the corporate income tax for the EU- 25 was 2.4% of GDP.(Maggiulli, 2004). Estonian 1.7% is not sufficiently different from the average of the EU (2.4%) to be an effective incentive. Moreover, the indicator was still smaller in Latvia, Lithuania and Croatia. In Estonia and Slovenia the corporate income tax indicators were almost similar.

It is especially important to observe the elasticity of FDI. It has been suggested in professional literature that FDI's elasticity is having an opposite sign and is approximately -0.2, ~~so~~ thus in Estonia it has been something rather irrational. With regard to the flexibility of 1999, the coefficient was ranging from -1.72 to +3.08 (Table 2). It is obviously influenced by the fact that the year 1999 was economically the worst since the restoration of Estonian independent statehood (the growth of GDP was negative). But with regard to 1988, the elasticities were within huge ranges–between -0.69 and +0.87. Obviously the influence of other factors on the investment decision was remarkably higher than it was at the time when the corporate income tax was lifted.

Certainly, a question will arise, why the inflow of investments into Estonia lagged behind the amount expected. One answer is: by the year 2000 foreign investors had already acquired most profitable assets. Secondly, it a true fact is that the income tax rate is just one of the factors, by which the investors choose places for their investments. Thirdly, the competitive ability of Estonia and Eastern Europe in engaging foreign investors had not been dealt with. According to the figures of Tab 3,

Table 3. International Comparison of Corporate Taxation in Eastern Europe in 2003

Country	Corporation Tax Rate for Retained Earnings (%)	Share of Corporate Taxes in Total Tax Revenues (%)
Bulgaria	15	6.40
Croatia	20	2.57
Czech Republic	31	8.30
Estonia	0	3.58
Hungary	18	6.92
Latvia	19	6.72
Lithuania	5	3.02
Poland	24	8.81
Romania	25	11.43
Russia	35	11.69
Slovak Republic	25	9.09
Slovenia	25	3.51

Source: Raju, 2004.

Estonia isn't much more attractive with its policies of investments' taxation. Moreover, many states such as Croatia, Lithuania and Slovakia, where special benefits are not taxed, aren't less attractive for the investors in terms of profit taxation.

All the above-mentioned facts confirm the conclusion from recent researches that FDI does not react to tax differentials (Benassy-Quere ..2004) or its response can be quite modest. Apparently, the influence of the lifting of corporate income tax on FDI and other economic indicators in Estonia can't be found out (it can't be differentiated

from the influence of stronger factors). One can only suppose that the relatively cheap labour force and Estonian high image among the other East European states had a more powerful influence on the overall development of both - its entrepreneurship and the FDI. But it is almost impossible to prove it.

EU and Estonian taxation system

The accession to the European Union has caused and is still causing changes in Estonian taxation system. The non-principal changes dominated in 2004. Most important among them were the rise of excises on fuel (roughly 1 kroon per litre) and the increase of the VAT taxed goods and services.

An essential change for Estonian taxation system arises from its principles being conformed to the EU customs regulations, which took place first of all applied in relation to USA, Russia and Ukraine; their influence on Estonian economic environment will be clear only after some time.

But more essential changes in Estonian taxation system will take place in some longer period. The tobacco excises will be gradually growing in 6 years. Difficulties emerge due to the rise of taxes and therefore the price of the tobacco goods within the range of approximately 9-10 kroons per pack

The changes of the income tax have an important influence in Estonia. Firstly, it is obvious that EU can't permit offshore inside a unified economic space ~~as~~ including Estonia, Lithuania, or other union member countries. An appendix of the Merger Treaty underscores that 10 new members can apply the prescripts in the taxation of capital and its movement, which were in use before the end of 1993 (Eesti ja… 2004) e.g. before the countries in transition began to compete for the investments using their low tax rates. Estonia has got an exception – separate taxation of the profit of a parent company and a subsidiary, without which the whole current income tax system would lose its meaning. It remains effective in Estonia until 31 December 2008 (Eesti ja…2004). Thus the date when Estonia has to change its income tax law has indirectly been appointed. As mentioned earlier, the lifting of corporate income tax in Estonia hasn't had any significant influence, that's why its re-establishment wouldn't have any significant setback if wisely done.

Obviously, a major problem with regard to taxes and economic environment in Estonia will emanate from the issue of the burden of taxation. In 2004 the total burden of taxation in EU-15 was 41% of GDP and in Estonia the respective figure was 33% of GDP. The average statutory corporate tax rate of the new member states is 21.5%, significantly lover than the average – 31.4% -- of the EU-15 member states (Maggiulli, 2004). According to the Ministry of Finance the corporate tax burden of Estonia is 14.6 % of DNP (Riigieelarve 2005) i.e. 44.2 % of the total taxation burden. Thus the general taxation burden of Estonia and especially the burden of taxation of the entrepreneurship in the country are below the average rate of the EU.

It's obvious that the burden of taxation has to arise to some degree in order to fulfil the social and other demands of EU in the states of lower burden of taxation /Estonia, Latvia, Lithuania and Slovak Republic). In the opinion of Estonian leading specialists the burden of taxation in Estonia will rise up to 39% (Konjunktuur, 2004, N3. p.17). As the burden of companies' taxation, in Estonia is lower than that in other EU member countries, the question of raising the taxation burden in the future will be imminent. But that will be possible only provided the payroll tax that has been impeding the entrepreneurship development, can prior be reorganized. Therefore, acute political arguing has to be expected around the changes of Estonian taxation system.

There is another pressure on the income tax law. Namely, there is a rule in EU due to the pressure from the labour unions that the income tax deductible allowance mustn't be less than the statistic minimal shopping basket. There no mention about it in the Treaty of Accession but it is almost unbelievable that it can be avoided. Thus, the income tax deductible allowance is going to increase up to 3,500-4,000 kroons per month (currently it is 1,700 kroons per month) in the near future. And that will inevitably bring along enormous changes in economics and social politics (changes in the basis of the financing of local municipalities, changes in living allowances, etc). Their influence of changes in the entrepreneurship environment is just waiting for a scientific evaluation. As the foregoing analysis demonstrated an especially weak influence of the diminution of taxes and the principal abolition of the corporate income tax on the entrepreneurship environment, ~~so~~ it can be supposed that the restoration of the corporate income tax will not affect the entrepreneurship environment and lead to a decrease of business activity in a situation where the efficient tax rate would be comparable with that of other „new" member states and where the investments would be tax-free.

Summary

The states of transitional economy are unique for their economic processes. One of their individualities was their possibility to create modern institutions such as the state budget, the tax system and the local municipalities almost from the scratch. That would have enabled to create a modern and effective economic environment, which would guarantee a rapid development of entrepreneurship. Today it is obvious that all these have become controversial with regard to experiments of this kind, especially in Estonia. In 1993-1999 the influence of the tax system on the development of Estonian society, especially on its economic environment, was weak.

The Estonian tax system was changed in 2000. Since 1 January 2000 the corporate profit is no more taxable in Estonia. Only the outgoing cash– dividends, benefits, and other payments are taxable. The purpose of this kind of taxation experiment was to encourage companies to reinvest more into their assets and to attract foreign investments. The initial results do not conform to the optimism of the authors of the idea. The growth rate of the investments hasn't increased; on the opposite – a small decrease in 2002-2003 could be observed. The decrease in unemployment was

smaller than had been calculated according to the growth of the business cycle. There are no statistics, which could demonstrate the budget decrease due to the lifting of the corporate income tax and the decrease of the social expenditures, as a result of it, could have been compensated by accomplishments in some other field. The author failed in finding clear correlations between the lifting of the corporate income tax and investments, on the one hand, and the GDP growth rate and trade balance deficiency, on the other. In 2000-2003 the figures of elasticity between FDI and the income tax rate, which are approximately -0.2, were ranging from -1.9 up to 3.8 in Estonia.

Such a modest influence on the entrepreneurship environment can be explained with some factors. Comparison of the Estonian taxation system with those of several other Eastern European countries demonstrates that in those other countries the corporate profit hasn't been taxed higher than in Estonia. Obviously, Estonia hasn't reached the desired position in the competition with other transition states. Therefore, it is obvious that taxes, at least the corporate income tax (or its lifting) haven't been among the main factors determining the entrepreneurship environment. Apparently, the main factors, which direct the development of Estonian economy have not been properly studied. The result is indirectly highlighting the opinion, predominating in the past years, that the connection between FDI and the corporate income tax rate is much weaker than it was thought to be.

The accession to the European Union will obviously bring some rise in the burden of taxation in Estonia. Both the total burden of taxation (33.0%) and the corporate burden of taxation (14.6%) are significantly lower than the average of the EU (41% and 31.4 %, respectively). Preservation of the difference is principally impossible.

First of all, the excise duties for the fuel and tobacco products will arise. Some kind of increase will be observed in VAT, as stipulated in the Accession Treaty. These changes aren't of essential but they are going to raise the prices and they will worsen the economic~~al~~ climate remarkably. But the principal changes to be considered include the establishing of customs for trading with non-member-countries and the duty to re-establish corporate income tax, which were assigned for Estonia in the Accession Treaty. All that would increase the tax burden and would have negative influence on the entrepreneurship environment

As the average effective rate of the corporate income tax doesn't essentially differ from that of the EU, the re-establishment of the corporate income tax will have no significant negative influence on the entrepreneurship environment, if wisely done.

Thus it can be suggested that the possible negative changes in the entrepreneurship environment aren't connected with the restoration of the corporate income tax. Moreover, the “experiment” of lifting it wasn't successful. Still, some increase of the tax burden can worsen the entrepreneurship environment.

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Kokkuvõte

EESTI MAKSUSSÜSTEEM ETTEVÕTLUSKESKKONNA KUJUNDAJANA

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Tartu Ülikool

Maksud on üks ettevõtluskeskkonda oluliselt kujundav lüli. Viimasel ajal on aga üha enam üles kerkinud küsimus – kui oluline? Antud küsimus on eriti aktuaalne Eestis, kus alates aastast 2000 on sisuliselt kaotatud ettevõtte tulumaks; vastavalt Eesti ja EL liitumislepingule tuleb see aga hiljemalt aastal 2008 taastada. Milliseid muutusi Eesti ettevõtluses kutsus esile ettevõtte tulumaksu sisuline kaotamine ja mida võiksid endaga kaasa tuua seoses Eesti liitumisega EL toimuvad maksumuudatused? Eesti maksusüsteem kujunes oma põhijoontes välja 1993 ja püsis stabiilsena kuni aastani 2000. Analüüsid näitavad, et sel – meie käsitluse jaoks baasperioodil – oli maksude mõju ettevõtluskeskkonnale tagasihoidlik. Kiired kasvutempod ettevõtete arvus, nende käibes, ekspordis-impordis, SKPs jne on aga saadud tänu teistele ettevõtluskeskkonda mõjutanud teguritele – plaanimajanduslike pidurite lõplikule

likvideerimisele, inflatsiooni kontrolli alla saamisele, stabiilsele valuutale jmt. Maksude positiivne roll on seisnenud eelkõige nende tasemes, mis ei olnud ettevõtlust pidurdav.

Alates 01.01.2000 kaotati Eestis ettevõtte tulumaks. Maksu objektiks on vaid osa kasumi – täpsemalt ettevõtte kogutulu – kasutamise viise: dividendid, erisoodustused, tehingud *off-shore*-riikidega jmt. Selle eksperimendi idee oli saavutada maksusoodustuste abil investeeringute kasvutempo tõus siirdemajandusele iseloomulikus tehnilise mahajäämuse ja säästude vähesuse tingimustes. Seejuures lepiti riigieelarve tulude teatud vähenemisega.

Vastupidi ootustele jäid ettevõtte tulumaksu kaotamise tulemused tagasihoidlikeks. Investeeringute- eelkõige välismaiste otseinvesteeringute (edaspidi FDI), mida sellisel juhul kasutatakse põhiindikaatorina, kasvutempo ei kiirenenud. Veel enam, FDI maksuelastsust sel perioodil pole sisuliselt olemas, viimastel aastatel on täheldatud FDI kasvutempode teatud langust. Kõik see viitab ettevõtte tulumaksu sisulise kaotamise tagasihoidlikule mõjule ettevõtluskeskkonnale.

Sellise tulemuse andsid kaks põhilist tegurit. Esiteks vabastas Eesti tulumaksust kogu kasumi, mitte Eestisse reinvesteeritu. See on kaasa toonud mainimisväärse kasumi väljavoolu. Teiseks selgus, et dividendide, erisoodustuste jne maksustamise järel ei ole ettevõtete efektiivne maksumäär Eestis madalam teiste siirderiikide omast ja FDI siirdusid paljuski mujale.

Liitumine EL toob kaasa maksukoormuse teatud tõusu; ka tuleb hiljemalt 2008 taastada ettevõtte tulumaks. Kuna ettevõtte tulumaksu sisulise kaotamise efekt on olnud väike, siis on võimalik tema taastamine ettevõtluskeskkonda halvendamata. Oluline on, et üldise efektiivse maksukoormuse kasv oleks tagasihoidlik ja reorganiseeritaks ettevõtlusele praegu maksudest suurimaks piduriks olev sotsiaalmaks.

ANMERKUNGEN ZUR LIQUIDITÄTSSTEUERUNG DES EUROSYSTEMS

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1. Zentralbankgeldbedarf als Ansatzpunkt der Geldpolitik des Eurosystems.

Ansatzpunkt für die geldpolitische Steuerung der Europäischen Zentralbank (EZB) bzw., im Verbund mit den nationalen Zentralbanken, des Eurosystems ist ein sich im Zuge der Hauptgeschäftstätigkeit der Kreditinstitute, d.h. im Rahmen von Kreditgewährungen an Nichtbanken auf der einen und der Annahme von Einlagen seitens der Nichtbanken auf der anderen Seite, ergebender Zentralbankgeld- oder Liquiditätsbedarf. Die Deckung dieses Zentralbankgeldbedarfs der Kreditinstitute ist der eigentliche Ansatzpunkt der geldpolitischen Steuerung bzw. allgemein der Geldpolitik. Dabei verfolgen die Zentralbanken im Rahmen ihrer Geldpolitik in den letzten Jahren zunehmend die Prinzipien der Transparenz, der Berechenbarkeit und der Glaubwürdigkeit ihrer Politik (vgl. Rohde, Janssen 2005 oder Europäische Zentralbank 2006, S.59 ff.)

Der Liquiditätsbedarf im Sinne eines Bedarfs an Zentralbankgeld bei den Geschäftsbanken ergibt sich konkret

a) aus dem Zwang zur Mindestreservehaltung. D. h. die Kreditinstitute sind gezwungen, in Höhe eines bestimmten Prozentsatzes bestimmter Kundeneinlagen, der so genannten Mindestreservebasis, ein Guthaben bei der EZB oder einer der nationalen Zentralbanken zu unterhalten. Dabei besteht die Mindestreservebasis aus den täglich fälligen Einlagen , den Einlagen mit einer vereinbarten Laufzeit von bis zu zwei Jahren, den Einlagen mit einer vereinbarten Kündigungsfrist von bis zu zwei Jahren, den Schuldverschreibungen mit einer Laufzeit von bis zu zwei Jahren,
b) aus dem Bestreben einer, wenn auch äußerst geringen Überschussreservehaltung und
c) aus den sogenannten Autonomen Liquiditätsfaktoren oder Marktfaktoren, die sich einer direkten Kontrolle der Zentralbank entziehen (vgl. Europäische Zentralbank 2002, S.46). Zu diesen Autonomen Faktoren gehören der Bargeldumlauf, die Nettoposition des Eurosystems in Fremdwährung, die Einlagen von öffentlichen Haushalten im Eurosystem und die so genannten Sonstigen Faktoren, wie z.B. die schwebenden Verrechnungen.

2. Geldpolitischer Instrumenteneinsatz und Zinsentwicklung am Geldmarkt.

Zur Deckung des Liquiditätsbedarfs der Geschäftsbanken verfügt das Eurosystem über einen variantenreichen geldpolitischen Instrumentenkasten. Vorwiegend werden jedoch wöchentliche Hauptrefinanzierungsgeschäfte (HRG), mit denen im Durchschnitt rund 75% des Zentralbankgeldbedarfs gedeckt wird, und monatliche Längerfristige Refinanzierungsgeschäfte (LRG), die im Durchschnitt rund 25% des Liquiditätsbedarfs decken, eingesetzt. Zur Deckung eines unerwarteten, ganz

kurzfristigen und vorübergehenden Liquiditätsbedarfs gibt es, im Rahmen der Ständigen Fazilitäten, die Spitzenrefinanzierungsfazilität. Im Falle von kurzfristigen Liquiditätsüberschüssen steht den Banken, ebenfalls im Rahmen der Ständigen Fazilitäten, die Einlagenfazilität zur Verfügung. Zudem verfügt das Eurosystem über eine Vielzahl von Feinsteuerungsinstrumenten sowie über Strukturelle Operationen, mit denen den Kreditinstituten ebenfalls Liquidität zugeführt oder entzogen werden kann.

Im Wesentlichen vollzieht sich die Liquiditätssteuerung des Eurosystems über die im wöchentlichen Rhythmus durchgeführten Hauptrefinanzierungsgeschäfte, die eine Laufzeit von rund einer Woche haben. Diese Geschäfte wurden zunächst, d.h. von Anfang 1999 bis Mitte Juni 2000, in der Form von Mengentendergeschäften durchgeführt, und zwar mit einem fest vorgegebenen Zins, der von vornherein erkennbar die Refinanzierungskosten der Kreditinstitute widergespiegelt hat, und der somit auch als ein eindeutiges Zinssignal der Geldpolitik verstanden werden konnte. Seit dem 28. Juni 2000 werden die Hauptrefinanzierungsgeschäfte durchweg als Zinstendergeschäfte betrieben. Bei Zinstendergeschäften gibt die Zentralbank in der Ausschreibung nur einen Mindestbietungssatz als Orientierungshilfe (momentan 2,50%) vor, und die Kreditinstitute sind gehalten, ihre bis zu zehn möglichen Gebote oder Bedarfsanmeldungen jeweils mit Zinssätzen zu kombinieren. Diese individuellen Bietungssätze stellen nach der so genannten amerikanischen Zuteilungsmethode für die Kreditinstitute dann auch die jeweiligen Refinanzierungskosten für die zugeteilten Beträge dar.

Bei hinreichender Zuteilung von Zentralbankgeld über einen Mengentender orientiert sich der Tagesgeldzins am Geldmarkt, der so genannte EONIA (European Overnight Index Average), zu dem etwaige Liquiditätsüberschüsse am Interbankengeldmarkt auch zwischen den Geschäftsbanken gehandelt werden (horizontaler Liquiditätsausgleich) am fest vorgegebenen Zins des Mengentenders. Beim Zinstender orientiert sich der Tagesgeldzins eng am sogenannten marginalen Zuteilungssatz, also an dem Zinssatz zu dem die EZB gerade noch die letzten, gegebenenfalls quotierten Gebote an Zentralbankgeld bedient.

Falls nun der marginale Zuteilungssatz dem vorgegebenen Mindestbietungssatz genau entspricht, dann vermag der Mindestbietungssatz ein ebenso klares Zinssignal zu vermitteln, wie der fest vorgegebene Satz beim Mengentender. Sofern der Tagesgeldzins und der marginale Zuteilungssatz jedoch vom vorher mitgeteilten Mindestbietungssatz abweichen, die EZB spricht dann auch vom so genannten EONIA-Spread, ist die zinspolitische Linie oder Richtung der Geldpolitik nicht mehr so eindeutig und kann Interpretationen oder Erwartungen über den zukünftigen zinspolitischen Kurs der EZB auslösen. In solchen Situationen gibt der marginale Zuteilungssatz das klarere Zinssignal von Seiten der Geldpolitik und nicht der Mindestbietungssatz.

Bei nicht hinreichender Deckung des Liquiditätsbedarfs über die Hauptrefinanzierungsgeschäfte und die Längerfristigen Refinanzierungsgeschäfte und bei mangelnder Verfügbarkeit von Zentralbankgeld am Interbankengeldmarkt

greifen die Kreditinstitute auf eigene Initiative auf die Spitzenrefinanzierungsfazilität zurück, um auf diesem Weg den Restbedarf an Zentralbankgeld zu decken. Auf diese Weise wird der Tagesgeldzins EONIA auf die Höhe des Spitzenrefinanzierungssatzes gezogen. Da die Rückgriffsmöglichkeit auf Zentralbankgeld hierbei grundsätzlich quantitativ nicht begrenzt ist, markiert der Satz der Spitzenrefinanzierungsfazilität letztlich die Obergrenze für den Tagesgeldzins am Geldmarkt.

Bei zu reichlicher Liquiditätsversorgung legen die Kreditinstitute ihr überschüssiges Zentralbankgeld, sofern sie keine anderweitige Anlage am Interbankengeldmarkt dafür finden, letztlich in der Einlagenfazilität der EZB an. Dadurch sinkt der Tagesgeldzins EONIA auf die Höhe des Satzes der Einlagenfazilität. Da auch hier eine praktisch unbegrenzte Anlagemöglichkeit besteht, bildet der Satz der Einalgenfazilität die definitive Untergrenze für den Tagesgeldzins am Geldmarkt. Die Höhe und der Abstand zwischen den beiden Sätzen der Ständigen Fazilitäten markieren das Niveau und die Bandbreite des so genannten Zinskorridors am Geldmarkt, in dem sich der Tagesgeldzins bewegen kann. Neben dem Satz für die Hauptrefinanzierungsgeschäfte gelten somit auch die Zinssätze der beiden Ständigen Fazilitäten als die offiziellen Leitzinsen der europäischen Geldpolitik. Insofern überrascht es nicht, dass es grundsätzlich zu einer gleichzeitigen und oft parallelen Veränderung aller drei Zinssätze kommt.

Ein Problem beim Einsatz der Hauptrefinanzierungsgeschäfte im Standardtenderverfahren (Ausschreibungsverfahren) sind Überbietungen oder Unterbietungen („Bieterstreiks“) durch die Kreditinstitute. Als Auslöser haben sich in der Vergangenheit z.B. erwartete Leitzinsänderungen der EZB ergeben. So fielen mitunter bei erwarteten Zinssenkungen die Gebote oder Bedarfsanmeldungen an Zentralbankgeld geringer als der tatsächliche Liquiditätsbedarf aus. Dies geschah in der Erwartung, nach vollzogener Zinssenkung, dann in den Folgegeschäften zu geringeren Konditionen mehr Mittel von der EZB anzufordern. Andererseits wurden bei erwarteten Zinssteigerungen zum Teil überhöhte Gebote abgegeben, um im Wege einer vorzeitigen Übererfüllung des Mindestreserveerfordernisses (so genanntes Frontloading) bei der nur im Durchschnitt der Erfüllungsperiode zu haltenden Mindestreserve eine insgesamt kostengünstigere Mindestreserveerfüllung zu erzielen..

Dies spielte allerdings nur solange eine Rolle, wie die offiziellen Zinsänderungen der EZB auch innerhalb einer im Zeitablauf starren Mindestreserve-Erfüllungsperiode wirksam werden konnten. Da, wie gesagt, die Kreditinstitute die erforderlichen Mindestreserveguthaben nur im Durchschnitt der Erfüllungsperioden halten müssen, war das Überbieten oder Unterbieten vor dem Hintergrund von Zinsänderungserwartungen durchaus rational.

3. Geänderter Handlungsrahmen für die Geldpolitik des Eurosystems seit Frühjahr 2004.

Ab März 2004 hat das Eurosystem seinen sogenannten Handlungsrahmen jedoch

neu gestaltet, u.a. um den erwartungsbedingten Überbietungen oder Unterbietungen zu begegnen (vgl. Europäische Zentralbank 2003, S. 45 ff. und Europäische Zentralbank 2005, S.69 ff.). Dabei wurde u.a. auch die Laufzeit der wöchentlichen HRG von rund zwei Wochen auf rund. eine Woche verkürzt. Zudem wurde der Zeitplan der Mindestreserve-Erfüllungsperioden so angepasst, dass der Beginn einer neuen Mindestreserve-Erfüllungsperiode nunmehr immer auf den Abwicklungstag des Hauptrefinanzierungsgeschäftes gelegt wird, das auf die Sitzung des EZB-Rates folgt, auf der die Erörterung der Geldpolitik vorgesehen ist, und auf der ggf. geld- oder zinspolitische Maßnahmen beschlossen werden. D.h. die Erfüllungsperioden beginnen seitdem immer am Mittwoch nach der ersten von i.d.R. zwei Donnerstagssitzungen des EZB-Rates in einem Monat. Beschlossene Zinsänderungen treten damit nur noch unmittelbar zu Beginn einer neuen Mindestreserve-Erfüllungsperiode in Kraft. Grundsätzlich werden damit von der Geldpolitik beschlossene Zinsänderungen nicht mehr innerhalb der Mindestreserve-Erfüllungsperioden wirksam. Überbietungen oder Unterbietungen aufgrund erwarteter Zinsänderungen sind somit nicht mehr rational.

Allerdings kann es auch weiterhin zu Überbietungen oder Unterbietungen bei den Hauptrefinanzierungsgeschäften kommen oder allgemein beim Einsatz der Instrumente geben, die im Standardtenderverfahren angewendet werden. Beispielsweise kann es zu Unterbietungen kommen, wenn die Kreditinstitute glauben, sich am Interbankengeldmarkt günstiger mit Zentralbankgeld eindecken zu können als bei der Zentralbank. Sofern allerdings viele Banken davon ausgehen, erweist sich die günstigere Refinanzierung am Geldmarkt als Illusion, denn die dann auf breiter Front zunehmende Nachfrage nach Zentralbankgeld lässt den Tagesgeldzins schnell bis an die Obergrenze steigen, was dann eine erhoffte günstigere Refinanzierung verhindert. Sind die Tagesgeldzinsen höher als die Sätze der Hauptrefinanzierungsgeschäfte, dann besteht für eine einzelne Bank durchaus der Anreiz, sich über den eigenen Bedarf hinaus mit Zentralbankgeld bei der EZB einzudecken, und das erhoffte überschüssige Zentralbankgeld dann am Interbankengeldmarkt mit Gewinn auszuleihen. Sofern jedoch viele Banken so denken würden, käme es zu Überbietungen und die damit verbundenen Hoffnungen auf ein gewinnbringendes Durchhandeln der Gelder und deren höherverzinsliche Anlagen am Interbankengeldmarkt würden sich wiederum als Illusion erweisen.

Zum neuen Handlungsrahmen der europäischen Geldpolitik gehört aber auch, dass die EZB nunmehr vor jedem Hauptrefinanzierungsgeschäft mitteilt, wie hoch der zu deckende Liquiditätsbedarf von ihr eingeschätzt wird. Dazu gibt sie sogar zweimal vor jedem Hauptrefinanzierungsgeschäft den von ihr geschätzten Liquiditätsbedarf in Form einer sogenannten Benchmark-Zuteilung bekannt. Die erste Schätzung der Benchmark-Zuteilung wird am Ankündigungstag eines Hauptrefinanzierungsgeschäftes (i.d.R. ein Montag) und die zweite Schätzung der Benchmark-Zuteilung am darauf folgenden Zuteilungstag eines Hauptrefinanzirunsgegeschäftes (i.d.R. ein Dienstag) verkündet.
„Die Benchmark-Zuteilung ist der Betrag an Zentralbankgeld, der auf der Grundlage aller Liquiditätsschätzungen der EZB normalerweise erforderlich ist, um am kurzfristigen Geldmarkt ausgeglichene Bedingungen herzustellen. Bei

ausgeglichener Liquidität sollte der Tagesgeldsatz normalerweise in der Nähe des Mindestbietungssatzes liegen.“ (Europäische Zentralbank 2004, S.20). Daneben soll mit der Verkündung der Benchmark-Zuteilungen auch eine Orientierungshilfe für die Gebote der Kreditinstitute gegeben werden, um auch auf diesem Wege Überbietungen oder Unterbietungen entgegenzuwirken. Abweichungen der tatsächlichen Zuteilung von der Benchmark-Zuteilung wollte die EZB eigentlich nur in Ausnahmefällen zulassen, um zum Beispiel einer Divergenz des Tagesgeldzinses vom Mindestbietungssatz zu begegnen oder wenn ganz außergewöhnliche Faktoren dies erfordern, wie zum Beispiel die Euro-Bargeldeinführung oder aber die Terroranschläge vom 11. September 2001 (vgl. Europäische Zentralbank 2004, S. 21/22).

4. Konsequenzen einer Fehleinschätzung des Liquiditätsbedarfs.

Der im Frühjahr 2004 geänderte Handlungsrahmen hat zwar das Problem der durch geldpolitische Zinsänderungserwartungen motivierten Überbietungen oder Unterbietungen entschärft, allerdings hat sich ein neues Problem eingestellt: Das in einer Mindestreserve-Erfüllungsperiode letzte Hauptrefinanzierungsgeschäft findet seitdem regelmäßig genau eine Woche vor Ende der Mindestreserve-Erfüllungsperiode statt. Das Problem dabei ist nun, dass in diesem geldpolitisch relativ „langen“ Zeitraum von einer Woche die Prognose des Liquiditätsbedarfs, insbesondere des aus der Entwicklung der Autonomen Faktoren resultierenden Bedarfs, sich als fehlerhaft erweisen kann. Der Prognosefehler bei der Einschätzung des Liquiditätsbedarfs über die Autonomen Faktoren ist nämlich umso größer zu veranschlagen, je länger der Schätzzeitraum für die Entwicklung der Autonomen Faktoren ist. So kann sich der Bedarf an Zentralbankgeld aufgrund der Autonomen Faktoren bereits innerhalb eines Geschäftstages durchaus um bis zu 1 Mrd. Euro ändern. (Vgl. Europäische Zentralbank 2004, S. 23). Das heißt innerhalb eines Zeitraumes von fast einer Woche kann sich die Höhe des tatsächlichen Liquiditätsbedarfs doch wesentlich anders darstellen, als es die Prognosen für die Bemessung des letzten Hauptrefinanzierungsgeschäftes in der Mindestreserve-Erfüllungsperiode erwarten ließ.

Aus der Sicht des Eurosystems ergeben sich im Falle der Fehleinschätzung des richtigen Liquiditätsbedarfs zwei Optionen:

a) Die Kreditinstitute nutzen die eigentlich für genau solche Fälle vorgesehenen Ständigen Fazilitäten. Allerdings mit der Konsequenz, dass der Tagesgeldzins zum Ende einer Mindestreserve-Erfüllungsperiode in Richtung Obergrenze oder Untergrenze am Geldmarkt tendiert. Die Folge ist also das Auftreten eines so genannten EONIA-Spreads, also eine mehr oder minder ausgeprägte Abweichung des Tagesgeldzinses EONIA vom vorgegebenen Mindestbietungssatz des letzten Hauptrefinanzierungsgeschäftes. Dies steht jedoch dem von der EZB ausdrücklich erklärten Ziel der Schaffung ausgeglichener Liquiditätsbedingungen am Geldmarkt entgegen. Die verlässliche Schaffung von ausgeglichenen Liquiditätsverhältnissen hat für die EZB in

jüngster Zeit, und zwar unter den Stichworten Transparenz, Berechenbarkeit, Glaubwürdigkeit und Rechenschaftspflicht, einen sehr hohen Stellenwert bekommen. (Vgl. Rohde/Janssen 2005),

oder

b) Die EZB greift auf Feinsteuerungsoperationen am letzten Tag der Mindestreserve-Erfüllungsperiode zurück und gleicht den innerhalb einer Woche über die autonomen Faktoren sich neu darstellenden Liquiditätsbedarf flexibel aus. Die EZB hält damit auch am Ende einer Mindestreserve-Erfüllungsperiode den Tagesgeldzins in der unmittelbaren Nähe des beim letzten Hauptrefinanzierungsgeschäft vorgegebenen Mindestbietungssatzes. Dies kommt dann der verlässlichen oder glaubwürdigen Zurschaustellung von ausgeglichenen Liquiditätsverhältnissen zugute.

Die tatsächlich betriebene Geldpolitik der EZB zeigt, dass die EZB die zweite Option bevorzugt. So hat sie z.B. von November 2004 bis zum März 2006, mit Ausnahme von drei Monaten, jeweils am letzten Tag der Mindestreserve-Erfüllungsperioden Feinsteuerungsoperationen mit eintägiger Laufzeit zur Liquiditätszuführung oder Liquiditätsabschöpfung eingesetzt. In der Phase von 1999 bis Oktober 2004 gelangten die Feinsteuerungsoperationen dagegen nur in ganz außergewöhnlichen Situationen zum Einsatz.

Zusätzlich hat die EZB, und dies ist ein zweiter sehr bemerkenswerter Tatbestand, seit November 2004 mehrfach die berechnete Benchmark-Zuteilung überschritten. Zum Beispiel bei jedem Hauptrefinanzierungsgeschäft von Anfang November 2004 bis Anfang März 2005, in der Spitze zum Jahresende 2004 um 5 Mrd. Euro. (Vgl. Deutsche Bundesbank, 2005 a, S.22 und 2005 b, S.24). Ebenfalls tat sie das in den meisten Hauptrefinanzierungsgeschäften von Oktober 2005 bis Februar 2006, als die Benchmark-Zuteilungen um bis zu 3 Mrd. Euro überschritten wurden. (Vgl. Deutsche Bundesbank 2006, S.24/25).

Daraus könnte man den Schluss ziehen, für die EZB hat die ursprünglich propagierte Verlässlichkeit auf die veröffentlichten Benchmark-Zuteilungen, durch die ja eigentlich die Transparenz und Glaubwürdigkeit ihrer Liquiditätssteuerung bzw. ihrer Geldpolitik erhöht werden sollte, einen eher geringeren Stellenwert. Wichtiger erscheint ihr, dass die ursprüngliche Absicht, die mit den Veröffentlichungen der Benchmark-Zuteilungen verfolgt wird, nämlich am kurzfristigen Geldmarkt ausgeglichene Verhältnisse zu schaffen und den Tagesgeldzins in unmittelbarer Nähe des Mindestbietungssatzes zu platzieren gewährleistet bleibt. Zu fragen bleibt aber, warum über so lange Zeiträume die wöchentlich errechneten Benchmark-Zuteilungen eben nicht ausgeglichene Verhältnisse am kurzfristigen Geldmarkt hergestellt haben, sondern warum es dazu der ständigen Überschreitungen der Benchmark-Zuteilungen bedurfte. Warum haben also erst die, gemessen an den Benchmark-Beträgen, überhöhten Zuteilungen die marginalen Zuteilungssätze in die Nähe der jeweils angekündigten Mindestbietungssätze gebracht? Und warum haben selbst, gemessen an den Benchmark-Zuteilungen, überhöhte Zuführungen an Zentralbankgeld den Tagesgeldzins dann in den Folgetagen nicht in der Nähe des

Mindestbietungssatzes halten können, sondern warum bedurfte es dazu noch der Feinsteuerungsoperationen an den letzten Tagen der Mindestreserve-Erfüllungsperioden?

5. Geldpolitik unter den Prinzipien Transparenz, Berechenbarkeit und Glaubwürdigkeit.

Wenn die Durchführung einer Geldpolitik so viele Frage aufwirft, so erfüllt sie schwerlich, die selbst gesetzten Grundsätze der Transparenz und Berechenbarkeit bzw. Glaubwürdigkeit. Das gilt selbst dann, wenn die aufgeworfenen Fragen im Nachhinein fundiert beantwortet und plausibel erläutert werden können und wenn die Ergebnisse der Geldpolitik, gemessen an der Entwicklung des Tagesgeldzinses, durchaus als erfolgreich bezeichnet werden können.

Betrachtet man vor diesem Hintergrund einmal die in den Monatsberichten der EZB jeweils dargestellten Entwicklungen des Tagesgeldzinses EONIA zum Beispiel im Zeitraum vor dem 4. Quartal 2004, also bevor die Benchmark-Zuteilungen mehrfach überschritten wurden und bevor die Feinsteuerungsmaßnahmen praktisch regelmäßig zum Ende der Mindestreserve-Erfüllungsperioden zum Einsatz kamen, und im Zeitraum seit dem 1. Quartal 2005 (vgl. EZB Monatsbericht November 2004, S.25 und Januar 2006, S.24), so werden die wesentlich geringen Ausschläge des EONIA nach dem 4. Quartal 2004 in der tat sehr deutlich. Rein vom Ergebnis der Zinssteuerung her betrachtet ist die Geldpolitik somit seit Anfang 2005 durchaus erfolgreicher geworden.

Allerdings ist zu fragen, ob ein solches Ergebnis nicht auch auf einem anderen Weg, der nicht so viele Fragen aufwirft, besser erreichbar sein könnte. Wenn das Eurosystem Schwankungen des Tagesgeldzinses innerhalb der selbst gesetzten Zinsobergrenzen und Zinsuntergrenzen am Geldmarkt, also innerhalb des so genannten 2-Prozentpunkte-Zinskorridors, nicht relevant werden lassen will, und das nicht einmal ganz kurzfristig am Ende der Mindestreserve-Erfüllungsperioden. Wenn verhindert werden soll, dass nach der Zuteilung der Hauptrefinanzierungsgeschäfte der marginale Zuteilungssatz vom vorher verkündeten Mindestbietungssatz zu stark nach oben abweicht und damit zu einem Fragen aufwerfenden EONIA-Spread führt, weil auch der Tagesgeldsatz sich nach oben in Bewegung setzt. Und wenn man einer solchen Situation dann eben nicht wiederholt mit Abweichungen von den zweimal vorher veröffentlichten Benchmark-Zuteilungen begegnen will und zudem nicht den Einsatz von Feinsteuerungsoperationen zur fest einkalkulierten Regel machen will. Wenn das Eurosystem es also wirklich ernst meint mit den von ihr so wichtig erachteten Prinzipen der Transparenz, Berechenbarkeit und Glaubwürdigkeit ihrer Geldpolitik, und zwar sowohl, was die Durchführung der Geldpolitik angeht, als auch was die Ergebnisse der Geldpolitik betrifft, dann müsste die Durchführung der Liquiditätssteuerung eigentlich geändert werden.

Dazu wäre es erforderlich, die Liquiditätssteuerung durch die Hauptrefinanzierungs-geschäfte, aber auch durch die längerfristigen Refinanzierungsgeschäfte, gänzlich im

Mengentenderverfahren durchzuführen, also mit von vornherein fest vorgegebenen, einheitlichen Zinssätzen. Zudem müsste der Zinskorridor am Geldmarkt, also der Abstand zwischen der Zinsobergrenze und der Zinsuntergrenze praktisch auf Null reduziert werden. Dies würde bedeuten, man gleicht die Zinssätze der Spitzenrefinanzierungsfazililtät und der Einlagenfazilität dem Satz der Mengentendergeschäfte vollständig an. Abweichungen des Tagesgeldzinses von dem dann einheitlichen geldpolitischen Leitzins, repräsentiert vom Satz der Mengentendergeschäfte, wären dann nicht mehr möglich. Die Kreditinstitute würden Fehlbeträge an Zentralbankgeld sofort auf eigene Initiative durch den Rückgriff auf die Spitzenrefinanzierungsfazilität ausgleichen, und zwar ohne, dass dies den Tagesgeldzins steigen lassen würde. Überschüssiges Zentralbankgeld wird von den Kreditinstituten automatisch in der Einlagenfazilität angelegt, auch das würde dann keinerlei Zinssenkungen am Geldmarkt auslösen. (Vgl. zu einem solchen Vorschlag auch Bofinger, Reischle, Schächter, 1996, S. 394 ff.). Abweichungen bei der Bereitstellung von Zentralbankgeld von den Benchmark-Zuteilungen wären ebenso überflüssig, wie ein regelmäßiger Einsatz von Feinsteuerungsoperationen. Die geldpolitische Steuerung würde sich praktisch darauf beschränken, einen für die Erreichung des vorrangigen Zieles der Geldpolitik erforderlich gehaltenen Zins am Geldmarkt selbst in der kurzen Frist, d.h. ohne jegliche Schwankungen zu gewährleisten.

Betrachtet man aber einmal eine solche, den Prinzipien einer transparenten, berechenbaren und glaubwürdigen Liquiditätssteuerung voll entsprechenden Geldpolitik, dann wird schnell deutlich, wie problematisch die übermäßige Verfolgung dieser Prinzipien für die Geldpolitik sein können. Die Verfolgung einer reinen Zinsfixierungsstrategie am Geldmarkt, und genau das strebt die EZB mit ihrer Liquiditätssteuerung, zumindest in Ansätzen, ja momentan auch an, würde nämlich die wichtige Funktion des Zinses, als Knappheitsindikator zu fungieren, vollständig außer Kraft setzen. Zudem würde sich die Zentralbank ihrer Möglichkeiten berauben, die Menge an Zentralbankgeld als einen Steuerungsparameter zu nutzen. Die Menge an Zentralbankgeld würde zu einer vollständig endogenen Größe werden. Zuteilungsverknappungen bei den Refinanzierungsgeschäften blieben ohne Wirkung, da die Kreditinstitute ihren wahren Bedarf dann ohne Kostenerhöhung über die Spitzenrefinanzierungsfazilität decken könnten. Momentan greift die EZB dazu noch auf den Einsatz von Feinsteuerungsoperationen zurück, was sie aber in Erklärungszwänge bringt.

Problematisch an einer solchen Liquiditätssteuerung, die den Tagesgeldzins am Geldmarkt praktisch ohne Grenzen fixieren möchte, man spricht dann auch von einer starren Liquiditätssteuerung oder starren Geldmarktsteuerung (vgl. Rohde 2001), ist aber auch, dass dann eigentlich keine Anreize mehr bestehen, zu einer effizienten Umverteilung des vorhandenen Bestands an Zentralbankgeld zwischen den Kreditinstituten. Dies ist deshalb so, weil ein Ausgleich von Überschuss- oder Defizitpositionen an Zentralbankgeld bei den Banken nur noch direkt über die Zentralbank stattfindet und nicht über den Interbankengeldmarkt zwischen den Kreditinstituten. Ein funktionierender Interbankengeldmarkt würde überflüssig

werden und damit würden der Zentralbank wichtige, frühzeitige Informationen darüber fehlen, ob die Ausrichtung ihrer Politik zu expansiv oder zu restriktiv ist.

Schließlich würde eine solche Geldpolitik der Zentralbank die Möglichkeit nehmen, zinspolitische Schritte geräuscharm vorzubereiten und gegebenenfalls auch kurzfristig reversibel zu gestalten, ohne gleich offizielle Zinsschritte zu ergreifen. Beispielsweise könnte eine beabsichtigte Zinserhöhung im Rahmen einer flexiblen Liquiditätssteuerung durch Zuteilungsverknappungen bei den Refinanzierungsgeschäften zunächst vorsichtig ausgelotet werden, indem der Tagesgeldzins in Richtung Zinsobergrenze am Geldmarkt geleitet wird. Ein solches Vorgehen bereitet eine offizielle und damit öffentlichwirksame Zinserhöhung zunächst nur vor und liefert Anhaltspunkte, ob eine Zinserhöhung tatsächlich erforderlich ist. Andererseits kann ein solches Vorhaben gegebenenfalls auch schnell wieder zurückgeführt werden, wenn sich das als erforderlich herausstellen würde, und zwar ohne große Öffentlichkeitswirkung. Zinsschritte im Rahmen einer zu stark auf Transparenz, Berechenbarkeit und Glaubwürdigkeit ausgerichteten Geldpolitik wären dagegen kurzfristig nicht reversibel. Allein deshalb besteht die Gefahr, dass Zinsschritte zu spät ergriffen werden.

6. Fazit.

Insgesamt beraubt sich die Geldpolitik mit einer zu stark den Prinzipien der Transparenz, der Berechenbarkeit und der Glaubwürdigkeit verpflichteten Liquiditätssteuerung der in der heutigen Zeit eigentlich immer wichtiger werdenden flexiblen Reaktionsmöglichkeiten in der geldpolitischen Steuerung. Eine Geldpolitik, die diese Prinzipien zu stark in den Vordergrund stellt und verfolgt, erschöpft sich praktisch in einer Art technischer Feinsteuerung der Geldmarktzinsen. Dabei schränkt die so betriebene Geldpolitik ihre Potenziale ein, auch auf unerwartete nationale und internationale Herausforderungen angemessen und gegebenenfalls frühzeitig sowie flexibel reagieren zu können.

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Summary

LIQUIDITY MANAGEMENT OF THE EUROSYSTEM: SOME REMARKS

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Starting point of monetary policy of the Eurosystem are liquidity needs of the banking.system. By managing liquidity, the central bank is controlling or steering interest rates of the money market. Within the framework of their liquidity management, the Eurosystem concedes the principles of transparency, predictability and credibility. That means, the Eurosystem tries to restrict the volatility of short-term interest rates in the money market. In particular the short-term interest rates should stay, even in the short run, near the minimum bid rate for variable rate tenders, which is the Eurosytems main instrument to manage liquidity needs of the banking system. In this article, some problems are discussed, which are the results of a too strong stressing the principles of transparency, predictability and credibility in monetary policy.

„SOFT“ FACTORS OF ECONOMIC DEVELOPMENT: HUMAN CAPITAL AND INSTITUTIONS [1]

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Introduction

Economic theory has always been trying to find an answer to the question: What determines a country's economic growth? Leaving aside the new regional-political and commercial theories of "redistribution of wealth", one can, following Holcombe (2001, 623), distinguish between two most relevant conceptions of economic growth:

1. The conception of production factors, in the framework of which the initial neoclassical, or exogenous (Solow-Swan) theory is combined with the endogenous (Lucas-Romer) theory of growth.[2]
2. The institutional economic theory of growth (North et al .).[3]

The neoclassical theory (Solow 1956) reduces economic growth to the mere existence of production factors (first and foremost, of labour and capital); its models view changes in labour and technical progress as exogenous. Import of capital is considered to be the mechanism leading to faster economic growth of those countries that have less capital, and to either absolute or relative (respectively, beta- or sigma-) convergence, i.e. the evening out of countries' levels of income. In essence, then, rather than elucidating the role of economic growth within the system as a whole, this theory too only explains the differences between countries' growth rates. Moreover, in the case of conditional sigma-convergence, it leaves undisclosed the individual levels of income towards which countries are heading.

The endogenous approach, on the other hand, tries to explain internal economic growth within the framework of a theoretical macromodel. If Lucas takes investments in human capital as drivers of economic growth, then Romer (1986), instead, views investments in general R&D (innovation) as drivers of growth. Both derive the growth effect from the positive external influences accompanying investment. Yet the theory is not completely endogenous, for it leaves unexplained both the volumes of R&D investments and differences in their efficiency.

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[1] This article has been supported by ESF Grant No. 6629 and Target Funding from the Estonian Ministry of Education and Research No. T0107.
[2] Cf overview by Ahn/Hemmings 2000.
[3] In Estonian, North 2004. For the most recent overview of later developments see Shirley 2005.

The main problem here lies in the fact that the theory fails to deal with the aspect of economic subjects' actual interests and stimuli, or the microlevel of economics. It is easy to realize, in view of the comparatively modest results of economic aid extended to less developed countries, that even large investments may prove to be wasted if they are directed to places where there are no efficient and well-functioning institutions that would provide proper social conditions for development. For institutions, according to North's much-cited opinion, are social systems of stimulation and can thus either promote or inhibit growth. Therefore any macroeconomic theory of growth is up in the air if it not complemented by a microlevel institutional economic analysis (see, e.g., Voight 2002, 143–177). That the mechanisms of influence involved are complex and sophisticated is vividly demonstrated by the differences in growth between developed market economies (e.g., OECD countries).

According to North (2004, 174), the conception of production factors describes potential opportunities for welfare in a world exempted of transaction costs, which is inevitably far from reality. "Attempts to explain the diversity of economic routes without taking into consideration as a factor the stimulus structure deriving from institutions is fruitless, in my opinion." Holcombe (2001, 629) even adds that proceeding from the production function may mislead the economic policy. In the present author's view, however, there is no need to entirely discard the conception of production factors, but instead complement it with institutional analysis. .[4]

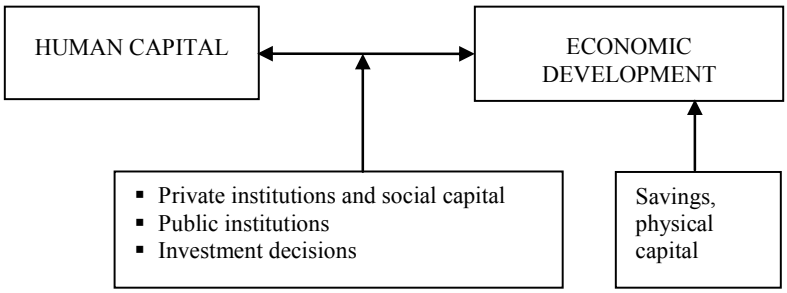
The theoretical point of departure of the current paper is the qualitative model proposed in the 2003 UNO Human Development Report (HDR 2003) for understanding the relationship between human capital and economic development, which confirms what was said above − the importance of institutions. Namely, the mutual interaction between human capital and economic development can be viewed as being performed through several filters or amplifiers (Fig. 1). The inhibitors or amplifiers are the formal and informal private and public institutions which direct human behaviour . In one group of countries, therefore, the process of human development and economic growth is comparatively harmonious, while in others some development components may act as inhibitors. Additionally, the influence of economic growth on human capital depends on private and public policies of investment. The latter, too, can either considerably promote or inhibit the growth of human and social capital. In what follows we will proceed from the premise that

[4] A good overview of the attempts to synthesize the two conceptions and the problems involved is given by Aron (2000). As usual, institutional factors are added to Solow's model of growth. A typical example is Vijayaraghavan/Ward 2001. Bassanini/Scarpetta/Hemmings, on the contrary, add to the model variables characterizing current economic policies. Scully 2001, IMF 2003 and others pay attention to keeping apart institutional frameworks and concrete policies. In any case the influence of institutions and/or policies on economic growth is dual – indirect influence through the volume of investments, and direct (or residual) influence. While the former has proved by research to be statistically significant, the latter has proved to be less reliable. The other main result is the more significant role of economic regulations (ownership and contractual relationships) compared to political institutions (Aron 2000, 128).

investments on the whole have a secondary influence on economic growth and their volume is, at least in the medium run, determined by institutional factors.

The article aims to test the following hypotheses, the last two of which specify the first one.

1. Economic growth is the combined outcome of the qualities of human capital and institutions.[5]
2. Economic growth depends on the available unused potential or reserve of human capital.
3. The actual realization of this reserve in turn depends on each country's institutional quality.[6]



Source: compiled by the author on the basis of HDR (2003, 82) .

Figure 1. A qualitative model of economic development.

It seems to be reasonable to keep apart the achieved level of economic development and the possible (potential) level. The difference between the two can be viewed as the development potential or reserve. If we can recognize the unrealized potentials

[5] Glaeser/La Porta/Lopez-de-Silanes/Shleifer 2004 reached a noteworthy result by claiming that namely human capital is the primary factor of growth, which can even thrive under dictatorship which later, when the desired level of growth has been achieved, will be supplanted by democratic society.

[6] In the present paper institutions mostly act as endogenous factors. A central role in the theory about their development was played by North (2004). Regrettably, empirical analysis is still in its initial stage (see, e.g., Beck/Laeven 2005). Engerman/Sokoloff 2003 have emphasized the endogenous aspects of institutions, noting incidentally that institutions get adapted to the economic peculiarities of particular countries and that is why it is impossible to provide any recipes of success. A schematic structure model has been suggested by Aron (1997).

(differences between the achieved and potential levels of development), then we should be able to estimate and shape the possibilities for development more realistically.

The article tests the hypotheses by econometric analysis. The empirical basis for dealing with human capital herein is the Human Development Index (HDI) and its component parts as they are used by the UNO. In the case of institutional quality we will rely on estimations of economic freedom provided by the *Heritage Foundation* (HF), USA, and the *Fraser Institute* (FI), Canada.[7] The data describing economic growth were obtained from various publications of the World Bank, OECD and the European Union.

1. Modelling the economic potential

In what follows a country's economic potential means its predictable GDP per capita, which derives from the empirical relationship between the main factors of economic development − human capital and the level of economic freedom. When measuring the two main components of GDP and human capital − education and health −, we will use the respective UNO human development indexes (hereinafter denoted as y, e and h).[8]

In the case of economic freedom, we have tried to integrate the HF and FI indexes. They are closely correlated, yet have no one-to-one relationship. On the basis of the data of 119 countries[9], the relationship is described by the following regression equation

$$FI' = 10 - 1.24HF \ (R^2 = 0.74).$$

As the indicator of economic freedom, the following index [10] will be used

$$f = FI + FI',$$

the numerical value of which is theoretically between 0 and 20 (as we know, FI is given on a 10-point scale). Empirically though, the interval is smaller, ranging from 6.8 for Myanmar to 17.0 for Hong Kong. Estonia ranks 10th with 15.6 points.

Next we try to find the countries' economic potentials from

$$y' = f(e, h, f).$$

To approximate the relationship, we will first use the human development and economic freedom indexes of all those countries for which we possess all the initial

[7] The latter focus on the economic (not political) aspect of institutions' quality, challenging the estimations of both formal and informal institutions. For other indicators applied until now see Aron 2000.

[8] The GDP index is the logarithm function of the actual GDP. The data originate from the 2003 Human Development Report and reflect the 2001 level.

[9] FI was taken from the 2004 Report (reflecting the 2002 data), and HF from the 2005 Report.

[10] Here we have tried to standardize both the directions of the effect of the two indexes and the measuring scales. The drawback here is the partial "suppression" of the HF index variation, which is why the mean is "tilted" towards the FI index.

data. The linear regression based on the data of 119 countries is characterized by Table 1.

Table 1. The linear relationship predicting the countries' economic potential (GDP per capita)[11]

Factor	Regression coefficient	Standard error	t-statistic
Constant term	-26.76	5.23	-5.11
Freedom f	3.35	0.52	6.42
Education e	0.33	0.06	5.48
Health h	0.37	0.05	6.93

Source: composed by the author.

Thus, on the basis of the t-statistic, all the economic factors are of approximately similar relevance. At the same time, the negative constant term refers to a certain non-linearity of the relationship − a higher GDP index causes a rise in the overall effect of the factors, which may, among other reasons, be due to a positive interrelationship between them, or the mutual amplification of their effects. At the end of the paper we will test this hypothesis and the possibible ways for improving the adequacy of the model.

Confining ourselves herein to comparing only a few countries, we will show in Table 2 the development of their economic potentials by separate factors. We will compare each country's factor's (index's) level with the mean level of the sample (119 countries) and, by means of the regression coefficient, find how this difference impacts on the level of income, or more specifically, on the difference of the index from the mean of the sample. [12] In 2002, the latter was 69.4%. In Estonia, for instance, the overall estimation of economic freedom (15.6) was by 2.7 points higher than the average level of 119 countries (12.9), which, if multiplied by the respective regression coefficient, will yield for the income effect 9.3 percentage points. The education level index for Estonia (96%) is even 17 percentage points higher than the average (79%), and the corresponding income effect is 5.6 percentage points. In the case of the health index, Estonia's advantage is less remarkable (77% compared to the average 69.4%), yielding 7.6 percentage points, and the corresponding income effect 2.8 percentage points. In total, on the basis of the empirical relationship, Estonia's income level should be 17.8 percentage points higher than the average. In

[11] The determination coefficient is 84.0% and the value of the F-criterion 207. The results are better than when using logarithm-or semi-logarithm functions (the F-criteria 170 and 199, respectively).

[12] The formalized algorithm is as follows:

$\Delta y(x) = a (x - \tilde{x})$, where

x – the value of the factor for a particular country,

$\tilde{x}$ – the average level of the factor in the sample,

a – the regression coefficient,

$\Delta y(x)$ – the difference between a particular country's income level and the average as affected by factor x .

actual fact, only 8.6 percentage points have materialized. Thus we can speak of a conditional 9.2 pp reserve which could find expression in a comparatively faster economic growth.[13] This, however, is only a hypothesis which needs to be tested.

Table 2. Differences between the countries' income levels compared to the average of the sample, and their component parts (pp)

Country	freedom	education	health	prediction	actual	reserve
Estonia	9.3	5.6	2.8	17.8	8.6	9.2
Finland	8.3	6.6	6.9	21.9	23.6	-1.7
Germany	6.7	5.6	6.9	19.3	23.6	-4.3
Latvia	4.4	5.3	2.4	12.2	4.6	7.6
Lithuania	4.1	5.0	3.6	12.6	5.6	7.1
Slovenia	0.3	5.0	5.8	11.1	17.6	-6.5

Source: composed by the author.

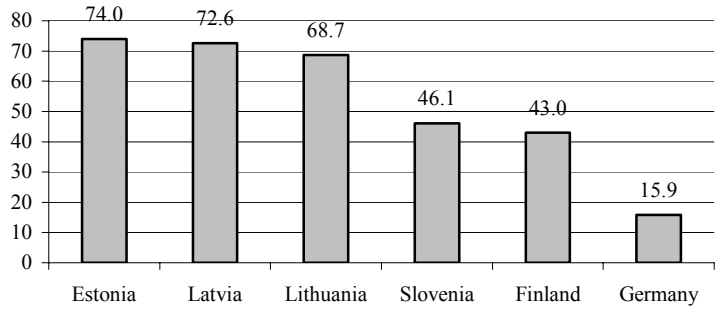
2. Modelling of economic growth

On the basis of the estimated economic growth reserve the countries fall in clearly distinguishable groups. The Baltic countries have a noticeable positive reserve, while Slovenia and Germany have a negative reserve. In the case of Finland, the predictable income level differs comparatively little from the actual level (1.7 pp). These results correlate rather well with the differences in economic growth illustrated in Figure 2. The model fails to explain only Slovenia's advantage over Finland. An analysis of the interrelationship of the reserve with the average economic growth of 117 countries in the five years between 1999 and 2003 reveals the existence of a positive connection, but the determination coefficient is only about 5%. Figure 3 shows that the size of the reserve can affect the differences in economic growth within the range of 2%. Bigger differences must be due to other factors.[14]

[13] The reserve can be found in two ways:

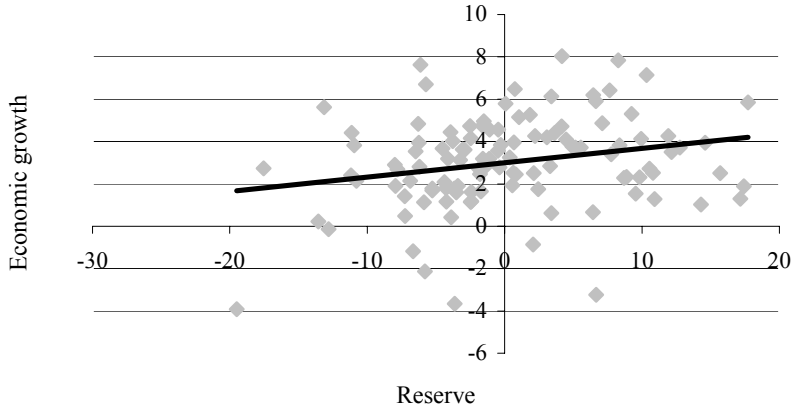
1) $\Sigma\Delta y(x) - (y - \tilde{y})$, where $\Sigma\Delta y(x)$ – the aggregate influence of the factors, y – a particular country's income level, $\tilde{y}$ - average income level of the sample;
2) y' – y, where y' – a country's predictable income level on the basis of the regression equation.

[14] One problem may be the matching of the time of the reserve with that of the economic growth indexes. If the reserve is calculated for the beginning of the growth period, the probability for a somewhat stronger positive relationship is greater than when the reserve is found in the middle of the period (based on 2001-2002 data).



Source: Eurostat.

Figure 2. Economic growth of the countries in the sample, 1995–2004 (%).



Source: compiled by the author.

Figure 3. Interrelationship between economic growth and the reserve.

The econometric analysis must evidently involve the dynamics of economic freedom, the significance of which was emphasized in the previous parts of the paper. Herein the post-1995 development of economic freedom has been synthesized on the basis of two indexes, HF and FI. The variation dHF of HF shows the decrease of the index in 1996-2005, while dFI indicates the growth of FI in 1995–2003. As expected, the variations were not so closely related as the levels. The regression equation could be written as follows:

$$dFI' = 0.73dHF + 0.40 \ (R^2 = 0.14).$$

Even though the effect of HF variation is modest here, the following analysis will still denote the dynamics of economic freedom with a generalizing indicator:

df = dFI + dFI'.

We are simultaneously looking for the interrelationship between economic growth, change in economic freedom (df) and the previously defined reserve of unused economic potential. The parameters of the linear regression are shown in Table 3.

Table 3. The empirical relationship forecasting economic growth.[15]

Factor	Regression coefficient	Standard error	t-statistic
Free member	2.17	0.29	7.39
Reserve	0.04	0.03	1.64
df(per year)	6.03	1.64	3.68

Source: the author's composition.

The result indicates that economic growth is extremely volatile and difficult to forecast even for five-year periods, yet it confirms the essential role of institutional development (growth of economic freedom) in economic dynamics. Unfortunately, the statistical relevance of the development reserve we derived is dubious – even though the regression coefficient is positive and larger than the standard error, there is ca 10% probability that it may be negative. One reason for this is the fact that the reserve is positively more correlated with the change in economic freedom (r= 0.26) than with economic growth (0.24)[16].

The rise in economic freedom by one point on our integrated scale warrants a 6% higher economic growth on average. On the other hand, such large growth in economic feedom would be extraordinary. Until now, the highest indicators have been in the Baltic countries (ca 0.4 points per year, see Table 4), which has also warranted the highest rates of economic growth.[17] In case of Slovenia, the rapid liberalization of economy in the last few years has also helped maintain favourable conditions for development.

[15] The corrected determination coefficient is 16% and the value of the F-criterion 10.

[16] Thus it is possible that the positive influence of the reserve will be expressed via faster growth of economic freedom.

[17] The rated advantage over countries with permanent economic freedom could be estimated to be ca 2.5 percentage points of growth yearly (6*0.4).

Table 4. Factors of economic growth and prognoses for the countries compared.

Country	Reserve	df (per year)	Economic growth (%)	
			prognosis	deviation
Estonia	9.3	0.43	5.2	0.1
Lithuania	7.1	0.43	5.1	-0.2
Latvia	7.6	0.42	5.0	1.4
Slovenia	-6.5	0.35	4.0	-0.5
Finland	-1.7	0.11	2.8	-0.0
Germany	-4.2	0.07	2.4	-1.2

Source: compiled by the author.

The greatest deviations of the actual growth rates from the prognosis are in case of Latvia and Germany. Obviously, this is partly due to the peculiarities of economic growth in the period under discussion. According to Eurostat, the decade's (1995 – 2004) average economic growth in Latvia was essentially closer to what had been forecast − 5.4%. In Germany, too, where the forecast is overly optimistic, the actual decade's average was a little better – 1.5%. In Finland, the long-term growth was even 3.9%, which had not been forecast. For Estonia and Lithuania, the decade's average indicators (6 and 5.6%, respectively) correlate with the forecast more or less in a similar way to the indicators of a shorter period.

An analysis of the components of Estonia's economic growth by means of the regression model reveals a predominant influence of institutional development. The effect of the reserve is under 0.5% per year, whereas 2.5% of the growth, or nearly a half, may be attributed to a rise in economic freedom. However, no such rise can be expected in the future, which is why the contribution of the quality of production factors (both human and physical capital) must grow. This in its turn, according to our qualitative model (Fig. 1), calls for more substantiated investment decisions.

3. Enhancing the adequacy of the empirical model – joint impact of the development factors

Finally we will investigate if it is possible to improve the static analysis of economic development by taking into consideration the joint impact of factors. This will essentially mean bringing the regression model closer to the qualitative model of human development (Fig. 1). In the latter the interrelationship of economic development and human capital was made dependent on institutional factors. But the linear model we used in our regression analysis presumed the isolated (direct) impact of factors, among them of economic freedom.

The new model for judgement is as follows:

$$y' = (a_0 + a_1 f) + (b_0 + b_1 f)e + (c_0 + c_{1f})h,$$

where the first expression in parentheses shows (controls) the isolated impact of economic freedom, while the other two show the (joint) economic-freedom-dependent impact of education and health, respectively. As far from all the six estimated parameters need be statistically significant, we will carry out a step-by-

step regression analysis of the earlier data (119 countries), removing at each step the most irrelevant component (see Table 5). For the sake of ease of interpretation, the index of economic freedom has been normalized in the range (0.1) by dividing its initial value by 20.

Table 5. Parameters of isolated and joint impacts of the factors of economic development

Step[18]	a_0	a_1	b_0	b_1	C_0	c_1
I(84,8;132)	**34**	**-38**	**0.11**	**0.37**	**-0.20**	**0.97**
t-statistic	1.09	-0.70	0.23	0.47	-0.64	1.89
II(84,9;166)	**40**	**-48**		**0.55**	**-0.15**	**0.90**
t-statistic	2.21	-1.48		5.56	-0.64	2.24
III(85,0;223)	**29**	**-30**		**0.55**		**0.65**
t-statistic	4.38	-1.91		5.58		7.51
IV(84,6;328)	**17**			**0.46**		**0.60**
t-statistic	7.59			5.26		7.20

Source: compiled by the author.

The data confirm the superiority of the new model, and also the adequacy of the qualitative model because at first steps it is the isolated impacts of education and health that prove to be statistically insignificant. Although at step III the reliability of the isolated impact of economic freedom is so to say marginal, this model can be considered to be the best. This is further confirmed by the maximum value of the determination coefficient. If the number of steps of freedom remains constant, the latter outperforms that of the model involving isolated impacts by 1 pp (on the basis of the F-criterion, the advatage is 16 units). Although step IV adds to the F-criterion, it brings about a decline in the reliability of both the improved determination coefficient and the parameters showing joint impact.

An interpretation of the regression coefficients at step III allows us to suggest that the impact of human capital on the level of income in unfree countries is minimum (theoretically f=0 is altogether absent). Theoretically, (in case f=1) education has the maximum impact – 0.55, and health 0.65 per each added pp of the factor index. At the same time, it is logical that the free member of the equation, quite obviously, is dependent on a country's institutional quality. The values of parameters a_0 and a_1, even though they have opposite signs, are close in absolute terms, which allows us to infer that in free countries the aggregate influence on the income level of the factors under discussion is close to proportional (if f=1, then the free member considering economic freedom ($a_0 + a_1f$) is nearly 0). In unfree countries, on the other hand, (f=0) and the income level remains 30% irrespective of differences in human capital.[19]

[18] In parentheses the values of the determination coefficient (%) and the F-criterion.
[19] In case v=0 the connection is y'=29, whereas in case v=1 it is y'=0.55h+0.65t.

Conclusion

The current paper analyzed the possibilities to empirically distinguish between countries' actual and potential economic levels, attempting to proceed from two major economic theories − the endogenous growth theory having as its basis the production function, and the conception of institutional development. When synthesizing the two, we proceeded from the qualitative model as it is used in the UNO Human Development Reports. Our empirical analysis was based on components of the human development index. As indicators of institutional quality we used indexes of economic freedom published by the *Heritage Foundation* and *Fraser Institute*.

It appeared that the actual attained level of income (GDP per capita) was closely related to both the basic components of human capital – education and health – and the level of economic freedom referring to institutional quality. The empirical confirmation of the qualitative source model of economic development was also significant. Countries' institutional quality impacts on the "productivity" of the two abovementioned components of human capital. This "productivity" is higher in free countries, and lower (or in extreme cases non-existent) in unfree countries.

If the actual level of income is lower than that predictable on the basis of developmental factors, the difference between the two can be viewed as a reserve for economic growth, which should allow for a more rapid than average growth. This was referred to by the data of the Baltic countries. However, a wider econometric analysis of economic growth did not fully confirm this assumption as the direct positive connection between the so-called reserve and economic growth proved to be overly weak. Yet we managed to demonstrate that a rise in economic freedom due to institutional development is a statistically significant factor of economic growth. It has to be admitted, though, that the economic growth of each particular country appears to be such a volatile and complicated phenomenon that a simple econometric model can explain it only to a rather limited extent.

In fact, despite a 15-year-long transition and accession to the EU, the Estonian economy's actual level of development is still one of the lowest in Europe. Yet several circumstances addressed by the current paper refer to the possibilities for convergence with the developed countries. In summary, it is the institutional environment which undoubtedly favours growth that can be viewed as the strongest driver of development of the Estonian economy. On the other hand, it is difficult to take a big leap forward from the present situation, which forces the country to seek new factors of growth in human capital and physical infrastructure. However, this involves some limiting circumstances. To guarantee sustainable growth, adequate private and public investments are needed in the abovementioned areas, tapping for this purpose into the economic growth that has been achieved through institutional factors. Evidently here lies the challenge of further institutional development – it will be necessary to motivate both private persons and politicians to primarily invest in the limiting factors of development.

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Kokkuvõte

MAJANDUSARENGU „PEHMED" TEGURID: INIMKAPITAL JA INSTITUTSIOONID

Jüri Sepp
Tartu Ülikool

Töös analüüsiti võimalusi empiiriliselt eristada riikide tegelikult saavutatud ja potentsiaalset majandusarengu taset. Seejuures püüti tugineda mõlemale majandusarengu tugiteooriale – tootmisfunktsioonist lähtuvale (endogeensele) kasvuteooriale ja institutsionaalsele arengukontseptsioonile. Nende sünteesimisel lähtuti ÜRO inimarengu aruandes kasutatavast kvalitatiivsest mudelist. Inimkapitali empiirilise analüüsi aluseks olid inimarengu indeksi komponendid. Institutsionaalse kvaliteedi hinnangutena kasutati majandusvabaduse indekseid, mida avaldavad *Heritage Foundation* ja *Fraser Institut*.

Tegelikult saavutatud tulutase (SKT elaniku kohta) osutus olevat tihedalt seotud nii inimkapitali põhikomponentide – hariduse ja tervisega – kui ka institutsionaalset kvaliteeti esindava majandusvabaduse tasemega. Tähelepanuväärne on ka empiiriline kinnitus majandusarengu kvalitatiivsele lähtemudelile. Riikide institutsionaalne kvaliteet mõjutab inimkapitali mõlema vaadeldud komponendi

„tulutootlikkust". Vabades riikides on see suurem, mittevabades väiksem (äärmuslikul juhul puudub üldse).

Juhul kui tegelik tulutase jääb maha arengutegurite alusel prognoositust, võib ilmnevat vahet käsitleda majandusarengu reservina, mis peaks võimaldama keskmisest kiiremat majanduskasvu. Sellele viitasid näiteks Balti riikide andmed. Paraku ei kinnitanud majanduskasvu laiem ökonomeetriline analüüs täiel määral seda oletust. Nn reservi otsene positiivne seos majanduskasvuga osutus liiga nõrgaks. Küll aga õnnestus tõestada, et institutsionaalset arengut kajastav majandusvabaduse kasv on majanduskasvu statistiliselt oluliseks teguriks. Siiski on majanduskasv riigiti niivõrd volatiilne ja keerukas nähtus, et lihtne lineaarne ökonomeetriline mudel suudab seda seletada vaid üsna piiratud ulatuses.

Eesti majanduse reaalne arengutase on vaatamata 15 aastat kestnud siirdele ning ühinemisele EL-ga üks Euroopa madalamaid. Siiski viitavad mitmed käesolevas töös käsitletud asjaolud Eesti konvergentsivõimalustele arenenud riikidega. Kokkuvõttes võib Eesti majanduse tugevamaks arengumootoriks pidada just institutsionaalset keskkonda, mis on kahtlemata majanduskasvu soodustav. Samas on praegusest seisust selles valdkonnas ka raske märgatavalt edasi liikuda, mis sunnib otsima uusi kasvutegureid inimkapitali ning majanduse füüsilise infrastruktuuri vallas. Siin on võimalik näha limiteerivaid piiranguid. Institutsionaalsete tegurite abil saadud majanduskasvust tuleb teha nendesse valdkondadesse piisavalt era- ja avalikke investeeringuid, et tagada arengu jätkusuutlikkus. Ilmselt just siin on ka edasise institutsionaalse arengu väljakutse – tuleb motiveerida nii eraisikuid kui ka poliitikuid investeerima just piiravatesse arenguteguritesse.

ESTONIA'S ACCESSION TO THE EURO AREA

Mart Sõrg
University of Tartu

Introduction

Two years ago Estonia joined the European Union. This indicates that Estonia's economic and monetary policy has been comparatively successful over the past decade – the choices made have been the right ones. Monetary policy based on the currency board arrangement and supported by conservative fiscal policy and a tax system promoting entrepreneurship has provided us with a competitive edge in the highly competitive capital market (Parts, 2004:38).

When assessing the Estonian monetary policy in the Wall Street Journal, Mr David Hale, Chief Economist of Chicago Kemper Financial Co, comes to the conclusion that Estonia is one of the three countries in the world which does not have to fear Mexico's monetary fate because of the cleverly designed local monetary policy (Hale, 1995). Sachs, Tornell and Velasco (1995, 1996) analyzed the period immediately after the crash of the Mexican peso in December 2004, and found that the countries hit by the Tequila Effect had experienced lending booms, overvalued real exchange rates, and low reserves.

There are also numerous literature sources on the experience of the currency board arrangement in various countries (see Kwan and Lui, 1996; Balino and Enoch, 1997; Perry, 1997; Enoch and Gulde, 1997; Glosh, Gulde and Wolf, 1998; Schuler, 1998; Dobrev, 1999; Avramov, 1999; Korhonen, 1999; Gulde, 1999; Zloch-Christy, 2000; Mollentze, 2002 etc.).

The core economic and political goals of Europe are stable economic growth and price stability. To this end, single currency and coordinated economic policy are implemented in the European Union within the framework of the European Economic and Monetary Union (EMU).

Accession to the European Union enables Estonia to join also the EMU. Estonia's aim is to introduce euro as soon as possible. The country's goal is supported by deep integration with European economy and the fixed exchange rate against the euro. In our paper we explain why Estonia wants to introduce euro at the beginning of 2007 and what kind of prospects Estonia has to do it on time.

This research is conducted with the support from Estonian Science Foundation (Research Project 6630).

Suitability of Estonian monetary system

The Baltic States regained independence in August 1991. In June 1992, Estonia became the first of the newly independent Baltic States to introduce its own currency – the Estonian kroon (EEK). Experience gained so far suggests that the reform can be considered a success. This can be attributed to a long period of preparatory work, the confidence shown by the population and the government in the new currency, and international support (Kallas and Sõrg, 1995).

For Estonian authorities, this situation set up two preconditions for a successful currency reform. First, the currency reform had to be carried out as quickly as possible before multiple wages and inflation shocks would have caused a social explosion and economic collapse. Second, the new currency had inspired confidence, though introduced under circumstances of deep economic crisis and lack of experience by the central bank in carrying out active monetary policy. An early main goal of the monetary reform was to control inflation.

Those in charge of carrying out a currency reform must take into account a temporary acceleration in inflation. After cash shortage has been eliminated, it is necessary to create confidence in the new currency. This may be done by means of a currency board arrangement where the value of the new currency is fixed in terms of a major reserve currency. In Estonia, the exchange rate between the Estonian kroon and the German mark (DEM) was based on the prevailing market exchange rate between the Soviet rouble (SUR) and the DEM (approximately 80 SUR = 1 DEM) at the moment of the currency reform. Thus, roubles were exchanged for kroons at the rate of 10 SUR = 1 EEK, and the Estonian kroon exchange rate was fixed at 8 EEK = 1 DEM. In general, the Estonian kroon was under-valued by about four to five times. The excessive undervaluation resulted in inflationary pressure on consumer prices. However, inflation rate in Estonia after the currency reform was declining continuously (Table 1).

***Table 1. Inflation against the Previous Year** (%)*

	1992	**1994**	**1996**	**1998**	**2000**	**2002**	**2004**
Increase in consumer prices (CPI)	1076.5	47.7	23.1	8.2	4,0	3,6	3,0
tradable sector	991.6	33.9	18.6	6.4	3,8	2,2	3,4
non-tradeable sector	1702.7	89.2	30.5	13.4	4,4	6,9	3,6
Increase in producer prices (PPI)	…	36.8	14.9	3.9	4.9	0.4	2.9
Increase in export prices	…	…	11.3	2.1	7.8	4.0	2.2

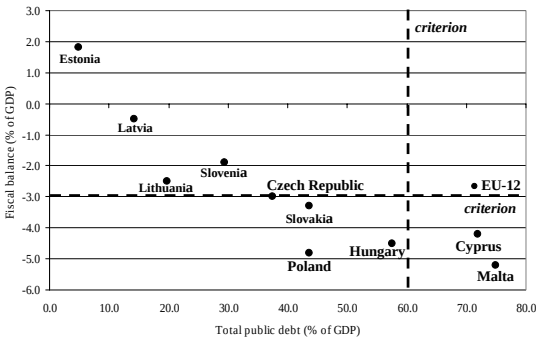
Source: Eesti Pank Annual Reports, completed by the author.

The most important advantage of a currency board arrangement is the high credibility it gives to conducting monetary and exchange rate policy in an unstable macroeconomic environment, as it still exists in transition economies (Calvo and

Mendoza, 2000). At the same time, the fixed exchange rate can successfully act as a nominal anchor during macroeconomic stabilisation. Introduction of the currency board arrangement requires tight fiscal policy, since financing of the government's budget deficit is not allowed under the currency board regime. Figure 1 shows that Estonian fiscal policy is continuously the most balanced among the new EU member states and even much better than in the euro area itself.

It should be noted that foreign investors are very careful in placing their money in countries undergoing economic transition. A fixed exchange rate coupled with liberal monetary policy was therefore no less than an essential precondition for foreign investors to take the risk of investing in Estonia.

Figure 1. Indicators of Compliance with Maastricht Budget Criteria in 2004



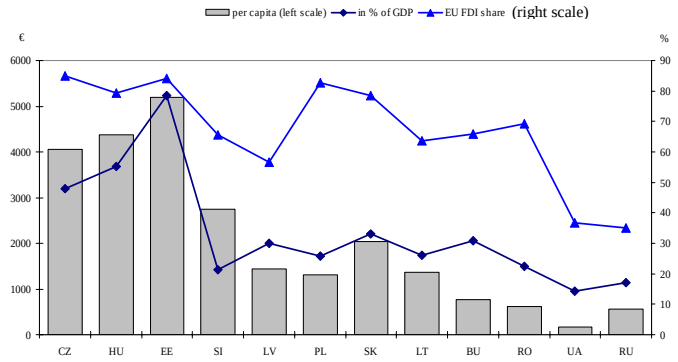
Source: ECB, compiled by the author.

By FDI inflow per capita, Estonia is a leader among the new EU Member States. Foreign direct investment in the amount of EEK 115.5 billion had been made in Estonia by the end of 2004 (EEK 86.9 billion by the end of 2003). Estonian GDP in 2004 was 139.1 billion kroons (i.e, approximately EUR 8.9 billion). More than two thirds of FDI into Estonia was made by Swedish and Finnish investors.

From Figure 2 we may see that among CEE countries, Estonia has the highest FDI stock per capita and per cent to the GDP.

Implementation of the currency board arrangement and fixing the Estonian kroon to the German mark and later to the euro has been a solid nominal anchor to the economic recovery and development of the economy. Of course, the fixed exchange rate regime was only one (but possibly the most important) component of the Estonian economic policy framework for macroeconomic stabilisation. Other policies include liberal trade regime, or tight fiscal discipline, which has been an important factor of macroeconomic stabilisation.

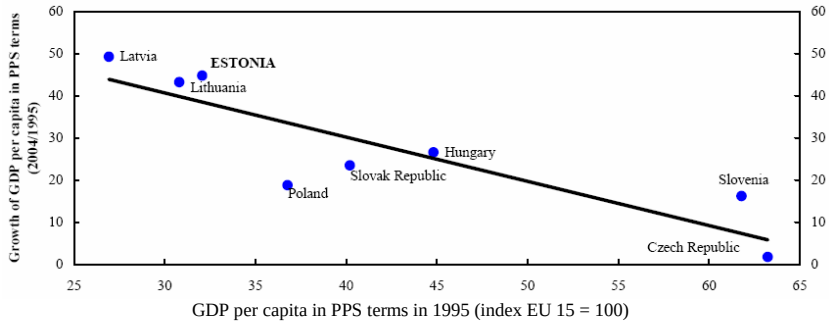
Figure 2. FDI Stock in CEE Countries at the end of 2004



Source: Havlik, 2005.

From figure 3 we can see that GDP growth in Estonia during the last decade was ca 45% – the second highest growth rate among the 8 new EU Member States from former socialist countries. The figure shows that growth in the Baltic States was quicker than the average in this country group.

Figure 3. New EU Member States GDP Growth Indicators 1995–2004



Source: IMF Country Report 2005:20.

The experience of currency boards in post-colonial Africa points to the weaknesses of this system (Ghatak, 1995). In the case of Estonia such problems are not acute because the negative trade balance has been offset by capital inflow, Estonian monetary sovereignty has not been compromised, and the reserve backing allows the central bank to earn revenue by investing such assets in foreign countries. This covers the expenses of the currency issue and the bank's operating expenditure, and may provide financial aid to problem banks and dividends to the state budget. It should be stressed that a currency board needs sound and liberal monetary policy support, an open economy and free international financial and trade relations.

Estonia has successfully used the currency board-based monetary system for over 13 years. Also Stochastic simulation, which makes the comparative analysis of monetary rules somewhat more realistic, proves currency board arrangement to be the most suitable for Estonian economy (Sepp, 2001).This is proved by all the indicators presented in this part of the paper. Estonia has undoubtedly no problems with continuing to use the suitable and stable monetary policy also in the future.

Estonia's Changeover Plan to Euro

Estonia believes it is important that all member States join the euro area to make full use the benefits arising from single monetary policy. Joining the EU single currency is a logical step in the context of co-ordinating economic policy efficiently (The Estonian Government's …, 2004).

The Government of the Estonian Republic have established the goal of introducing the euro at the first opportunity when Estonia will be able to fulfil all necessary conditions. It is quit natural forever Estonia already has fixed exchange rate with euro from January 1999 (1 EUR = 15,6466 EEK), high integration with EU countries and very open economy. We know that the advantages of a single currency are greater in open economies. The more open an economy, the higher its welfare gains will be (Sepp and Randveer, 2002). Adoption of a single currency greatly increases microeconomic efficiency through elimination of transaction costs and exchange rate uncertainties, greater price stability, increased foreign investment, and higher productivity.

When adopting the euro, Estonia's role in influencing the economic policy of the European Union will also increase. Current developments have shown that the impact of countries that do not belong to the euro area on the economic policy of the EU is significantly smaller that of those within the euro area.

Practical preparations for the euro changeover started in Estonia after the Cabinet meeting of 15 January 2004, when the Government of the Republic of Estonia set the goal of being technically ready for the introduction of the euro by the middle of 2006, which would enable transition to the euro on 1 January 2007. At the sitting of 13 May 2004, the Government approved Estonia's first convergence programme, which reflects Estonia's economic policy on the way to the euro. The Council of Ministers of the EU approved the programme on 5 July 2004. On 28 June 2004, Estonia joined the Exchange Rate Mechanism II (ERM2), which is a system for ensuring exchange rate stability prior to euro area accession (Estonia's National Changeover Plan, 2005).

At the Cabinet meeting of 9 December 2004, Estonian Government decided to form the National Changeover Committee to coordinate the activities necessary to ensure a smooth changeover to the euro.

At its first meeting on 15 February 2005, the Committee adopted the decision to form six working groups, whose objective was to map out and find solutions to potential problems that may arise in different areas with regard to the euro changeover. The working groups were established in the following areas: Eesti Pank and credit institutions, the business community, the governmental authorities, consumer protection, legislation and communication. Working groups include participants from both the public and private sector.

The first version of Estonia's National Changeover Plan from 22 August 2005 is directly based on the input of all working groups, who have been meeting since March 2005 and mapped out the issues that need to be dealt with in association with the changeover. The objective of the plan is to provide guidelines for governmental authorities and information for the wider public in order to prepare for the euro. The plan is not final and will be updated as issues are identified and solutions found in the working groups. The National Changeover Plan is a public document. Already the third version of Estonia's national Changeover Plan was approved on 12 January 2006. Compared to the previous versions, this version includes a full update of the section "central bank and credit institutions".

Estonia's accession to the EMU and the euro system has two stages. In the first two years as a member of ERM2 (the status of members with a derogation in the monetary union), we have to bring its financial regulation, fiscal and monetary policy in harmony with EU legislation.

During this stage, the country must fulfil the Maastricht criteria (Table 3), which are required for joining the euro area. In the second stage, Estonia will join the euro area and obtain the status of a full-fledged member of the monetary union.

Table 2. Compliance with the Maastricht Criteria in Accession Countries, 2004

	Inflation	**Government budget deficit**	**Public debt**	**Interest rate on long-term bonds**
Cyprus	1.9	–4.2	71.9	6.3
Czech Republic	2.6	–3.0	37.4	4.1
Estonia	3.0	1.8	4.9	–
Hungary	6.8	–4.5	57.6	7.2
Latvia	6.2	–0.5	14.3	4.6
Lithuania	1.1	–2.5	19.7	4.0
Malta	2.7	–5.2	75.0	4.7
Poland	3.6	–4.8	43.6	6.0
Slovakia	7.4	–3.3	43.6	4.6
Slovenia	3.6	–1.9	29.4	4.1
Criterion	2.4	–3.0	60.0	6.4

Source: ECB, Annual Report, 2004:71–79.

Estonia has problems with fulfilling the inflation criterion. It has some objective reasons.

The fast economic growth constitutes the biggest problem for Estonia for its effect coupled with a fixed exchange rate. Normally rising productivity would lead to exchange rate appreciation, but when this cannot happen, prices rise instead. Even the ECB accepts this "Balassasamuelson effect" could add two percentage points to inflation in a country experiencing fast productivity growth (Flights to Frankfurt, 2005:82).

We can see in Table 2 that it is the inflation criterion that Estonia failed to fulfil in 2004. Feldmann and Watson (2002) find that the accession countries must take extraordinary measures (e.g, reducing indirect taxes by a factor of 1.5) in order to fulfil the inflation criterion. Some researchers are not sure that currency board arrangement will be able to deliver satisfaction of the inflation criterion for EMU membership without an unnecessary recession (Buiter and Grafe, 2001).

But from the research of Kattai (2004) based on a macroeconomic model appeared that among three exchange rate regimes inflation was the lowest under the currency board regime. But it did not reflect inflation reactions to shocks, i.e. change in price dynamics when there is a change in the economic environment.

Our most important special characteristic relevant to the Maastricht criteria is our relatively low level of income, whereas economic growth takes place at a faster rate than in the current EMU Member States. Wolfgang Munchau foretell that the real reason Lithuania and Estonia should not join in time the euro is that they are still too poor and that is a point no one makes in official reports (Munchan, 2006).

If such differences in growth rates persist, the level of income in Estonia would attain the current EU average level in 20 years and converge to EU member states in 30 years.

At present, Estonia lacks an instrument (ten-year government bonds nominated in national currency) meant for assessing fulfilment of the Maastricht interest rate criterion. However, the European Central Bank has assured Estonia that it may use the interest rate on long-term kroon loans as a reference. In order to make sure that interest rates on kroon loans granted to Estonian enterprises and individuals remain low in the future, it is necessary to use all instruments of economic policy to ensure balanced economic development also in the long run.

Estonian economy is closely connected to the economy of the European Union – nearly 80% of Estonia's external trade is conducted within the EU. The introduction of the euro will result in smaller transaction costs, as the need for currency exchange will decrease. The experience of other countries has shown that such savings may reach up to 0.2% of GDP. The euro will also allow for a more effective comparison of prices.

A comprehensive “umbrella” law, enabling a complete overview of the legislation to be amended, will be prepared for the purpose of the introduction of the euro. The Act on the Introduction of the Euro will cover the procedures of exchanging kroons to euros and removing kroons from circulation, the regulation of parallel circulation and the necessary changes in existing laws (currently 207 laws). The Act on the Introduction of the Euro will repeal the Republic of Estonia Currency Act and republic of Estonia Act on the Security for Estonian kroon. Ministers’ Regulations and Government Regulations that also need to be amended will be added to the draft legislation. In the course of work, it may prove necessary to pass amendments to certain legal acts separately (Estonia’s National Changeover Plan, 2005).

The objective of the Estonian euro changeover communication strategy is to ensure that all residents of Estonia be adequately informed of the practical changes it will bring. The communication strategy and the associated action plan have been completed in cooperation between the communications working group and interest groups representing the most important entrepreneurs and customers.

It may be seen that investors and businessmen have positively reacted to the euro adoption prospects. Growth of share prices in Tallinn Stock Exchange, low loan interest rates and increase in lending are demonstrating it. FDI inflows are also crowing. It indicates that the market is waiting for the euro.

Conclusions

Nearly thirteen years had elapsed since the Estonian currency reform. Estonian economy had reached the upturn stage, the budget and the balance of payments (except current account) showed a modest surplus, Estonia’s external debt was minimal, and the inflation rate low, the unemployment rate declining and real income growing. It seems reasonable to conclude that this success is positively related to the country’s currency board monetary system, supported by suitable monetary and economic policy.

The currency board endowed the Estonian kroon with confidence, which helped to attract lot of foreign capital to support the country’s reforms and supply the resources necessary to back its currency. Another key to the success of the currency board system is the extremely liberal and balanced economic policy applied at the same time. This created a favourable environment for the financial infrastructure necessary for the progress of reform, and the rapid integration of Estonia’s financial system and economy with the international economy.

The main aim of Estonian macroeconomic policy today is to increase integration with the European Union and to join the European Economic and Monetary Union in near future. As the exchange rate of the kroon has been pegged to the euro, Estonia is already closely connected with the European monetary policy. The currency board arrangement is a suitable monetary framework for joining the EMU, and after finishing preparatory work and meeting the Maastricht convergence criteria, euro may be in circulation in Estonia already in 2007.

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Kokkuvõte

EESTI LIITUMINE EUROPIIRKONNAGA

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Euro kasutuselevõtust alates (1999. a.) on Eesti kroonil fikseeritud kurss euroga. Seetõttu on loomulik, et Eestil on lihtne ja kasulik kiiresti liituda europiirkonnaga. Eesti valitsus on seadnud eesmärgiks võtta euro kasutusele 2007. aasta algul.

Esimesena taasiseseisvunud Balti riikidest viis Eesti 1992. a. juunis läbi rahareformi. Valitud valuutakomiteel baseeruv rahasüsteem võimaldas Eestil edukalt läbi viia majandusreformid, taastada kiire majanduskasv ja viia inflatsioon arenenud riikide tasemele. Eesti raha usaldusväärsus ja liberaalne majanduspoliitika on Eesti viinud

liidrikohale siirderiikide hulgas otseste välisinvesteeringute mahult ühe elaniku kohta. Samuti kasvas Eesti SKP perioodil 1995–2004 üle 40%, olles üks paremaid näitajaid siirdemaade hulgas. Seetõttu võib eeldada, et Eesti on võimeline edukalt jätkama ka Eesti krooni kasutamist säilitades.

Eesti astumine Euroopa Liidu liikmeks mais 2004 tõi kaasa kohustuse liituda ka europiirkonnaga. Eesti võeti esimese kolme uue liikmesriigi hulgas juunis 2004 ERM2 liikmeks, kus kahe aasta jooksul kontrollitakse Eesti kõlblikkust europiirkonnas olemiseks ja ühtlasi tehakse ettevalmistusi sellega liitumiseks. Ettevalmistused algasid varakult, juba siis kui toimusid läbirääkimised ELga liitumiseks. Moodustatud on asjatundjate komisjon, milline koordineerib eurole ülemineku sujuvat tagamist. Komisjonil on valminud juba kolmas eurole ülemineku plaani versioon. Ettevalmistused kulgevad seaduse harmoniseerimise, euro kasutuselevõtu, tehnilise ettevalmistuse ja majanduse stabiilsus- ja kasvupakti nõuetele vastavusse viimise osas. Põhiliselt ollakse ettevalmistustöödega lõpul 2006. aasta 1. juuliks.

Seaduste harmoniseerimise protsess on käivitunud ja käivad ettevalmistused siseriikliku seadusandluse kohandamiseks. Rahapoliitika operatsioonilise raamistiku harmoniseerimise ja arveldussüsteemide ühildamisega alustati Eesti Pangas juba 2000. aastal. Euro kasutuselevõtu seadus, mille projekt valmib 2006. aasta kevadel, hõlmab muudatusi 207 kehtivas seaduses. Eesti Panga seaduse muudatused on 2005. aasta oktoobrist Riigikogus menetluses ja tehakse Eesti Vabariigi Põhiseaduse juriidilist ekspertiisi.

Tänu fikseeritud vahetuskursi ja tasakaalus eelarve poliitikale ei teki Maastrichti kriteeriumide täitmisel probleeme nendes valdkondades. Probleemideks Eestile jääb tema madal elatustase ja inflatsioonikriteeriumi täitmine. Inflatsiooni tase on Eestis viimasel aastal tõusnud eriti kiire majanduskasvu ja kütusehindade tõusu tulemusena.

Eesti Valitsus ja Eesti Pank jätkavad ettevalmistusi ja on kindlasti valmis euro kasutuselevõtuks juba 2007. aasta algusest, kuid töötatakse ka alternatiivplaanide kallal juhuks, kui Euroopa Liidu Ministrite Nõukogu otsus Eesti eurole üleminekust viibib. Me ei näe aga põhjusi, et see otsus viibiks rohkem kui aasta. Kuni aastane hilinemine pole meie hinnangul ei Eesti riigi reitingule ega ka majandusele probleemiks.

ABOUT APPLYING THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT TO TOURISM INDUSTRY

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Introduction

According to the World Tourism Organization (WTO) tourism comprises of activities of persons traveling to and staying in places outside their usual environment for not one consecutive year for leisure, business and other purposes. The tourism sector is comprised of businesses, which create and offer sightseeing trips to visitors, infrastructure and the relevant services. Four areas: accommodation and catering, transport, sights and travel managers (travel agencies, tour operators, organizations) are distinguished. Along with the positive impact that tourism has - increase of gross domestic product (GDP) and public income, creating new jobs, diversifying and livening up local economy, the industry's uncontrollable and unmanageable development may harm the values it is based on. Major negative impacts of tourism are: water and air pollution, noise, damaged and overcrowded nature and historical places; conflicts with local communities' way of life, etc.

Since the middle of the 1990s tourism has been one of the priorities of the European Union institutions. From the economic-political standpoint the European Union has to face a huge challenge of how to manage the industry where growth in the next decade is expected to double, so that limited resources would not be decreased but reproduced and all activities be economically profitable and successful.

The European Union bulletin 2003 "Basic Orientations for the Sustainability of European Tourism" offers new measures of increasing the European Union contribution to the sustainable development of the European tourism sector. Offered measures and incentives emphasize the necessity of binding and coordinating the issues of environment and economic policy.

The aim of the sustainable development is to bring people closer to the nature and seek for the ways of how to achieve in the conditions of fast growth the situation where vacationers, travelers and tourism businesses would stop damaging the nature and life of the people, who will live 100 years from now. At the same time the main idea of tourism is to provide enjoyable service and earn profit to the industry. Enterprises involved in tourism should develop their activities focusing on the quality and protection of the environment. Here it is important to increase tourists' level of knowledge and their understandings about cultural differences. This also means sustainable usage of cultural and natural resources in the process of maximizing profit.

The aim of the present article is to explain the opportunities of applying the principles of sustainable tourism development in Estonia. First, the authors describe the situation in Estonian tourism in the past years. Next, the essence of sustainable development, its economic and regional political importance is reviewed. Also the opportunities of applying and supporting sustainable tourism development are studied.

Estonian tourism industry

Tourism is an important business sector in Estonia as it is characterized by the significant economic growth in the last years, creating jobs and increasing employment. It is also essential lever of the government in accelerating and balancing regional development. Market entering barriers for businesses are relatively low and at high seasons the demand exceeds the supply. Tourism businesses are also provided with state support in a form of tourism information system developments as well as by the work done on introducing Estonia and promoting it as a travel destination.

The importance of tourism in Estonian GDP has been relatively stable, ca 8% since 1997. It has increased in employment: in 1997 7.5% and in 2000 8.2% (Turismi … 2005). Compared to other countries' indicators, Estonian figures are relatively moderate (see table 1) and the reason for the small share in GDP is explained by the fact that tourists are mostly sold imported goods as the importance of locally made goods is insignificant.

Table 1. Importance of tourism across countries in 2000 and 2003 (%)

Country	**Tourism share in GDP**		**Employment in tourism**	
	2000	2003	2000	2003
Iceland	23.9	19.0	21.0	20.7
Greece	16.4		19.2	
Ireland	13.9	8.1	12.9	7.3
Hungary	11.8		12.0	
Finland	11.3	11.1	12.0	11.6
Belgium	9.9		12.5	
Norway	9.7	10.2	11.2	13.4
Sweden	9.1	7.5	10.3	7.2
Estonia	8.2		8.2	

Source: (EAS … 2005)

According to the Bank of Estonia in the first half of 2005 Estonian tourism services export was 6.8 billion kroons, compared to 2004 it has increased by 7% i.e 447 million kroons. Foreign visitors' expenditures (travel services export) in Estonia increased by 3% and amounted to 5.3 billion kroons; their payments to Estonian transport companies increased by 24%.

Estonian tourism industry is mainly based on international tourism (see table 2), despite a slight increase in the recent years, the importance of domestic tourism is still insignificant: 70% of tourists staying in Estonian accommodation establishments in 2005 were foreigners and 30% locals. Major tourism flow comes from Finland (above 50%), however according to the Statistical Office of Estonia the number of Finnish tourists started to decrease in 2005 (by 45 thousand), but at the same time the biggest growth was in the number of tourists from Great Britain, Sweden and Russia.

Table 2. Accommodated tourists in 2002–2005

Indicator	2002	2003	2004	2005
Number of accommodated tourists	1 401 627	1 561 501	1 922 126	2 071 707
Inc. Estonian residents	398 244	448 755	547 712	618 694
foreigners	1 003 383	1 112 746	1 374 414	1 453 013
Number of nights spent	2 695 669	3 084 433	3 757 715	4 110 116
Inc. Estonian residents	698 081	816 560	1 010 909	1 128 580
foreigners	1 997 588	2 267 873	2 746 806	2 981 536
Average cost per night in kroons	426	455	445	459

Sourse: The Statistical Office of Estonia …2006.

Number of tourists using accommodation services has been gradually increasing. When 1.9 million tourists stayed in Estonian accommodation establishments in 2004, then in 2005 this indicator increased by 8% (the number of local tourists increased by 11%, which is more compared to international tourists) and was eventually above 2 million kroons.

When compared to 2004 the number of accommodated foreign tourists grew by 24% then the reason for slower growth in 2005 is explained by the decrease of Finnish tourists. Average stay in accommodation establishment was 2 nights and for 62% the purpose of their stay was a holiday (67% foreigners, about half were Estonian residents). International visitors stayed mostly in Tallinn accommodation establishments, whereas Estonian residents stayed mainly in South and West Estonia.

Like in other European countries Estonia also had faster growth in number of foreign tourists in winter period: in the1st quarter the number of foreign tourist grow by 30%, in April by 15%, in May by 9%, in June and August by 3%; in July it decreased by 3%. The demand across seasons has become more even. Major places visited by tourists are Tallinn, Tartu and Pärnu. Indicators also show the increasing

interest towards other towns and counties, which is mostly because of newly opened health SPA's. (EAS … 2005).

Travel purposes of local people have started to be more holiday and personal reasons rather than business. Number of local tourists has increased in health SPA regions like Saaremaa and Pärnu and in the 1st quarter of 2005, growing trend is seen also in winter resort regions (Valga, Võru and Põlva County). (EAS … 2005)

According to the Statistical Office of Estonia, hotel and restaurant sector were one of the fast growing business sectors in the 1st half of 2005: added value growth 16.6% was more than in 2004. Total investments made in the 1st half of 2005 in hotels and restaurants were 300 million kroons, whereas the major share was made in hotels.

The number of bed space compared to the 1st half of 2004 increased by 12%, being the biggest in Tallinn. Demand for accommodation service increased in the 1st half of 2005 slightly quicker than supply, therefore compared to the previous year the occupancy of accommodation establishments went up slightly(occupancy of bed space 38%; occupancy of rooms 44%). The significant rise in the number of accommodated people in the beginning of the year is positive because its is usually low season for Estonian tourism sector (The Statistical Office of Estonia 2005)

Restaurants' and hotels' net turnover in the 1st half of the 2005 was 2.5 billion kroons, which is almost a quarter more compared the same period last year. Sudden turnover rise is more characteristic to hotel business (growth 35%), however also restaurants turnover is growing (15%). Demand growth after several years has enabled accommodation establishments to increase their prices, which has also effect on their turnover. Average price per night grew 4.4%, which is around 460 kroons.

The essence of sustainable development

Sustainable development means such an economic development, which does not exceed the boundaries of natural resources' self-regulation and takes good care of the non-renewable natural resources. This does not mean liquidation of economic activities, but it refers to the development where protection and sustainability of environment is taken into consideration.

Hence, the central issue of sustainable development is how to hold balance between the needs and opportunities in the usage of all resources (natural, human, time and information). Although sustainability is often associated with limitations it is still more about moving from current over production and over consumption to reasonable and needs-based production, consumption, recycling and utilization practices.

One of the major issues of the European Union economic policy guidelines is the support and strengthening of sustainable development. It is essential to guarantee

sustainable development of the environment, as it is the ground for success in long-term. Agenda 21 is a global action plan which goal is to achieve environment friendly economic and social development in the present century (Eesti Agenda … 2005)

This action plan also explores the term of sustainable development, stressing that nature; economic activities of people as well as social developments are all inseparably integrated and affect each other through complicated processes. It has set a task to all nations that they should start developing their national action plans of sustainable development. It particularly emphasizes the importance of involving public and local governments as well as cooperation between individuals, etc.

There is a wide area of topics covered in the document Agenda 21, ranging from social economic contradictions to attitudes and every day behavior habits. At the same time it also offers possible solutions and presents principles that all countries must follow for the sake of sustainable development. From the long perspective Agenda 21 is the most important document that clearly states that needs and resources of future generations should be taken into consideration and that economic activities, use of natural resources and technology should never jeopardize future generations developmental opportunities and needs satisfaction.
Action plan Agenda 21 covers contradictory issues of South-North (industrial countries contra former southern colonies) and today's value based every-day behavior. The document brings forth possible solutions related to the preservation of biological diversity, forest and land protection, prevention of air and water pollution. It also discusses the issues of education, public awareness, health conditions and environmentally sound consumption habits. Agenda 21 is a document that consists of 4 sections and 40 chapters, which form a complete action plan for achieving sustainable development.

The project "Eesti Agenda 21" was initiated in 1997 with an aim to support and strengthen the government and local governments' work on development plans in securing that sustainable development principles are followed. In 1999 the regional action plans were started, including Tartu Agenda 21.

The Act on Sustainable Development was approved on 22 February 1995 by Riigikogu, the Estonian Parliament, and Estonia was the second country next to Costa Rica to do that. This Act establishes the principles of the national strategy of sustainable development and is based on the principles established in the decisions of the United Nations Conference on Environment and Development (Rio de Janeiro, 1992). According to the amendment of this Act (1997) the plans on sustainable development are to be initiated by the government in the energy, transport, agriculture, forestry, tourism, chemical industry, building materials industry and food industry sectors.

Estonia is holding the 16th position according to the Living Planet Report ecological footprint index. Estonia is using its natural resources 2.5 times over its balance point

(WWF … 2002). The same describes also Germany, Holland, Japan and Switzerland.

Considered the above mentioned it becomes clear that several action plans have been worked out for guaranteeing sustainability of the environment and economic activities balanced development. As countries and businesses, including tourism businesses are obliged to follow the described principles, the next paragraphs explains how they are applied to tourism industry.

Economic and regional political importance of sustainable development to tourism sector

Estonian economic policy's general objective is to gain sustainable, socially and regionally stable economic growth. Tourism plays a great role in increasing gross domestic product, stabilizing balance of payment, increasing government and local governments' budget revenues as well as increasing employment and promoting regional development.

One of the tourism policy's main tasks is to increase competitiveness of the Estonian tourism and in order to achieve this it is necessary (Eesti Majandus- ja Kommunikatsiooniministeerium…) to expand tourism products and improve their quality

- to achieve better regional and seasonal distribution of tourists
- to improve the accessibility to tourism information about Estonia locally and globally
- to improve Estonian logistic position and access to tourists
- to increase investments in tourism information and in introducing Estonia as a tourism destination
- to support investments in tourism infrastructure, particularly in regions
- to strengthen cooperation between public and private sector

The Estonian national tourism development plan for 2001-2005 has been worked out in accordance with The Act on Sustainable Development (1995) and it considers the principles of sustainable development, preservation of balance between social and economic forces, and protection of nature and places of interest. Sustainable development has become a central issue of tourism policy. It is first of all so because in long term strategies sustainability is a primary requirement for growth and development.

Sustainable tourism and its support provide good ground for regional development. It opens flow of additional resources into regions and it creates new jobs. It makes regions attractive to local residents, enlivens entrepreneurship and economic growth. Development plans emphasize the fact that economic and social changes taking place in the last 15 year period have kept environmental awareness in the background. Consumption oriented life style gives reasons for the assumption that without public sector's support and directions environment awareness may become even lower.

On 12 March 1997 the National Environmental Strategy was approved by the Riigikogu, the Estonian Parliament. It presents environmental policy's 10 priority goals and specifies tasks that have to be implemented by 2000, 2005 and 2010. The document states the following end objectives of the environmental strategy (Eesti Keskkonnastrateegia … 1997):

- increase of environmental awareness
- development of environmentally sound technology
- decrease of energy's negative impact on environment
- improvement of the quality of the atmosphere
- decrease of generation of waste and improve waste management
- liquidation of pollution caused by waste
- improved ground water usage and protection
- protection of surface water bodies and the coastal sea
- preservation of landscape's variability and life
- artificial environment becoming more human friendly

Almost all above mentioned issues are to a certain extent connected with tourism industry activities and are essential from both: the long term economic and regional policy perspective.

Applying the principles of sustainable development to tourism industry

The principles of sustainable development in tourism industry bear in mind that tourism can develop only if natural and cultural conditions are respected and tourism is seen as a tool in environment protection and heritage conservation. The viability of tourism depends on the preservation of local heritage and culture. Thus it is important to protect and highlight it. There also needs to be an opportunity to limit the excessive flow of tourists into regions where nature's carrying capacity has already been exceeded. Tourism affects the environment in several ways, e.g. large-scale consumption of water and energy by hotels and tourism enterprises, changed landscapes, waste, noise, stamped soil.

To ensure and direct the sustainable development of Estonian tourism industry, priority must be given to the coordination of national development plans and cooperation and the production of a demand in international target markets that would support sustainable development. Local governments can facilitate sustainable development by planning land use, regulating construction activity and facilitating investments into environment-friendly projects. The certification of tourism enterprises, catering and accommodation establishments, and the labeling and marketing of labels in domestic and foreign markets is also important.

In 2005 quality was the focal point in Estonian tourism industry, as it is important to follow the prevailing trends in the ever-growing competition and already now look into the future and work hard to maintain competitiveness. The most important trends in recent years have been the environment-friendliness of tourism enterprises and sustainable management. Throughout the world it can be seen that major hotel

chains and tourism enterprises have inserted environmental management into their management systems. Managers and workers are regularly informed of the directions of sustainable development and environment-friendly labels are awarded to highlight those tourism enterprises that follow the principles of sustainable development.

Sustainable lifestyle and prudent use of natural resources have gained popularity all over the world. For example, a survey conducted among the visitors of a fair in Helsinki in 2002 revealed that 85% of the respondents considered the environment-friendliness of accommodation establishments important.

The sustainable use of detergents, chemicals, water and energy should be of great importance to every tourism enterprise. The "green" way of thinking is not very wide-spread in Estonia yet, and that is why the use of environment-friendly products has been modest. Wise organization of waste management is also important. It can be used to promote the sustainable use of materials and raw materials, limit the production of waste, facilitate recycling and reduce the contamination of the environment with waste. A sustainable tourism enterprise can reduce waste production in the following ways:

- prefer products with minimum packaging and reusable packaging;
- avoid disposable tableware;
- make better use of electronic communication channels in administrative work;
- sort waste for recycling.

Besides other measures, means of supporting sustainable development should be used to develop tourism and enhance international competitiveness of tourism enterprises. They include expanding the cooperation network of tourism operators, contributing to a rise in the quality of tourism products and providing the necessary training and in-service training with the help of both local and international resources.

Facilitating sustainable development in tourism industry

To facilitate and promote sustainable tourism, the manual Guidelines for Sustainable Tourism has been published in the framework of the PHARE program. The publication relies on the ten principles of WWF and contains useful tips for enterprises practicing sustainable tourism economy.

Enterprise Estonia, the promoters of eco-tourism and several other organizations involved in raising environmental awareness organize regular sustainable development trainings, information days and seminars directed to tourism operators. Usually most of the events designed to promote sustainable development are free for participants and sponsored by local governments or PHARE funds.

The eco-label project Green Key in Estonia is also directed at the promotion of environment-friendly quality management and sustainable tourism. The project was

launched in Denmark in 1994 and by now it has spread to Sweden, France, Greenland, Lithuania and Estonia. Around 30 countries have joined (or are about to join) the project, including Spain, Greece, Turkey and Latvia. The Green Key is a label that shows the visitors of accommodation facilities that the enterprise is capable of offering quality and comfort also via environment-friendly management. In Estonia, the first labels were awarded in 2002. The aim of the Green Key project is to reach all tourism enterprises, such as accommodation establishments, restaurants and entertainment facilities.

To receive a Green Key label, enterprises need to formulate their environment policies, set environmental goals and envisage and implement action plans. Those activities will help to follow the principles of sustainable management and establish criteria containing a number of requirements for environmental activity (The Green ... 2005):

- introduction of environmental management principles into the management system (environmental inspection, formulation of environmental policy, assessment of the most important environmental impacts and preparation of an action plan based on the assessment);
- inclusion of personnel (training, information) and the informing of quests;
- use of various natural resources and ways of reducing (water, electricity, heat) consumption;
- right dosage of hazardous substances (detergents, chemicals);
- waste-related issues (reduction, sorting);
- increasing the consumption of local foodstuff;
- enterprise management and issues related to internal climate (use of recycled paper and more economical technical equipment, smoking rooms).

Applying for the eco-label is voluntary and it is awarded for a period of one year. In a year's time a new inspection is carried out, after which the label may be re-awarded for another year. In Estonia, the Green Key is supported by the Ministry of Economic Affairs and Communications, Estonian Association of Hotels and Restaurants, Enterprise Estonia and Estonian Ecotourism Association.

After receiving an eco-label, enterprises are able to demonstrate their environment-friendliness also to their visitors and ask them to be more sustainable in the use of water and energy. For example, it has become very common throughout the world and also in Estonia to ask the visitors of accommodation establishments to use towels for more than day. Generally visitors accept and are happy to follow such initiatives. In Estonia, enterprises are assisted by the secretariat of the Green Key whose responsibility is to market the eco-label and inform consumers of the enterprises that have received one. The eco-label will definitely have a positive effect on its holders' reputation, as it helps to distinguish them from other operators, create a demand and catch the attention of environment conscious customers.
Besides the Green Key label, the tourism product label EHE (authentic and interesting Estonian product) is awarded in Estonia. The trademark is intended for the labeling of tourism products that follow the principles of eco-tourism.

Application is again voluntary. In October 2005 there were eight Estonian tourism products labeled with EHE, but none of them unfortunately originated from Tartu or Tartu County (Eesti Ökoturism 2005).

Eco-tourism is a responsible way of traveling that supports the preservation of natural and cultural heritage and the welfare of locals. Eco-tourism is a form of sustainable tourism – smaller-scale quality tourism that aims at enhancing traveler consciousness and cultural understanding. Above all, eco-tourism means activities and influences outside tourism facilities proper. Besides rural and indigenous culture, its most important resource in Estonia is natural heritage, especially conservation areas. In practice, successful eco-tourism means a balance between the productivity and sustainable use of resources. This can be achieved via close cooperation between the private and public sector and non-governmental organizations, which requires a coherent vision and understanding of tourism, its risks and opportunities.

In 1997 the preparation of the Estonian eco-tourism strategy began at the initiative of the Estonian Ecotourism Association. The aims of the strategy were (Eesti Ökoturism 2005):

- to pinpoint the fields and key issues influencing the planning, development and organization of eco-tourism in Estonia;
- to create a system that would support and guide eco-tourism operators, managers of natural resources, planners and government bodies at all levels in achieving their goals;
- to formulate the policy and launch programs for fulfilling the vision.

The Estonian eco-tourism strategy will be integrated with the national sustainable development strategy and various environment and nature protection strategies and action plans (e.g. Estonian National Environment Protection Action Plan).

The preparation of the sustainable development strategy for rural tourism began in 1997 at the Rural Life Development Institute of the Estonian Agricultural University in cooperation with the members of the Rural Tourism Council and tourism operators. The project was funded with the resources of the agricultural counseling service program. The document provides an overview of the current situation, reinforces the need to develop a coherent understanding of the development directions of rural tourism in Estonia and systematic management of the self-regulatory processes directed to the development of rural tourism.

To implement sustainable development in tourism, it is necessary to (Eesti Agenda ... 2005):

- complement the tourism development plan with sustainable development projects;
- develop a monitoring system and define the carrying capacity in naturally sensitive tourism areas;
- develop cooperation between different sectors and fields and carry out a campaign to increase awareness of sustainable tourism development;

- establish sustainable environment management organizations by using certification and labeling, product life analysis, eco-audit and control functions over enterprises and their activities;
- promote training and counseling;
- provide incentives for sustainable development investment projects;
- launch regional cooperation projects in the Baltic Sea region.

To conclude, it can be said that several existing national and regional development plans and strategies (e.g. national tourism development plan 2000-2010; tourism development strategy for South-Estonia until 2010; tourism development plan for Tartu 2004-2007, etc.) form a foundation for the implementation of sustainable development in tourism industry. There are also local and national institutions that coordinate and support tourism-related activity.

Implementing the principles of sustainable development in Estonian tourism industry

There is also the European Community's biodiversity strategy that contains guidelines for the development of sustainable tourism in conservation areas in a manner that would have a minimal effect on European Natura 2000 regions. The White Paper "European transport policy for 2010: time to decide" and the European Union's water and waste treatment policy that directly concern the tourism sector also contribute to sustainable tourism. (Arhipelaag 2005*)*.

One of the greatest challenges has been distinguishing and highlighting enterprises that support sustainable development. From 1990 various prizes, eco-labels, certificates, etc., have been awarded to companies that facilitate sustainable tourism. From 1993 the European Network for Sustainable Tourism Development (ECOTRANS) together with 20 partners from 12 European countries has been conducting surveys and monitorings to establish the standards of sustainable development in European tourism industry.

By 2001 about 60 different sustainable development certificates had been issued in Europe. The certificates cover all types of tourism operators – accommodation establishments, restaurants, beach resorts, golf courses and many other tourism-related enterprises. The awarded certificates include about 30 eco-labels for enterprises offering accommodation services. (Hamele 2004: 2)

The oldest and most successful of those numerous certification systems is the Blue Flag that has been rewarded since 1987 to more than 2,000 beaches in Europe. To protect coastal areas and ensure the cleanness of harbors, Estonia started to award the Blue Flag eco-label to harbors in 1994 and beaches in 1998. In 1999 the first Blue Flag was hoisted on Pühajärve Beach; in the season of 2003 the flags could already be seen in four Estonian harbors (Lohusalu, Roomassaare, Pärnu and Pirita Yacht Club) and three beaches (Pühajärve, Pärnu and Võsu). The Blue Flag symbolizes clean and successfully managed beaches and it has become a pan-European quality label. The Blue Flag has also got a sub-project – Blue Flag for

boats – that is aimed at promoting environment-friendliness among boat owners. (Roheline … 2005)

The mainstream in Europe and Estonia today is to make customers conscious of the enterprises supporting sustainable development and distinguish them from mass-tourism operators. To achieve this, the European Commission is working on the project "Sustainable development eco-labels in Europe" which is aimed at demonstrating how eco-labels can enhance the sustainability of European tourism.

Orientations and consciousness of sustainable development are also familiar to bigger hotels in Estonia (e.g. Hotel Viru, Reval Hotelligrupi AS, Meriton, Domina Hotels). They are among those 18 Estonian hotels that have so far received the Green Key eco-label. Five accommodation facilities are currently in the preparatory stage.

Regardless of an increasing number of visitors, the hotels have managed to benefit financially mainly through the reduction of contamination tax (53% Hotel Olümpia) savings from waste sorting (on average 1,000 EEK/month) and sustainable consumption of water (up to 15%) thanks to the use of special posters that invite guests to be economical with water. (Rohelise … 2003: 4)

The Green Key provides its holders with an opportunity to engage the whole staff, as well as cooperation partners and visitors into the process. The marketing aspect is also important for entrepreneurs. A marketing survey conducted by the Green Key organization reinforces that, as major consumers, hotels should participate in environmental work and reduce the negative impact on the environment to the minimum (Roheline … 2005).

Massive tourism investments may one day result in economic growth but also damage the environment, as happened in 1970s-1980s with the city of Calvià on Mallorca. In the Agenda 21 process a number of hotels that failed to meet standards were closed down, landscapes restored and natural protection areas created. Also an environmental tax for hotel rooms was imposed. There were active environment protection and marketing campaigns for improving the city's reputation, which resulted in employment growth and increased the popularity of the city as a tourist destination. (Database … 2005)

As seen above, a number of development plans and strategies have been envisaged in Europe, in Estonia and in its different regions that focus mainly on increasing tourist awareness of sustainable development and supporting enterprises that implement the principles of sustainable development.

Development options and problems in tourism industry

Regardless of the numerous international and local-level strategies and action plans, we cannot talk about a remarkable breakthrough in making tourism industry more sustainable.

The main obstacle to promoting sustainable tourism is the relatively low awareness of people – especially those in leading positions – of sustainable development and its promotion. The daily activity of leaders is focused on solving problems related to near future and meeting sales-plans rather than acknowledging and dealing with longer-term problems.

A survey by the Market Opinion Research International revealed that the average consumer does not see tourism as something that harms the environment, although signs of increased environment consciousness can be traced in the behavior of tourists (Arhipelaag 2005). It is recommended to start with an environmental overview and measures that help enterprises to organize their activity. All orientations and action plans of the program Agenda 21 can be implemented in tourism enterprises (accommodation, catering and entertainment facilities).

The SWOT analyses contained in tourism development plans (tourism development strategy for South-Estonia until 2010; tourism development plan for Tartu 2004-2007, tourism development strategy and plan for South-East Estonia until 2006, etc.) show that the main obstacle to the implementation of the principles of sustainable development is communication problems, i.e. insufficient offer and availability of information.

Although tourism enterprises are aware of the need to protect the environment, most of them are unfamiliar with environmental strategies and guidelines. The majority of tourism operators do not bother to invite their clients and consumers to spare water and electricity, which means that small enterprises need environmental training (Rohelise … 2004:8).

The rural tourism development plan for 2004-2007 highlights another problem – too little versatility in marketing, i.e. the same approach is used for all target markets and groups. It is also mentioned that tourism operators in Tartu and Tartu County make no attempt to distinguish from others or advertise the environment-friendly and ecological character of their products and services. Cooperation and local support to tourism development is weak, often only words and no action. Investment funds do not reach smaller operators, meaning that only bigger enterprises are eligible to funding. (Maaturismi … 2005).

In September 2005, the Tourism Development Centre of Enterprise Estonia launched an awareness and training program directed to tourism enterprises. In the framework of the program, seminars and information days are organized and guidelines published concerning three fields: sustainable tourism, quality management and active holiday. The aims of the program, which is sponsored by the European Social Fund, are (EAS … 2005):

- to increase the competitiveness of the tourism sector and disseminate the principles of sustainable tourism;
- to increase the awareness of tourism operators of the quality management of tourism products and services;
- to improve training opportunities in the tourism sector.

To inform entrepreneurs constructively and efficiently of the nature of sustainable tourism and encourage them to implement the principles of sustainable development, it is very important that there are action plans and work groups at national and local level to analyze the current situation by resorting to local and regional development plans. By examining earlier development plans they should try to establish the extent of successfully implemented plans. They should also take a look at local education systems (where environment awareness is created in the first place), tourism enterprises, economy and social structures. This can be done by interviewing tourism enterprises directly or by e-mail or by meeting entrepreneurs at a round table. Then it would be possible for local governments or regions to identify attractive and special tourist areas and develop cooperation between different enterprises that complement each other. Local governments can earn extra income on tourism investments and use it for further promotion of sustainable development. The preparation of action plans should take into account local conditions and opportunities and involve entrepreneurs and specialists who are familiar with the local life. Action plans adopted from other regions may not be suitable or may be too general and lack concrete activities, which in turn may hinder or fail the implementation of the action plan.

Conclusion

Environment protection generally means fighting with consequences, whereas sustainable development concentrates on the underlying causes and lifestyle. Tourism makes an important contribution to economic growth world-wide and especially in Europe where about 50% of the world tourism takes place and where tourism serves as a promotion engine for sustainable development. Tourism is expected to have an ever-growing influence on the preservation of landscapes, coastal areas, islands, eco-systems and cultural heritage. That is why the countries of the world have signed international agreements and assumed the obligation to develop their natural and cultural heritage in a sustainable manner.
The World Tourism Organization (WTO) and World Travel and Tourism Council (WTTC) define sustainable tourism as follows: sustainable development of tourism satisfies the needs of tourists and host communities today, while protecting and improving future prospects. Sustainable tourism means the management of resources in a way that enables to satisfy economic, social and aesthetic needs, while maintaining cultural integrity, essential ecological processes, biodiversity and systems that support life. Sustainable tourism products agree with the local environment, community and different cultures and allow them to benefit from and not become victims of the development of culture.

Besides civil responsibility, tourism operators resort to the principles of sustainable development to distinguish themselves from other entrepreneurs and save on the consumption of water and energy, waste and contamination tax. They turn to sustainable development also because of increasing public awareness of possible negative environmental impacts, as well as the protective legislation and requirements imposed at national level.

Estonia has a development strategy called “Sustainable Estonia 21” which is aimed at the development of national culture, social coherence and ecological balance. There are various national and regional development plans and strategies that rely on the principles of sustainable development. Most of them also contain the analysis of the current situation with the existing obstacles and opportunities. The main obstacle to the implementation of the principles of sustainable development is communication problems, i.e. insufficient offer and unavailability of information. This obstacle is currently being eliminated with the help of different publications, manuals, guidelines and trainings. Great emphasis is laid on increasing the environmental awareness of students via the education system, which will provide a strong foundation for the future. All this gives us and our future generations an opportunity to use the resources that nature has given us for a longer time and in a more profitable manner. Long-term strategic planning, the compliance of action plans with local conditions and the inclusion of all members of society into development processes are of great importance.

Having provided an overview of the implementation of the principles of sustainable development in Estonian tourism industry, it can be concluded that the informing and training of Estonian tourism operators has gathered pace in 2005. Most Estonian tourism operators are still unfamiliar with the principles and implementation of sustainable development, environmental strategies and guidelines. The majority of tourist operators have failed to invite their clients to spare water and energy. They have failed to take advantage of the opportunity to distinguish via sustainable tourism and continue to give priority to price over environment-friendliness.

Creating a stronger link between economic policy and environment and ensuring sustainable development pose great challenges to the European Union, its member states and their local governments. Strategies alone are not enough; the principles of sustainable development need to reach every entrepreneur and member of society. This, however, requires consistent training, dissemination of information and media presentation. The state can also contribute with different instruments (tax incentives or, on the contrary, taxation of tourism enterprises) and supervision.

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Kokkuvõte

SÄÄSTVA ARENGU PÕHIMÕTETE RAKENDAMISEST
EESTI TURISMIMAJANDUSES

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Euroopa Liidu majanduspoliitilistes üldsuunistes rõhutatakse jätkusuutliku arengu toetamist ja tugevdamist, kusjuures oluliseks peetakse tagada keskkonna säästev areng ja keskkonna säilimine. Nii ülemaailmne tegevusprogramm Agenda 21 kui Eesti Agenda 21 käsitlevad ühiskonna ees seisvaid probleeme ning väljendavad põhimõtet, et tänapäeva majanduslik tegevus, loodusvarade kasutamine ning tehnoloogiline areng ei tohi ohtu seada järeltulijate võimalusi arenguks ning oma vajaduste rahuldamiseks. Eesti kulutab aga oma keskkonnaressursse (sarnaselt Saksamaa, Hollandi, Jaapani ja Šveitsiga) 2,5 korda üle tasakaalulisuse piiri.

Eesti säästva arengu seadusele tuginedes on välja töötatud riiklik turismi arengukava ning säästev areng on muutunud turismipoliitikas prioriteetseks seisukohaks. Säästva arengu põhimõtted turismimajanduses arvestavad seda, et turism saab areneda ainult siis, kui austatakse looduslikke ja kultuurilisi tingimusi. Säästev

turism ja selle toetamine annab riiklikul tasandil hea aluspõhja regioonide arenguks, sest võimaldab regionaalpiirkondadesse tuua lisaressursse ja luua uusi töökohti, samas muuta piirkond elanikele atraktiivseks ja soodustada ettevõtluse ja majandusarengu kasvu.

Lisaks kodaniku vastutustundele sunnib turimiettevõtjat säästva arengu põhimõtteid kasutama võimalus eristuda teistest ettevõtjatest, rahaline kokkuhoid vee ja energia tarbimisel, jäätmete ja saastemaksu puhul, samuti ühiskonna kasvav teadlikkus turismi võimalikest negatiivsetest tagajärgedest loodusele, riiklikul tasandil karmistuvad keskkonda kaitsvad seadused ja nõuded.

Eesti riik on koostanud arengustrateegia „Säästev Eesti 21", milles seatakse eesmärkideks rahvuskultuuri areng, heaolu, ühiskonna sidusus ja ökoloogilise tasakaal. Erinevad riiklikud ning piirkondlikud arengukavad ja strateegiad on koostatud säästva arengu põhimõtetest lähtuvalt ja sisaldavad enamasti ka senise olukorra analüüsi, esinevate takistuste ja võimaluste esitust. Peamised asjaolud, mis takistavad säästva arengu idee rakendamist, on kommunikatsiooniprobleemid, s.t. inimeste teavitamise vähesus ja informatsiooni puudulikkus, mida püütakse väljaantavate teatmike, juhiste ja koolituste abiga parandada. Suurt rõhku pannakse ka haridussüsteemis õpilaste keskkonnateadlikkuse tõstmisele, mis annab tugeva aluse edaspidiseks. Kõik see annab meile ja meie tulevastele põlvedele võimaluse kasutada kauem ja tulutoovamalt neid ressursse, mida loodus meile andnud on. Oluline on pikaajaline strateegiate paikapanek, tegevuskavade vastavus kohalikele oludele ja kõikide ühiskonna liikmete kaasamine arengusse.

Käsitlenud käesolevas artiklis Eesti turismimajanduses säästva arengu põhimõtete rakendamist, saab järeldada, et 2005. aastal on Eestis hoogustunud inimeste ja ettevõtjate teavitamine ja koolitamine. Eesti turismiettevõtjad ei ole eriti teadlikud säästva arengu põhimõtetest ja nende kasutamisest, samuti ei ole neist enamik tutvunud keskkonnaalaste strateegiate ja soovitustega. Ka ei kasuta suur osa turismiettevõtjaid võimalust paluda kliente vee ja energia säästmisest osa võtma. Kasutamata on veel ettevõtjatel eristumine säästva turismi kaudu ning praegu lähtutakse kulutuste tegemisel suuremal määral hinnast kui keskkonnasõbralikkusest.

Majanduspoliitika ja keskkonna suurem seostamine ja säästva arengu tagamine on suur väljakutse Euroopa Liidule, riikidele, omavalitsustele. Ei piisa ainult strateegiate väljatöötamisest, vaja on jõuda säästva arengu põhimõtete viimiseni iga ettevõtja ja ühiskonna liikmeni. See aga eeldab järjepidevat koolitamist, teadvustamist, meedia toetust. Riiklikul tasandil erinevate hoobadega (maksusoodustused, või vastupidi maksude kehtestamine turismiettevõtjatele) kaasa aitamine ja kontroll.

ESTONIAN RAIL TRANSPORT POLICY: COHESION WITH THE EUROPEAN UNION TRANSPORT POLICY

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Introduction

The common transport policy of the European Union is currently presented in the document called "European transport policy for 2010: time to decide" (European, 2001), which proceeds with developing the principles laid down in years 1992, 1996 and 1998. The main focus of these documents is on railway transportation.

During Estonia's accession to the EU, the Republic of Estonia took the obligation (Treaty, 2004) to rely on the EU *Acquis Communautaire* on transport (DG TREN, 2005) in developing its national transport policy. The principles of the EU rail transportation *acquis* are formally reflected in the Railways Act of the Republic of Estonia that was passed in 2003 (ERI, 2006). In 2006 the Estonian Ministry of Economic Affairs and Communications completed the preparation of the "Transport development programme for 2006 – 2013" and the "Public transport development programme for 2006 – 2010" (MoEC, 2006). These documents represent the vision of the Estonian Government on the specific goals and stages of development of the Estonian rail transport sector.

Compared to the other member states of the EU, the rail transport industry of Estonia is in quite a unique position. Similarly to the railway companies in Latvia and Lithuania, the largest railway company in Estonia Eesti Raudtee AS (Estonian Railways Ltd., hereinafter EVR) is an associated member of the CIS Railway Council and therefore also a subject of the SMGS agreement. The organisation of the receipt and delivery of cargo on the Estonian – Russian Federation border is regulated by bilateral agreements. Thus Estonia, as well as the other Baltic countries, must rely on OSJD/SMGS regulations in case of freight originating from third countries and OTIF/COTIF regulations in case of freight originating from the EU member states (EVR, 2006). Although there are other railways servicing mostly the transit of Russian origin both among EU-15 (Finland) and EU-10 (Latvia, Lithuania) countries, the only privatised public railway infrastructure in Europe is situated in Estonia. The Republic of Estonia is also the only EU member state that has applied the rules pertinent to the integrated rail transport market of the EU to third countries.

The aim of the present article is to define whether the railway part of the Estonian national transport policy is integrated with the EU transport policy and how it has been achieved, considering the situation described above. The main research task is to find possible deviations and quantify them, where possible.

Literature review, method and data

The documents mentioned in the introductory section define the main bottleneck(s) of the EU rail transport industry as follows (CEMT, 2005; DG TREN, 2006):

- Reduction of the share of rail transport on the transport market;
- Insufficient competition;
- Slow growth in labour productivity;
- Insufficient investment in infrastructure;
- Small number of scientific-practical studies.

The methodological issues of transport policy studies have been analysed the best in the Fifth RTD Framework Programme project TRANS-TALK (2001). This research project lists seven major areas that should be considered in analysing national transport policies. The most substantial ones of them are:

- Market regulation –
    - institutional separation,
    - access to infrastructure,
    - allocation of capacity;
- Investment in infrastructure and its funding;
- Access pricing.

Political studies can be classified as *ex ante* or *ex post* analysis based on their time perspective. In case of the latter, the descriptive analysis method is one of the methods most widely used. Audit is a special case of descriptive analysis – it provides a comparison with set rules and goals (Võrk, 2004). The TRANS-TALK study (2001) referred to above defines the following good practices of national transport policy audit: integrity with the achievement of higher-level (in that case EU) objectives, timing for implementing significant measures, use of relevant information and targeting interest groups.

The deregulation of the Estonian rail transport industry started in 1996 and has lasted until today. The author finds that this period can be divided into two, characterised by the following events:

- 1996 – 2000. Establishment of independent business entities on the basis of the assets of state-owned company Estonian Railways: Edelaraudtee AS (South-West Railways, Ltd, hereinafter EER, domestic passenger transportation with diesel trains, as well as some freight transportation and infrastructure management on the railway section going southwest from Tallinn), Elektriraudtee AS (Electrified Railway, Ltd, commuter traffic with electric trains on EVR infrastructure), GoRail, Ltd (until 2005 AS EVR Ekspress, international passenger transportation with coaches, founded by involving private capital), EVR (public limited company, freight transportation and the management of the majority of Estonian public rail infrastructure).

Establishment of the Estonian Railway Administration. First rail freight transport undertakings besides EVR emerged.

- 2001 – today. EVR and EER (together with the public railway infrastructure in their ownership) are privatised (66% and 100% of the share capital respectively). Reorganisation of EER into a group of companies comprising: 1) a parent company possessing freight and passenger transportation activity licenses; 2) affiliates and related companies dealing with infrastructure management, rolling stock management, rolling stock repairs, real estate administration and other activities. The Railway Administration was reorganised into Railway Inspectorate. New rail transport undertakings start operating on EVR infrastructure.

Table 1. Comparison of the objectives of Estonia and EU in rail transport sector for 1999 – 2013 (MoEC, 2006)

Field of EU policy	1999 – 2006	2006 – 2013
Institutional separation	Founding of the Railway Administration. No plans for privatising EVR but privatisation of EER already planned. Vertical separation is not mentioned.	Not mentioned.
Opening of the rail transport market	No direct intention (but the existence of other rail transport undertakings was already a reality – authors's remark).	Need for fair competition is declared.
Increasing the share of rail transport in the transportation sector	Reduction in the share of passenger transport by rail is stopped.	Increasing passenger train driving speeds i.e. funding investments needed for that with private capital.
Increasing the level of railway infrastructure investments	Narva and Pechory lines prioritised, government co-funding envisaged.	Priorities: Rail Baltica, Tallinn bypass and Koidula border station (– government does not invest into the existing infrastructure – author's remark).
Fair access fees for the use of railway infrastructure	Stopping the cross-subsidising of passenger transport by freight transportation (actually by infrastructure management – author's remark), replacing it with funds from state budget.	Infrastructure access fees do not increase. Cross-subsidising is not mentioned.

Table 1 presents the comparison of the objectives contained in the EU and Estonian transport policies applicable to rail transport, considering the areas discussed in TRANS-TALK project. While looking at the actual process of Estonian rail transport market de-regulation, it becomes apparent that the practical solutions used

have not been in compliance with the objectives, means and methods set forth either in the EU or Estonian transport policy.

Table 2 incorporates the evaluations given about the achievement of the objectives of the EU common transit policy in Estonian context, as they were presented in the previous studies, considering the developments in the Estonian rail transport sector that have taken place after the beginning of the reorganisation process.

Table 2. Evaluations on Estonian transport policy in earlier studies: prepared by the author

Area	Reference	Evaluation
Institutional separation	IBM, 2004	Insufficient.
Opening rail transport market	NERA, 2003	Acknowledges that Estonian rail transportation market has been open since 1997.
	NEA, 2005	There exist entry barriers for new companies.
	IBM, 2004	Insufficient, as Estonia is a unique country where rail transport market is completely independent of state.
	SCI, 2004	On a relatively good level.
Increasing the share of rail transport	IBM, 2004; SCI, 2004	Sufficient in case of freight transport, unsatisfactory in case of passenger transport.
Increasing railway infrastructure investments	NERA, 2003	Insufficient state support for investments.
	SCI, 2004	State has no experience in leading investment projects.
	Tomson and Schliep, 2004	For privatized railway infrastructure, a proper form of private public partnership (PPP) is needed.
Fair railway infrastructure access pricing	IBM, 2004	Access pricing principles are not transparent.
	CEMT, 2005	In Estonia's conditions access pricing should be based on full costs.

Table 2 indicates that there have been extremely controversial evaluations given to the situation of rail transport in Estonia, especially regarding open competition and infrastructure access pricing. Thus the author of the present article has worded his thesis question as follows: "Whether the solutions applied in Estonia allow the achievement of the objectives set forth in the EU transport policy, despite to the lack of precedent in Europe?".

In order to answer this question, the author has employed the following method of research (see also Figure 1).

- Defining the main objectives of Estonian rail transport policy and verifying their compliance with the objectives of the EU, based on the prior research (see Tables 1 and 2).

- Identifying the main political measure. As indicated before, this has been the privatisation of the public railway infrastructure.
- Determining the time horizon – although the analysis uses data from years 1996 – 2005, the most significant years are the year 2000, as the last year prior to the privatisation, and the year 2004, as the year following the new Railways Act (ERI, 2006) becoming effective.
- Choice of measures. Following the objectives presented in Table 1, the measures are: number of activity licenses issued, passenger and freight volumes, monetary investments in infrastructure, funds allocated for rail transport from state budget.
- Descriptive analysis, summary and conclusions.

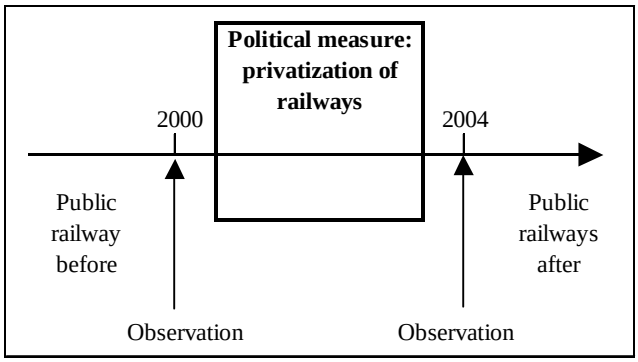

Figure 1. The methodology of *ex post* analysis of Estonian rail transport policy: prepared by the author, figure design based on the literature (Võrk, 2004)

The rest of the data used in the analysis has been taken from Estonian national statistics information (Statistical, 2006) and the annual reports (EVR, 2006; Krediidiinfo, 2006) of railway undertakings. In case of the latter, the author has a reason to believe that their essential parts are correct, as they have been given clean audit opinions.

Institutional separation

Directive 2001/12/EC (DG TREN, 2006) gives the member states the following policy guidelines for the institutional regulation of rail transport:

1) In order to promote efficient management of infrastructure in the public interest, infrastructure managers should be given a status independent of the State;
2) In case of railway undertakings separate profit and loss accounts and either balance sheets or annual statement of assets and liabilities should be kept and published for business relating to the provision of rail transport services and infrastructure management;

3) The functions determining equitable and non-discriminatory access to infrastructure shall be entrusted to bodies or firms that do not themselves provide any rail transport services;
4) In the case of railway undertakings profit and loss accounts and either balance sheets or annual statement of assets and liabilities shall be kept and published for business relating to the provision of rail freight transportation services. Funds paid for activities relating to the provision of passenger transport services as public-service remits must be shown separately in the relevant accounts.

The previous chapter explained that the requirement to establish a railway infrastructure manager independent of the state was met by Estonia already in 1997 when former state company EVR was reorganised into a public limited company in private law, and another public limited company in private law i.e. EER was created by separation. The author still finds that some concessions should be made here, as 100% of the shares of these public limited companies were in state ownership. This would mean that the business of these companies was strongly affected by changing political moods.

The Railways Act of the Republic of Estonia passed in 2003 requires from vertically integrated railway undertakings keeping separate records on revenues and costs for railway infrastructure management and freight transport areas, meaning that separate balance sheets are not required. The Railways Act does not require the publication of railway infrastructure manager's reports (ERI, 2006).

In practice the requirement for separate accounting has been realised in two different ways. EVR has solved it within one business entity by defining business units acting in different areas of business. The reports related to infrastructure management and freight operations are presented to the Ministry of Economic Affairs and Communications on a quarterly basis and the ministry makes them available to everybody interested. EER, on the other hand, has established an affiliate dealing with infrastructure management, whose annual report is available in the commercial register. Meanwhile, the author is not aware of any horizontally integrated parent company reports by passenger and freight transport areas of EER being available.

The Estonian laws do not require the publication of rail freight transport undertakings' reports. The author finds that such a situation might bring about substantial price distortion, as it gives the rail freight transport undertakings the opportunity to use dumping prices. For example, the annual report of AS Spacecom (a rail freight transport undertaking competing with EVR) for the year 2004 (Krediidiinfo, 2006) indicates that the company is rendering freight transport service for a price lower than the variable cost and it is compensated by income earned from the other areas of activity e.g. wagon rental.

As both EVR and EER are vertically integrated railway undertakings, the railway infrastructure capacity allocation procedure in Estonia is carried out by the Railway Inspectorate. The real-life situation is that the capacity allocation is turned into a

process redistributing freight volumes, leaving aside the fact that under the SMGS agreement it is EVR that is responsible for the rail transport of freight coming from Russia. Estonia does not have a Rail Transport Law and therefore the obligations of rail freight transport undertakings in freight transport process remain unregulated. From EVR's perspective this means that although EVR is not hauling the freight itself, it remains fully responsible to state authorities, freight receivers and freight dispatchers (EVR, 2006).

Opening the rail transportation market

The main guidelines of the EU transport policy (European, 2001) provide for opening railways for cabotage operations. Directive 2004/51/EC (DG TREN, 2006) stipulates that the freight transport market should be opened for competition by 1 January 2006 in case of TERFN network, and by 1 January 2007 in case of other rail networks of member states. European Council Communication COM(139)2004 suggests that the international rail passenger transport market should be opened for competition by applying the directives of the third railway package since 1 January 2010. It appears that the Estonian rail transport services market was opened for competition sooner than the applicable regulation became compulsory for Estonia, as the principles of free access were expressed already in the Railways Act passed in 1994.

The Railways Act of 2003 stipulates that the use of a public railway with regard to basic and additional services ensuring access, the fees, time and other conditions of use shall be ensured without discrimination to all railway undertakings for the provision of rail transport services. Unlike the other member states of the EU, the public authorities of Estonia have extended this provision also to freight originating from third countries. This is something that Finland and Latvia, for example, have never done (DG TREN, 2006). This has created for EVR the practical problems related to determining the responsibilities of the operators and the infrastructure manager described in the precious chapter.

Directives 95/18/EC, 2001/13/EC and 2004/49/EC lay down principles and conditions for licensing railway undertakings. These principles have been introduced also in Estonian legislation, which, *inter alia*, provides for issuing activity licenses for railway infrastructure management, rail freight transport and rail passenger transport. At the same time, only undertakings operating the public railway are required to have the activity license (MoEC, 2006). Differently from the directives mentioned above, Estonian Railways Act does not require that railway undertakings should own any rolling stock. In practice it means that railway infrastructure capacity can be applied for companies possessing neither rolling stock nor locomotive drivers.

Figure 2 shows that as of 1 January 2006 there have been issued 19 activity licenses for providing rail freight transport services. Although majority of the rail freight transport undertakings are not operating on the public railway network, two major operators besides EVR have been able to conquer 30% of the volume coming from

Russia by the end of 2005. In the end of 1999 the situation was broadly similar, although there was only one operator besides EVR working on the public railway. This company has been shut down due to bankruptcy. In years 2001 – 2002 the market share of this company reached 25% of all the freight hauled on the Estonian railway infrastructure (EVR, 2006).

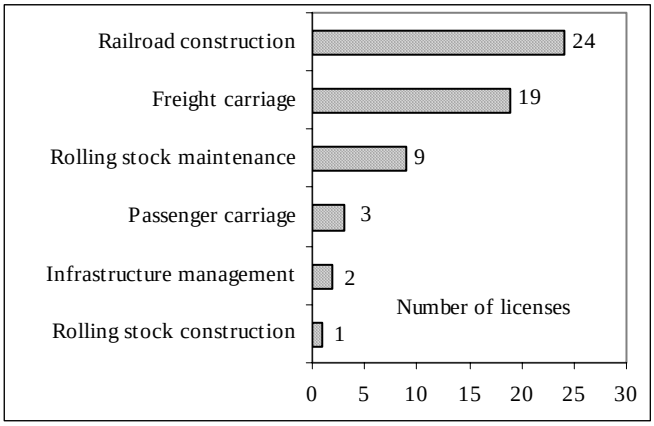

Figure 2. Activity licenses issued to railway undertakings as of 1st January 2006 (MoEC, 2006)

The authority supervising competition on the Estonian rail transport market is the Estonian Competition Board. Currently the Competition Board is proceeding complaints dealing with the freight tariffs of EVR and the pricing of certain additional freight services (EVR, 2006). Defining relevant freight market is the key issue in all of these cases, as the railways of the Baltic countries are competing among themselves for the transit freight coming from Russia. This means that railway viewed as an natural monopoly can suddenly be in a different position, as the freight owners have the ability to choose between alternative transportation channels throughout the Baltics (ECB, 2006).

Increasing the share of rail transport

The White Paper of EU transport policy from 2001 (European, 2001) sets the target to increase the market share of rail passenger traffic to 10% and rail goods traffic to 15% of the total volume of all modes of transport.

Estonian official transport statistics (Statistical, 2006) do not contain information about the passenger turnover of private road vehicles. The Estonian Ministry of Economic Affairs and Communications has assessed that the volume of passenger traffic by private road vehicles is twice as big as the volume of passenger traffic by public transport (MoEC, 2006). Even the structure of domestic passenger traffic

prepared without using this data indicates (see Figure 3) that the share of rail passenger transport has reduced considerably more than the share of other modes of public transport. The reason for that is the amount of local rail passenger traffic commissioned by the state, which was reduced drastically in 2001 for ostensible reasons. Looking at the existing lines we see that rail transport is competing with buses, mostly due to the line permits' policy of the Ministry of Economic Affairs and Communications. At the same time Valga-Pechory railway section is not used for rail passenger traffic at all, although there exists no significant alternative in the form of bus transport. The author finds that there is a serious conflict between the transport and regional policies of Estonia.

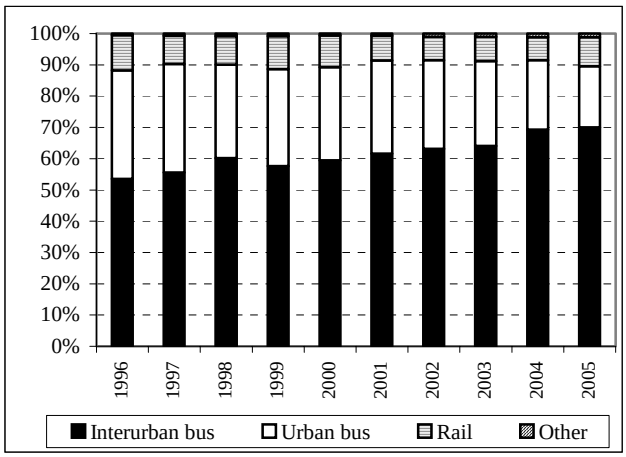

Figure 3. Structure of domestic passenger traffic turnover by modes of transport, 1996 – 2005 (Statistical, 2006)[1]

A major reduction in the share of rail transport for the benefit of roads has also occurred in domestic freight traffic (see Figure 4). The main commodity hauled domestically has due to both geographical and historical reasons been oil shale.

However, Eesti Põlevkivi, a subsidiary of the Eesti Energia found it more economical to build its own railway infrastructure, operated by AS Põlevkivi Raudtee, resulting in a substantial reduction of the amount of oil shale, hauled on the public railway.

The share of rail transport in international passenger traffic has become marginal (see Figure 5). Currently there is only Tallinn-Narva-Moscow passenger train being operated. After the reorganisation of the railway sector traffic has been stopped on

[1] Without trams and trolleys.

Tallinn-Tartu-Moscow and Tallinn-St. Petersburg lines, and the planned Tallinn-Tartu-Minsk line was opened only temporarily.

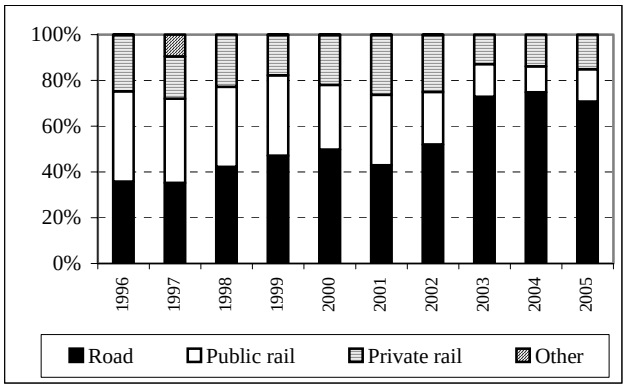

Figure 4. Structure of domestic freight traffic turnover by modes of transport, 1996 – 2005 (EVR, 2006; Statistical, 2006)

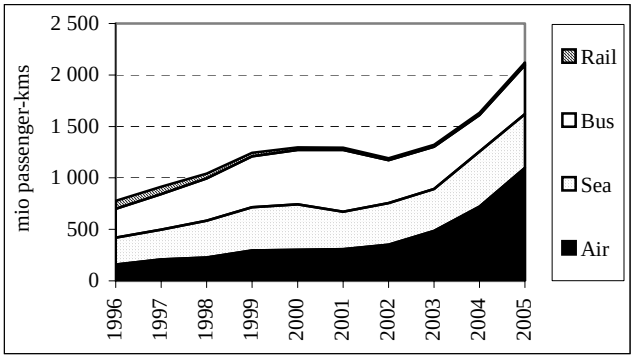

Figure 5. International passenger traffic turnover dynamics and structure, 1996 – 2005 (Statistical, 2006)

Meanwhile there has been an increase in the number of charter trains that Estonian regulations treat as single railway capacities intended for specific purposes (EVR, 2006). The position of the Ministry of Economic Affairs and Communications is that the fees charged for the use of such capacities cannot contain any infrastructure access fee (EVR, 2006). Therefore, there has been created a situation where passenger transport undertakings can earn additional revenue on the account of the railway infrastructure manager and the rail transport undertakings that have been

allocated regular capacity subsidise the companies receiving single railway capacities intended for specific purposes.

The share of rail transport in international freight traffic has been constantly increasing (see Figure 6). Considering that the EVR's freight volume has increased from 39,4 million tonnes in 2000 to 42,8 million tonnes in 2004 (EVR, 2006) i.e. 8,6% then the increase in freight turnover of 35,1% over the same period refers to longer average haul distances. The latter would mean that there has occurred a growth in volume in case of Tallinn-Tartu-Pechory and Tallinn-Tartu-Valga sections and that the role of Paldiski port has become more significant in servicing transit freight.

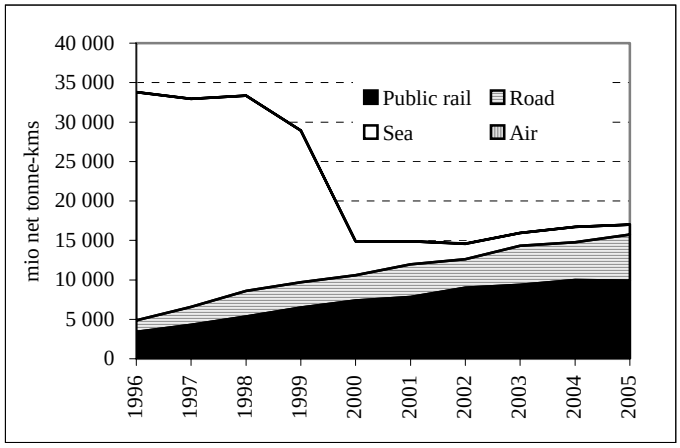

Figure 6. International freight traffic turnover dynamics and structure, 1996 – 2005 (Statistical, 2006)

While analysing the tendencies described above, it appears that opening rail transport market for competition has not brought the expected additional volumes and there has been no competition created in case of neither domestic nor intra-Community rail transport.

Increasing the volume of investments

Directive 91/440/EC (DG TREN, 2006) notes that the member states should be responsible for the development of railway infrastructure. The White Paper on European transport policy (2001) sees the involvement of additional sources of financing, including private capital and funds paid as infrastructure access fee, as a measure for increasing the volume of investments for railway infrastructure.

Figure 7 shows that EVR has funded its investments mostly from own funds throughout its existence. That includes the period when state was the sole owner of the company. In years 1995 – 1999 the state allocated altogether 17,7 million euros for the renovation of the infrastructure belonging to EVR, plus additional 8,6 million euros of PHARE program facility. After that the Government of Estonia has not found it necessary to support any investment in the largest railway infrastructure of the country.

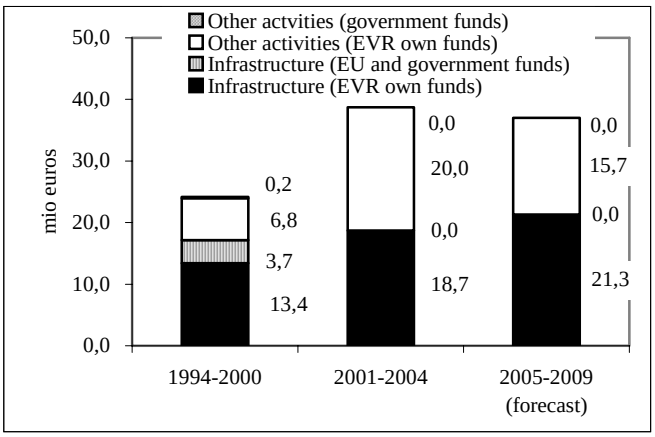

Figure 7. Annual average investments made by EVR and their sources of financing (Archer and Koppel, 2006)

Unlike CER, the European Commission has taken the position that the use of the EU or member states' funds for infrastructure investments is not appropriate if the infrastructure is in private ownership (MoEC, 2006; MOF, 2006). This has allowed the Government of Estonia to require from EVR the construction of buildings and structures needed for border and customs procedures, for example, using its own funds (EVR, 2006).

State's railway infrastructure investment policy could be also characterised by the fact that 16,4 million euros out of the 17,7 million euros mentioned above were allocated for the renovation of Estonia's major oil transit corridor: Tallinn-Narva railway section. There were no funds given for Tapa-Tartu-Pechory or Tartu-Valga sections that are important from passenger transport perspective. In 1996 the state allocated 0,6 million euros for the renewal of Haapsalu-Riisipere railway line that was closed for passenger traffic in the previous year (MOF, 2006). In 1997 Haapsalu-Riisipere railway section (53 km) was privatised for less than 339 euros i.e. for 6 €/km. Haapsalu-Riisipere line was closed in 2004 and the track was removed.

Fair charging and financial sustainability of railway undertakings

Directive 2001/14/EC (DG TREN, 2006) that deals also with access charging, outlined the following main objectives of access charging:

1) Equitable and non-discriminatory access to railway infrastructure for all railway undertakings;
2) Have regard to the business requirements of the infrastructure manager;
3) Investment in railway infrastructure should be desirable;
4) Fair value of railway infrastructure, and thereby the actual costs of keeping it operating, should be defined.

Since the end of 2000 there have been three different railway infrastructure charging methodologies applicable in Estonia. Although there have been some differences in details, the basic principle has always been the same – the charging mechanism should be full cost based i.e. fee for the services ensuring access must cover both the variable and fixed costs of the infrastructure management, including the cost of investments. Figure 8 indicates that infrastructure access charge includes also the return on invested capital, which in the current version of the access charging methodology (ERI, 2006) has been defined as the product of the residual value of fixed assets and weighed average cost of capital (WACC).

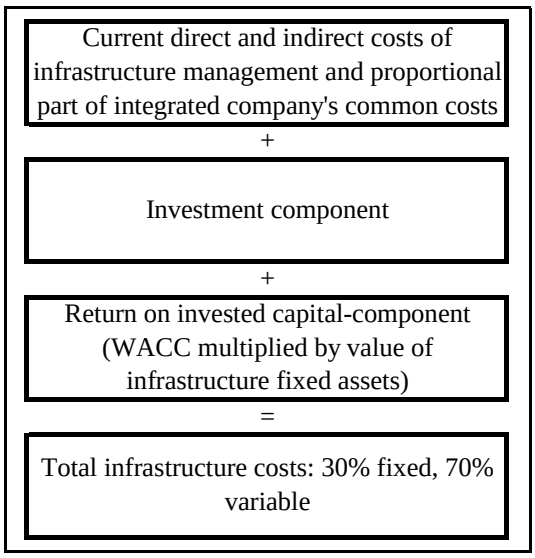

Figure 8. The general method of calculating railway infrastructure costs in Estonia (Archer and Koppel, 2006)

In the opinion of the author, the methodology described above is in principle appropriate for the infrastructure manager in private ownership, leaving aside the fact that the return of invested capital component does not cover the investments made in working capital. Unfortunately there has occurred an irreconcilable conflict between EVR and the government authorities regarding the implementation of the methodology (EVR, 2006). The fair value of the infrastructure assets owned by EVR and the reasoning behind the more advantageous treatment of passenger transport have become the key issues of the dispute.

The previous subparagraph explained that in case of EVR the funding of infrastructure investments has been left to be an internal concern of the company. Therefore, EVR has only one opportunity left for funding the investments – to use the depreciation component of the railway infrastructure access fee. The value of infrastructure assets used for calculating depreciation is of crucial importance in such situation. In 2004 EVR carried out the revaluation of its fixed assets, employing the method of depreciated replacement value. After the revaluation it appeared that the residual book value of EVR's fixed infrastructure assets was approximately three times lower than their replacement value (Krediidiinfo, 2006). Depreciation calculated using the real value would cover the annual average investment needed for infrastructure, reaching 21 million euros in the medium term perspective.

Following the instructions given by the Ministry of Economic Affairs and Communications, the Railway Inspectorate has taken the position that although EVR is allowed to reflect its assets with their fair value under international accounting standards (IAS, IFRS), the company is not allowed to use the result achieved for calculating infrastructure access fee. The inspectorate has also expressed a particularly peculiar view, stating that the growth in the value of assets constitutes an unjustified expense (EVR, 2006).

Another peculiarity of the Estonian way of calculating railway infrastructure access charges is its approach to rail passenger transport undertakings. As Figure 8 explains, the methodology has divided the infrastructure management costs into two, assuming that 30% of them are fixed and 70% variable. The fixed costs are distributed between the rail transport undertakings based on the number of train kilometres commissioned. The variable costs are distributed according to the number of gross tonne-kilometres driven.

In case of an infrastructure, which is predominantly not designated for the provision of rail passenger transport services (e.g. the infrastructure owned by EVR), the rail passenger transport companies are exempt from paying the infrastructure access fee component that is based on fixed costs (ERI, 2006). Until the 2005/2006 traffic timetable period the rest of the costs were covered by EVR as an infrastructure manager. The railway infrastructure access fee calculation methodology that is effective starting from the 2005/2006 timetable period stipulates that this obligation is imposed on all rail freight transport undertakings collectively.

The author points out another conflict between the railway legislation applicable in Estonia and the EU legislation. Clauses 1 to 4 of Annex II to Directive 2001/14/EC (DG TREN, 2006) provide the list of services to be supplied by the infrastructure manager. The determination of a charge for track access to service facilities (item 2) does not belong to the scope of application of the directive. The infrastructure managers are not required to supply ancillary services (item 4) e.g. technical inspection of rolling stock or access to telecommunication network. The directive also requires that charges for certain services must be set at the cost that is directly incurred upon the provision of the services.

The Estonian railway infrastructure access fee calculation methodology applicable from the timetable period of 2005/2006 (ERI, 2006) interprets that direct costs mean short-term variable costs. Charges based on such costs are required to be used in case of the sale of electricity, access to telecommunication network, technical inspection of rolling stock, allocation of single capacities intended for specific purposes and some other services.

Results and conclusions

The aim of the present article was to identify how has the Estonian national transport policy taken into account the fact that the railway infrastructure of the country has been privatised by wording the following thesis question: "Whether the solutions applied in Estonia allow the achievement of the objectives set forth in the EU transport policy, despite to the lack of precedent in Europe?". Based on the previous research, the author determined five main areas, the analysis of which lead to the following conclusions.

1. Institutional separation. Estonia has used two possible methods – separation of accounts (EVR) and structural separation (EER). In case of the latter there has been no horizontal separation. The problems involved have either been solved in accordance with the legislative acts of the EU (transfer of the capacity allocation procedure to an independent body) or in an inadequate manner (reporting obligation). There has been no attention paid to the duties of EVR arising from international agreements.
2. Opening the rail transport market for competition. In this area the Estonian legislation has outstripped the respective regulations of the EU and done that even before Estonia accessed the EU. Meanwhile, the Estonian public authorities have not been able to assess adequately the extent of the market of rail transit originating from Russia.
3. Increasing the share of rail transport on the transport market. The share of rail transport has been continuously decreasing in local passenger and freight traffic and it is hard to foresee any changes in this trend. The share of rail transport has been growing in case of international freight transport due to longer average haul distances i.e. use of alternative routes.
4. Increasing the volume of investments and involving additional sources of financing. The Estonian Government has taken a position excluding the

possibility to invest EU or state funds in the largest rail infrastructure of the country. The obligations of the state are laid on private capital without providing any compensation. Based on the examples given by the author, it can be concluded that the activities of the state in supporting rail transport sector have been chaotic.

5. Fair infrastructure charging and sustainability of railway undertakings. The author finds that there are at least two conflicts between the Estonian railway legislation and EU norms – compensating the costs of railway infrastructure manager (both in the aggregate and in case of single services), and avoidance of cross-subsidising. The latter is obvious in case of single capacity allocation intended for specific purposes. The way in which the costs incurred due to rail passenger transport undertakings are covered by freight transport undertakings is also questionable. The exempt from the payment of certain costs given to passenger transport is not substantiated by any scientific arguments, as the ratio of fixed and variable costs of rail transport is rather opposite to the ratio used in the Estonian methodology for calculating railway infrastructure access fee.

In the light of the foregoing considerations, the author concludes the following.

1. The research question cannot be given an unambiguous answer. Although the Estonian solutions are generally in compliance with the EU regulations and sometimes even more liberal, the methods employed by the Estonian public authorities based on formal juridical arguments do not allow ensuring the competitiveness of the country and the sustainability of the infrastructure managers, at least in the area of railway infrastructure management.
2. This is the reason for giving a negative answer to the question whether the key measure of Estonia's informal transport policy – privatisation of railway infrastructure (the privatisation of EVR was not foreseen in the official transport policy) – has produced the expected results. The author finds that the unique opportunity of Estonia – to manage the railway infrastructure on a commercial basis – has not been taken a full advantage of. In the short-term perspective this could lead to the preferential development of rail transit operations on the account of state's tax revenue.
3. Although the EU transport policy and acquis welcome all private sector initiatives in the area of rail transport, they cannot be fully implemented due to their generality and negligence in considering the regional features of the countries, especially in case of PPP projects.

The author is of the opinion that the experience of Estonia described above is also relevant for other SMGS agreement parties who have started (or are currently envisaging) reorganisation of railway companies.

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Kokkuvõte

EESTI RAUDTEETRANSPORDIPOLIITIKA SEOSTATUS
EUROOPA LIIDU TRANSPORDIPOLIITIKAGA

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Käesoleval ajal asub Euroopa Liidu liikmesriikide ainus erastatud avalik raudteeinfrastruktuur Eestis. Antud artikli eesmärgiks oli välja selgitada, kas ja kuidas haakuvad Euroopa Liidu ja Eesti transpordipoliitikad raudteeveonduse osas ning kas erastatud avaliku raudtee puhul on võimalik nendes sisalduvate eesmärkide elluviimine. Analüüsi tulemusena selgus järgnev.

1. Raudteeinfrastruktuuri majandamise ja raudteeveoteenuste osutamise institutsiooniline lahutamine on Eestis ellu viidud kahel moel – kas arvestuse lahutamise kaudu (Eesti Raudtee) või eraldi äriühingute loomise teel ühe kontserni piires (Edelaraudtee). Viimasel juhul ei toimunud horisontaalset (kauba- ja reisijateveo) lahutamist. Kaasnevad küsimused on lahendatud kas vastavuses Euroopa Liidu normatiivaktidega (läbilaskevõime üleandmine sõltumatule jaotusorganile) või puudulikult (aruandluskohustus). Tähelepanuta on jäänud Eesti Raudtee kui rahvusvaheliste lepingute subjektiga kaasnevad probleemid.
2. Raudteeveoteenuste turu avamise valdkonnas on Eesti seadusandluse areng edestanud Euroopa Liidu vastavaid regulatsioone, seda juba enne Eesti liitumist Euroopa Liiduga. Samal ajal ei ole Eesti ametiasutused suutnud adekvaatselt hinnata Venemaalt lähtuvate raudteetransiitveoste turu iseloomu. Uute kaubaveo-ettevõtjate lisandumine ei ole raudteele toonud täiendavaid veomahtusid.
3. Kohalike reisijate- ja kaubaveo osas on raudteetranspordi osatähtsus järjepidevalt vähenenud ning ei ole näha, et see tendents võiks järsult muutuda. Rahvusvaheliste kaubavedude osas on raudteetranspordi osatähtsus suurenenud, mis on saavutatud Tallinn-Narva liinile alternatiivsete marsruutide kasutamise tõttu.
4. Raudteeinfrastruktuuri investeeringute osas on Eesti omapäraks valitsuse seisukoht, mis välistab Euroopa Liidu või riigieelarveliste vahendite investeerimise riigi suurimasse raudteeinfrastruktuuri, ja riigi kohustuste asetamine erakapitalile ilma kompensatsiooni maksmata. Autori poolt toodud näidete põhjal võib järeldada, et riigi tegevus raudteeveonduse toetamisel on aastaid olnud sihipäratu.
5. Autori arvates on Eesti raudteeseadustik vastuolus Euroopa Liidu normatiivaktidega vähemalt kahes punktis – raudteeinfrastruktuuri-ettevõtja kulude katmine (nii kogumina kui teatud teenuste osas eraldi) ja ristsubsideerimise vältimine. Viimane ilmneb ühekordse läbilaskevõime eraldamise ja kasutamise hinnaregulatsioonis, vaieldav on ka reisijateveo-ettevõtjate poolt põhjustatud kulude katmine kaubaveo-ettevõtjate poolt. Reisijateveole antud soodustus osa infrastruktuurikulude katmisel ei põhine teaduslikul alusel, kuivõrd püsiv- ja muutuvkulude suhe on raudteetranspordis

pigem vastupidine Eesti raudteeinfrastruktuuri kasutustasu arvestamise metoodikas sätestatule.

Eeltoodust tulenevalt teeb autor järgmised järeldused.

1. Esitatud uurimisküsimusele ei saa anda ühest vastust. Kuigi Eestis kasutatud lahendused on üldjoontes vastavuses Euroopa Liidu regulatsioonidega ja kohati isegi liberaalsemad, ei võimalda Eesti riigiasutuste poolt juurutatav praktika, mis põhineb formaaljuriidilistel argumentidel, vähemalt raudteeinfrastruktuuri majandamise tegevusvaldkonnas riigi konkurentsivõimet ja infrastruktuuri-ettevõtjate finantsjätkusuutlikkust tagada.
2. Sel põhjusel tuleneb anda eitav vastus ka küsimusele, kas Eesti mitteformaalses transpordipoliitikas sisaldunud peamine meede – raudteeinfrastruktuuri erastamine (ametlikus transpordipoliitikas Eesti Raudtee erastamist ette ei nähtud) on andnud loodetud tulemusi. Autor on seisukohal, et Eestile avanenud unikaalset võimalust – viia raudteeinfrastruktuuri majandamine täielikult kommerts-alustele, ei ole osatud ära kasutada. Lähemas perspektiivis võib see viia raudtee transiitvedude eelisarengule riigi maksutulude arvel.
3. Kuigi Euroopa Liidu transpordipoliitika ja *acquis* tervitavad mistahes erainitsiatiive raudteetranspordi valdkonnas, ei ole neid üldsõnalisuse ja riikide geopoliitiliste erinevuste mittearvestamise tõttu täiel määral võimalik rakendada, eriti PPP-projektide osas.

Autori arvates on Eesti eeltoodud kogemused olulised ka teistele SMGS-lepingu osalistele, kes on juba alustanud või kavandamas raudteede reorgarniseerimis-protsessi.

ELECTRONIC COMMERCE IN A GLOBAL ECONOMY: PROBLEMS AND PRACTICE

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Tallinn University of Technology

Introduction

The world is on the doorstep of a new age and new business opportunities are emerging. With the ever faster developing technology and expansion of the Internet, the Internet commerce (also called e-commerce, virtual, electronic and online trade) is becoming an attractive business opportunity. A new market with an immense future potential is arising and the business opportunities in the electronic environment are growing exponentially.

In this new situation, where the world is covered with different networks, information technology enables entrepreneurs to create direct contacts with consumers. To put it simply, electronic commerce (e-commerce) is making business electronically while the business is bound with different services or commodities, which are being sold through electronic channels (primarily through the Internet). In addition to the direct selling of goods and services, the e-commerce conception includes advertising, entering into contracts, delivering of the goods, guarantee and several actions linked to selling (Tikk 2000, p.406).

E-commerce offers a unique opportunity for economic growth as well as stimulates investment into innovation and new employment. According to the prognosis of financial analysts, by 2007 the relative importance of e-commerce can rise to 26% of all purchases (Bacceta 1998, p. 73).

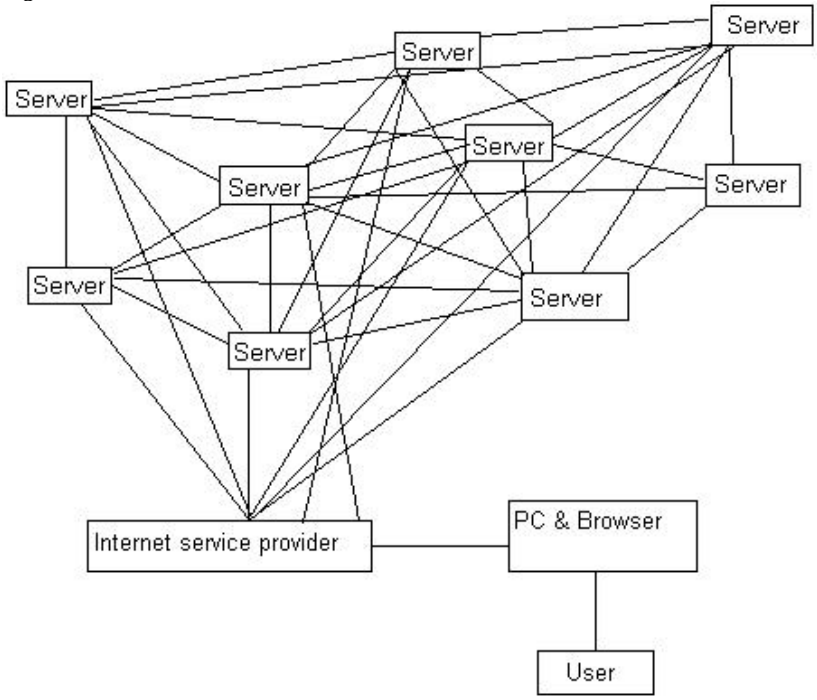
The fast development of e-commerce brings up several legal problems, for example entering into contracts, forwarding of data, taxation and the (criminal) liability of service providers. The aim of this article is to analyze the economic and legal problems of e-commerce and offer possible solutions.

The electronic environment and e-commerce types

Cyberspace is composed of millions of people, who interact with each other via computers, and of information recorded in computers located throughout the world. This information is accessible through a net that enables those computers to communicate in different communication standards and protocols. “It’s a place between places” as Marjie T. Britz so well said in her book “Computer Crime and Forensics” (Britz 2004 p. 23). Cyberspace is nothing new and an important development in the form of the cyberspace is the Internet. Internet is a new level in communication, which unites the mediums of mail, telephone and mass media. It enables access to all sorts of information and has turned into the synonym of cyberspace. Cyberspace can be defined as something invisible and untouchable, a world of electronic information and processing of information, which has been

recorded into complexly linked Internet pages with regulated access and varied operational options (Weber 2002, p. 27-28). In the Estonian legal system the Internet is defined in the Government of the Republic Regulation No. 398 of 4 December 2000, "The Requirements of Operating a public telecommunication network and of rendering a telecommunication service", which § 2 subsection 33 defines the Internet as a data communication created in a telecommunication network, which allows exchange of information through the appropriate technical equipment and data communication protocols." (RT I 2000, 93, 602; 2003, 65, 434). Figure 1 shows the structure of Internet.

Figure 1. The structure of Internet.



With the Internet there has evolved a new domain of law, which is called cyber law (cyberspace law), IT-law, Internet law etc. Cyberspace law or *lex electronica* isn't a branch of law; neither is it a law institute, but rather a generic name that marks a collection of legal rules and norms, which regulate a defined and specific subject. In other words, cyberspace law is a field of law, which regulates legal relationships that are created in the process of electronic data communication.

More and more processes are done using computer networks. Also a concept of a computer based product and computer based production environment is emerging. E-commerce is just a part of the larger concept that hasn't yet totally formed. To introduce the opportunities of e-commerce on a larger scale several models for categorization of e-commerce has been developed. These models can be based on the different parties (entrepreneurs, government, and consumers) involved in e-commerce or on the different activities (Internet advertising, electronic ordering of goods, electronic transportation of digital goods, and electronic information service). Based on the different parties involved in e-commerce one can distinguish the following business relations (Lodder 2002, p.4):

1. traditional e-commerce models:
    a. B2B (Business to Business) – e-commerce from one business to another, so far it is the most used and most popular model used in e-commerce;
    b. B2C (Business to Consumer) – e-commerce from business to consumer, the regulation of this business relation is under special attention;
    c. C2C (Consumer to Consumer) – quite popular on the Internet.
2. less known e-commerce models:
    a. B2G (Business to Government) – e-commerce from business to government, used in Estonia for example in public procurements;
    b. G2C/G2B (Government to Consumer/Business) – the mediation of public service to consumers or businesses, for example the e-government;
    c. C2B (Consumer to Business) – e-commerce from consumer to business, in Estonia it is practically unknown;
    d. C2G (Consumer to Government) – from consumer to government.

In the B2B sector a lot of money and goods exchange hands, but in reality the B2C sector is much more attractive. The reason is that, the B2C model is conceptually very simple; business is done directly from the manufacturer to the consumer, without any mediators and extra fees. The Internet based B2C business is marginalizing the catalogue business, which a few years ago was a very popular and easy way to sell and purchase goods. The businesses with the most versatile business models can be found in the B2C segment. There are 7 main types of businesses: 1) direct sales site; 2) e-store; 3) dot.com e-store; 4) content site; 5) portal; 6) e-marketplace; 7) mixed type.

The direct sales site is a new way to market products. The manufacturers can sell their goods directly to the consumers, without using any of the usual channels for selling and so doing without the costs of traditional marketing (the rent for the shop, employment costs etc). Direct sales site is also a marketing tool for the dealers of that particular merchandise. The e-store differs from the direct sales site because it is used to boost regular business. For example a retailing company, which's site contains the prices and descriptions of the goods that they sell. The dot-com store is different because it is owned by a company that sells the merchandise only via the

Internet. They save money by not using the traditional methods of sales, but are quite similar to ordinary retailing companies. Content sites make money by offering information on their web pages, generally these sites have a fee for usage or for downloading a piece of information. A portal is similar to a content site, but the services and information provided on their web page is free. Portals earn money by selling advertising space on their site. An e-marketplace is a mixed version of the B2C and C2C models. The e-marketplace gets its income by selling space in its servers for C2C or by arranging electronic auctions. In so doing it provides the opportunities, safety and certain guarantees for C2C sales. The mixed type is a blend of different types, combining the good sides of each type.

In the future potential of development of e-commerce there are several circumstances and associations. Since e-commerce is a way of business based on technology, then in addition to the ordinary factors the special factors must be taken into consideration. The ordinary factors are: 1) macro financial and 2) micro financial situation. In the scale of ordinary to special factors the legal factor would be in the centre and at the other extreme of scale there are the special factors, such as: 1) technological base and development; 2) sociological aspects.

Macro- and micro financial situation always influences the situation of businesses and markets. Which is why they are categorized as usual factors. Law and the legislative process have a more important part in e-commerce than in traditional commerce. E-commerce is a new phenomenon and all the countries haven't made the necessary changes in their legislation, which would guarantee the safety of e-commerce to the parties involved. Technology is a very important factor in e-commerce. E-commerce works by using highly developed communication devices and networks and that is why these devices must be available and widespread. In the same time it is important that the technological level of these devices meet the minimum requirement of level and standards of the market. The other important factor, besides technology is the sociological factor. This includes aspects that must be taken into account (the education of potential consumers and parties in the market and the opportunity to use the devices necessary for the functioning of e-commerce).

According to the statistics on United Kingdom, the value of Internet sales by businesses rose to £71.1 billion in 2004, an increase of 81 per cent on the 2003 figure of £39.3 billion (National Statistics, 2005. Online). Table 1 contains the World Internet usage and population statistics (www.internetstats.com).

TABLE 1. WORLD INTERNET USAGE AND POPULATION STATISTICS

World Regions	Pop. (2006 Est.)	Pop. % of World	Internet Usage, Latest Data	% Pop. Pene-tration	Usage % of World	Usage Growth % 2000-2005
Africa	915,210,928	14.1	22,737,500	2.5	2.2	403.7
Asia	3,667,774,066	56.4	364,270,713	9.9	35.7	218.7

Europe	807,289,020	12.4	290,121,957	35.9	28.5	176.1
Middle East	190,084,161	2.9	18,203,500	9.6	1.8	454.2
North America	331,473,276	5.1	225,801,428	68.1	22.2	108.9
Latin America/Carib-bean	553,908,632	8.5	79,033,597	14.3	7.8	337.4
Oceania / Australia	33,956,977	0.5	17,690,762	52.9	1.8	132.2
WORLD TOTAL	**6,499,697,060**	**100.0**	**1,018,057,389**	**15.7**	**100.0**	**182.0**

Internet spending for 2005 gained 22 percent over 2004 spending. Data released by comScore Networks finds total Internet spending, including travel, hit $143.2 billion in 2005 (Burns, 2006).

Electronic business

Not only e-commerce possesses a great future potential, but also electronic business (e-business) has a future full of opportunities ahead. E-business is a concept, according to which a modern business uses information systems as the backbone of the business processes of the company: starting with the business model up to detailed business plans and from manufacturing to end-user support. An information system (IS) does not always mean a logical system working on some technological base (computers), but rather a communication system composing of the company and the environment outside of the company, which is based on logics, on the needs of different parties and on efficiency. Although an information system doesn't necessary mean a technological base or IT that platform is quickly becoming the most flexible and effective tool in managing and creating the long term strategies of the company and coordinating the everyday life of a business. More and more companies realize that, the optimization of the work processes enables them to cut costs and survive in the intensive competition. There is much talk going on about the idea of the computer based product, but that is just the minimum for IT usage. A businessman must consider all the details of the efficiently working company. On the example of a manufacturing company, we can show the connections between e-business, e-commerce and the computer based product and how the interconnected and extremely efficient production is created – from the ordering of the product to the delivery to the customer. As previously noted the advantage of e-commerce is a direct contact between the producer and the customer. The consumer can give his/her order directly to the manufacturer. The product is then manufactured according to the specifications of the order (generally, previously limited choices) and delivered to the customer. All of that process can be based on IT and on the Internet, the e-commerce, the computer based product and finally on the e-business conception. An effective and working commerce network and a production based on computers and demand can be set up. The advantage is that the product is not manufactured and put on hold, also the computers can analyze the production load of the production lines and give the client while placing the order information when

will the product be delivered. That can bring along risks in the computer and information security area.

E-business also gives a different kind of opportunities for business; it gives a chance to save in employment costs. The e-business conception enables a company to create an electronic environment for working, the e-office or e-bureau (it is used quite effectively in the Estonian public sector). E-office allows the employees to work at home and it enables the employer to hire workers from another country, where the labour force is cheaper, but the qualification is as high. So a company can create a global business, which employees are situated in different parts of the world. At the same time it's not necessary to register the company in the country or handle business through subcontractors. The capital of a business can physically be located in one country, but the employees could be situated all over the world.

E-business also enables to create the main unit of the company in one country, where the economical environment is safe and at the same time the business environment is favourable. We'll analyze the basics of forming such a company and how the countries and the public sector influence that process.

Countries and e-business

Different countries can be taken as interconnected, but continuously competing economical spaces (environments). Almost all countries in the world use quite similar economical systems, which ensure stable development and growth. The competition between countries is the ability to offer a favourable environment for business. It can be called as a service, provided by the state, to the different companies located in its territory. A country possesses certain instruments for providing this service that ensures the competitiveness of the particular economy. The instruments are: the education policy of the country, which goal is to ensure a sufficient amount of educated workforce; the taxation policy of the country that must take account the needs of the businesses and at the same time ensure that the base of tax income is sufficient for further development and rendering of the service. Taxes can be handled as a fee for the stability of the service. The safety and reliability of the civil turnover, like enforcement of court judgements and reliability of public information, can be taken as such an instrument. For example in Estonia certain government registers are important for business, because certain rights exist only if they are entered in the register; such registers are the commercial register, which contains information about the businesses operating in Estonia and the land register, which contains information abut the landowners and rights and obligations tied to the land (such as mortgages). Ensuring that the information presented in these registers is correct is a service provided by the state.

Since e-business has to interact with the real world, then it is necessary for the countries to specifically agree upon the universal rules of e-business and generally upon the rules concerning the Internet. Yet it hasn't been done and probably for that reason the opportunities of e-business and the Internet remain too volatile for companies around the world. If countries can agree upon the rules and principles

concerning the Internet as an economical environment then the road for countries to compete in the provision of the services in the Internet would lie open. The problems for e-commerce and e-business are information security and the security of the immaterial property, also the rights and obligations of the service providers and consumers.

The legal framework of e-commerce in the European Union

The United Nations Commission on International Trade Law (UNCITRAL) has drawn two model laws to harmonise the e-commerce legislation of different countries. They are:

1. UNCITRAL Model Law on Electronic Commerce, that lays down the requirements and bases of validity of the contracts made in the Internet and
2. UNCITRAL Model Law on International Credit Transfers, that provides the rules for such transfers.

The main requirements that the e-commerce transactions must meet are (Building Confidence. 2000, p 35):

1. *Requirement for a "written document"*. Most national laws and international conventions include provisions requiring certain transactions to be concluded or evidenced in writing or certain information to be presented in writing. If it is required as a condition of validity of the contract, failure to comply with the requirement would render the transaction null and void. If, on the other hand, a writing is required by law for evidentiary purposes, the absence of a writing will generally affect the validity of its enforceability in the event of litigation. The requirement of a written document is not absolute in the Estonian legal system. While drafting the Law of Obligations Act (RT I 2002, 60, 374) the regulator looked the distance selling directive (Council Directive 97/7/EC) of the European Union and e-commerce legislation in general.

2. *Requirement for "signature"*. A signature or other form of authentication is normally required to establish the identity of the signatory and his intention to associate himself with or be bound by the contents of the document. The most common form of authentication required by law is a manual signature. The more recent national laws or international conventions, however, permit the required signature to be made by other forms of authentication such as stamp, perforation or facsimile, or by electronic means. An important identification tool for e-commerce participants is the digital signature. In the European Union this is regulated by the digital signature directive (Council Directive 99/93/EC, OJ L 013, 19.01.2000). In Estonia it has been regulated by the Digital Signatures Act (RT I 2000, 26, 15).

3. *Requirement for an "original"***.** The requirement that certain information or documents be presented in an original form is regarded as creating an important obstacle to the development of electronic commerce. Indeed, since the concepts of "writing", "signature" and "original" are closely interlinked, the requirement is often for a written, signed, original paper document. An original may be required in order to ensure the integrity of a document and that the information presented in a document has not been altered. A digital document could be counted as "original" if it has the counterpart's digital confirmation of validity – it is signed digitally.

4. *Evidential value of data messages*. The issues of the admissibility and evidential weight of electronic messages in judicial and administrative proceedings play a central role in the development of electronic commerce. While the rules governing the admissibility of evidence in certain jurisdictions are rather flexible, there are legal systems that adopt a relatively strict approach to the subject and exclude electronic messages as acceptable evidence. It is paramount that the different national legal systems accept electronic data messages as acceptable evidence.

5. *Storage of data messages*. The requirement for storage of certain documents or information in paper form for accounting, tax, audit, evidence and other legal or administrative purposes constitute an additional barrier to the development of electronic trading. Such data messages should be stored electronically with the appropriate verification of validity.

6. *Document of title/negotiability*. Replacement of negotiable documents of title, such as bills of lading, by an electronic equivalent constitutes the most challenging aspect of implementing electronic commerce in international trade practice. There is therefore a need for a legal regime to allow the parties to transfer legal right in goods, such as ownership rights, through the exchange of electronic messages.

7. *Validity and formation of contracts.* Although as a general rule a contract concluded orally is valid in most legal systems, a number of questions and uncertainties arise in the context of contracts concluded by electronic means. Questions arise as to the validity of such contracts, especially where there are legal requirements for writing, signature, etc., the time and place of formation of such contracts, the proof of the terms of the contract in case of dispute, and so on.

8. *Incorporation of general terms and conditions*. A further question that arises in the context of electronic commerce is the incorporation of general terms and conditions of underlying contracts. General terms and conditions of underlying contracts must be clearly separable from the other text of the contract and inseparably tied to the text of the contract, sot that the consumer could read them before signing the document.

In the Estonian legislation, more precisely in the General Part of the Civil Code Act (RT I 2002, 35, 216) are the requirements for electronic contracts. They must:

1. be made in a form, capable of providing permanent recreation (a paper document);
2. contain the names of the signatory sides;
3. be signed electronically by the signatory sides, and the signature must be in a form that ties it to the contract, the side and the time of signing.

E-commerce directive and the liability of service providers

The aim of the e-commerce directive (Directive 00/31/EC) is the harmonization of the legal space of the member states and the strengthening of the common market. A directive as an act of the Council of the European Union doesn't create a common legal system in the member states, but tries to harmonize the different legal systems of the member states. The e-commerce directive serves the same purpose; it is a binding guidance act for the member states. Alas, the problem with the directive and with many other directives is that they give the member state too much legal void to enforce the requirements of the directive in their legal system.

Important innovative measures in the e-commerce directive are however:

1. the creation of a common legal definitions system;
2. the specification of the obligations and liability of service providers;
3. the laying down of the principles of the validity of electronic contracts and the submission and rules of processing orders.

The economic turnover of e-commerce is largely based on service providers, service providers are the most important operators in the Internet. The directive states that, its aim is to ensure the free movement of information society services. The definition of information society services is provided in the technical standards directive (Directive 98/34/EC). Article 1 subsection defines the information society service as any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.

For the purposes of this definition:

1. „at a distance": means that the service is provided without the parties being simultaneously present;
2. „by electronic means": means that the service is sent initially and received at its destination by means of electronic equipment for the processing (including digital compression) and storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means;
3. "at the individual request of a recipient of services": means that the service is provided through the transmission of data on individual request.

According to the e-commerce directive, every member state must ensure that the information society services provided by a service provider, located in the member states territory, meet the member states national law regulating information society

services. A member state cannot restrict the liberty of providing information society services originating from another member state. In Estonia this is regulated by the Information Society Services Act (RT I 2004, 29, 191).

According to Article 5 of the e-commerce directive the service provider shall render easily, directly and permanently accessible to the recipients of the service and competent authorities, at least the following information:

1. the name of the service provider;
2. the geographic address at which the service provider is established;
3. the details of the service provider, including his electronic mail address, which allow him to be contacted rapidly and communicated with in a direct and effective manner;
4. where the service provider is registered in a trade or similar public register, the trade register in which the service provider is entered and his registration number, or equivalent means of identification in that register;
5. where the activity is subject to an authorisation scheme, the particulars of the relevant supervisory authority;
6. as concerns the regulated professions:
   - **a)** any professional body or similar institution with which the service provider is registered,
   - **b)** the professional title and the member state where it has been granted,
   - **c)** a reference to the applicable professional rules in the member state of establishment and the means to access them;
7. information about the fees of the service and if the include any taxes or delivery fees.

The e-commerce directive regulates the forwarding of unsolicited commercial information via e-mail. However the e-commerce directive doesn't ban the forwarding of such data. According do Article 7 it is for the member states to regulate and if the member state allows the forwarding of such information, then they must ensure that if the recipient of unsolicited commercial information declines any further information then the service provider must stop forwarding such information.

Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted, on condition that the provider:

1. does not initiate the transmission;
2. does not select the receiver of the transmission;
3. does not select or modify the information contained in the transmission.

The service provider is not liable for the transmitted information, because it is automatic and the server administrator doesn't interfere to that process.
Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service,

Member States shall ensure that the service provider is not liable for removal or the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more efficient the information's onward transmission to other recipients of the service upon their request, on condition that:

1. the provider does not modify the information
2. the provider complies with conditions on access to the
3. information;
4. the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry;
5. the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information and
6. the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.

The administrative authority or the court has the right to demand information about the data forwarded or hosted. A service provider is obligated to inform the appropriate authorities if such data or illegal activity is detected. Considering the speed of modern day info technology, the increasing number of Internet users the automatic nature of these processes it is reasonable to free the service provider of liability if they do not interfere in or commit any illegal activities.

Cybercrime, electronic frauds and the Convention on Cybercrime

With the ever increasing expansion of the Internet and continuous technological progress cybercrime or computer crime, which is a global phenomenon, has developed into a serious problem (Kukrus 2002, p. 39-40). A lot of business deals are being made on the Internet and with that the number of frauds committed online has gone up. In June 2004 the Riigikogu (Parliament of Estonia) passed a document "The Base of Estonian Security Policy (2004)", in which risks from information technology are presented. According to the document if the IT risks are taken too lightly, they could became equally dangerous with the trafficking of weapons or illegal substances (RT I 2004, 49, 344).

Since the Internet is a global network that doesn't recognize national borders, the solving of the cybercrime problem requires international cooperation. Efficient cooperation is very important, since the problem that cybercrime presents is severe in all of the developed countries.

On November 8, 2001 the Council of Europe passed the Convention on Cybercrime. I is the first international treaty, which object of regulation is crimes committed with the aid of or against the Internet and other computer networks. The Convention on

Cybercrime Ratification Act was passed by Riigikogu on 12. February 2003 (RT II 2003, 9, 32).

The convention divides the cybercrime into four categories of substantive criminal law:

1. Offences against the confidentiality, integrity and availability of computer data and systems;
2. Computer-related offences;
3. Content-related offence (child pornography);
4. Offences related to infringements of copyright and related rights.

These categories are based from the object of the crime but cybercrime can be categorized based on, whether the crime could be committed only via the computer. According to that there are 2 categories of computer related crime:

1. Primary or pure computer crime and
2. Secondary or impure computer crime.

Pure cybercrime is a category of crime that could be committed only by using a computer. Impure computer crime is a category of crime that could be committed in the physical world as well as in the cyberspace.

The third way to categorize cybercrime would be the motive of the criminal. Based on that the offences can be categorized as:

1. Activism, which is using the Internet for publishing (offensive) information. For example web pages or e-mails that voice support to racism or to violence against some target;
2. Hactivism (including hacking), which is a symbiosis of hacking and activism. It includes activities that involve misuse of computers or malicious software. Whether to disrupt the victim's ordinary use of computers or to gain profit from such activities;
3. Cyberterrorism, which is the most severe malicious activity. The aim of a cyberterrorist is to create mayhem and loss of life and property.

Lately the proportion of hackers who operate alone is decreasing and hackers have started to gather, forming criminal groups. The goal of these groups isn't anymore to just commit cyber attacks, but the main motive has shifted to earning money. These groups are highly dangerous to e-business and e-commerce. On the one hand they undermine consumers and companies trust towards the Internet, as a safe way make business and on the other hand they attack businesses to gain delicate information to use on the stock market or to blackmail the victims. According to a British crime survey, people are concerned about disclosing their contact information or bank account information on the Internet (Fraud and tech... 2005, p 13). Such attacks reduce their trust even more. That is the main reason why a large part of cybercrime usually remains unknown to the appropriate authorities, because the negative public attention can also threaten the e-business company's potential market share in the highly competitive electronic environment.

According to the same study show that Internet fraud has increased substantially over the years. In 2000 it cost approximately £3.8million rising to £45 million in 2003, which was higher than that of mail non-receipt and identity theft (Fraud and tech... 2005, p 13). Criminals use several kinds of complex schemes to execute their plans. That is one reason why their apprehension is difficult, for example they could take control ova victim computer to execute their malicious acts, framing an innocent person or a company.

Psychological and technological scheme

Cybercriminals have several different schemes how to earn easy money; they can be divided into these categories:

1. *Psychological scheme***,** which is based on the good faith of people and is mostly, executed using e-mail services. Psychological scheme is one of the best examples of impure cybercrime, in other words its fraud that has moved to the Internet. The best example is the "4-1-9 scheme" (the name comes from the paragraph of the Nigerian Criminal Code). The scheme is performed by sending millions of e-mails to the victims, offering an easy way to earn money. Other well known example of the psychological scheme is deceiving passwords and usernames from unsuspecting computer users. An e-business company could be very vulnerable to these sorts of attacks.
2. *Technological scheme*, which is based on using holes in the computer system and on different malicious software (viruses, Trojans, keyloggers). Other example of the technological scheme would be DOS attacks (denial of service). The aim of these attacks is to overload the victim's computer system, and disrupt normal work. They can be however be used to cover up hacking.
3. *The combination*, which uses the strong parts of the previous schemes

The results of this kind of attacks could be millions of euros worth of damages, whether direct (stolen property) or indirect (profits not gained, or money spent evading the attacks). For example hackers change on the online ordering page of a company the bank account number and the unsuspecting client transmits money straight to the criminal.

The UK National High Tech Crime Unit (NHTCU) 2003 survey found that 57 per cent of the 201 organisations covered had their systems infected by viruses during 2003 (79% of those organisations with exposure to the Internet), NHTCU, 2003 (Fraud and tech... 2005, p 14).

Statistical surveys from all around the world show that cybercrime is showing immense increase. It threatens businesses, public sector and private persons. The proportion of UK businesses that had suffered a virus infection or denial of service attack had risen from 16 per cent to 41 per cent between 2000 and 2002 (Fraud and tech... 2005, p 14). One of the world's biggest computer hardware manufacturers, IBM, warned in the beginning of 2006 about the grouping of Cybercriminals. "With

stiffer penalties and increased security protection on most systems we are seeing organised, committed and tenacious profiteers entering this space," said Cal Slemp, vice president of IBM's security and privacy services (Sanders, 2006).

That is the reason why legal acts whether national or international serve as a good base to widen the international cooperation in the field of computer crime. The Convention on Cybercrime was created to harmonize different national computer crime regulations and to aid countries where such a regulation is missing. The regulation of the convention includes minimum requirements and harmonizes the member states law with:

1. legal definitions;
2. substantive criminal law;
3. procedural law.

According to the preamble of the Convention on Cybercrime, it is paramount to pursue, as a matter of priority, a common criminal policy aimed at the protection of society against cybercrime, inter alia, by adopting appropriate legislation and fostering international co-operation.

Articles 2-10 state that the member states take action to criminalize in their national law:

1. Illegal access to the whole or any part of a computer system without right;
2. The interception without right, made by technical means, of non-public transmissions of computer data to, from or within a computer system, including electromagnetic emissions from a computer system carrying such computer data;
3. Data interference;
4. System interference;
5. Misuse of devices;
6. Computer-related forgery;
7. Computer-related fraud;
8. Offences related to child pornography;
9. Offences related to infringements of copyright and related rights.

The convention doesn’t provide punishments for the crimes. That has been left to the member states to regulate according to their legal tradition. In Estonia, most of those crimes are in the second degree. The Penal Code (RT I 2001, 61, 364; 2002, 86, 504) contains separate rules for computer crime and the 14th chapter deals with crimes against intellectual property. A large portion of cybercrime provisions of law are included in the ordinary provisions. In that sense Estonia has met the requirements of the convention.

The other important aspect of the convention is harmonizing the procedural law. The convention harmonizes national procedural laws in:

1. the crimes regulated by the convention;
2. other crimes performed by using a computer network;

3. collecting electronic evidence.

The harmonization of procedural law is of the utmost importance. If a harmonised set of rules apply in several countries, the participants of e-commerce and of cybercrime know what to expect. That gives a certain level of security.

But the convention involves several problems, according to the convention the member states authorities can obligate a service provider to maintain personal data and data communication data. But the provision is applicable after the crime is being committed. But the moment of discovery of the crime and the time when the crime was actually committed could in theory be so far apart that any information about the criminal would be very hard to detect. This problem could be solved by compel the service provider to keep all of the information recorded for some time. It would give the authorities at least some chance to discover the criminal.

A study, performed by the Department of Justice of the United States of America, found that 99 % of businesses that use computers have discovered signs of cybercrime in their computer systems. Only 12% informed the authorities of the discovery (Rantala, 2004, p 1). It is estimated that PC Viruses cost businesses approximately $55 Billion in damages in 2003. The same calculations in were done in 2002 and 2001, at $20-30 Billion and $13 Billion, respectively (Trend Micro. 2004).

In addition to regulating the issues of jurisdiction and collecting of electronic evidence, the convention also regulates the general principles of the cooperation between countries, more precisely cooperation in investigating cybercrime. The convention uses many other conventions to regulate this field and so it doesn't regulate a deadline to processing of mutual assistance requests. It could create a situation where the processing of a mutual assistance request could take too long and the evidence might disappear. Electronic evidence has the properties of not being tangible and stabile. It generates a situation where the criminal proceeding must be stopped, because there is no evidence and nobody can be implicated in this crime.

Although the Convention on Cybercrime has some flaws, its existence is still very important. It is the first international treaty that deals with the problems of Internet related crime and gives a certain legal frame to many of the problems that exist in the cyberspace. The convention needs provisions about the time-limits of proceedings and a more precise regulation of international cooperation. For example regulation about, ordering the preservation of evidence before such permission. This means a serious national and international discussion, about the creation of these additional provisions. The proportionality of limiting personal liberty of a person in benefit of public interests must be taken into account.

In Estonia the Minster of Justice just drafted a law that improves investigative options of the authorities. The current regulation doesn't allow the use of digital or electronic surveillance in cases of computer related crime. Most of these crimes are crimes of the 2 degree and as such they are outside the regulated field of the

Surveillance Act. This is an important initiative, because the collection of evidence in the electronic environment is best using surveillance.

The cooperation against cybercrime

The cooperation in the fight against cybercrime has many levels. There are several supranational organizations or departments within these organizations that deal with the problems created by cybercrime. Governments and national authorities work together to achieve the apprehension of criminals. Also many Universities cooperate in studying the properties of the cyberspace and cybercrime.

In the European Union there is a specialized agency that deals with information security. It is the European Network and Information Security Agency (ENISA). ENISA was established by the Regulation 460/2004 (OJ L77. 13.03.2004). Information security and the safety of public networks have become as important as the fight against traditional crime. Information and access to it is the cornerstone of democracy. ENISA is the first step to such a organization that would deal with the problems of Internet from a technical perspective as well as serving an advisory role to lawmaking process. Communication networks and information systems have become an essential factor in economic and societal development. Computing and networking are now becoming ubiquitous utilities in the same way as electricity or water supply already are. Based on that, it is imperative to ensure the functioning of these communication systems. One of the agency's functions is to collect information about network and information security and propose solutions to raise the safety of cyberspace. The other function of the agency is to improve communication between the lawmakers and the general public. That enables the agency to raise the member states' and the companies' capability to avoid, deal with and solve the problems of network and information security. To understand better the challenges in the network and information security field, the agency analyses current and emerging risks and for that purpose the agency collects appropriate information, in particular through questionnaires, without imposing new obligations on the private sector or the member states to generate data. Emerging risks should be understood as issues already visible as possible future risks to network and information security. The Agency provides assistance and delivers advice to the Commission of the European Union and the member states on issues related to network and information security falling within its competencies.

The European Network and Information Security Agency is the first such a regional body, specialised in information security that's aim is to collect, systemize, analyze and synthesize data involving the problems of network and information security. That will help in renewing legal acts and in solving the problems of network security.

Conclusion

In today's information society the Internet is becoming more important as a way of communication and as a environment of business. Because of the fast development

of communication networks there is a situation where the legislation is behind the possibilities of technology. E-law is not an independent branch of law, but involves the problems of many branches of law in the cyberspace. One unique feature of *lex electronica* is the absence of territory, meaning that the object of regulation is not geographically delimited. That is why the globalization of legal principles and standards will become very important in this field of law.

Due to the exponential growth of Internet and info technological progress cybercrime that is a global phenomenon, has become a serious problem. Because the Internet is a global occurrence that doesn't recognise the borders of countries, the solving on Internet related crime requires international cooperation. Convention on Cybercrime is the first international treaty that's object is the crime committed with or against the Internet or other computer networks. Of utmost importance is to create a common policy of criminal law, passing the necessary legal acts. The second part of the Convention Cybercrime deals with procedural law, it regulates the obligations of the member states to pass measures that enable the monitoring, collecting, seizure of computer data that is necessary to solve cybercrime.

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Kokkuvõte

ELEKTROONILINE KAUBANDUS GLOBAALSES MAJANDUSES: PROBLEEMID JA PRAKTIKA

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Internet on sotsiaalne fenomen, mis on kiirendanud maailma globaliseerumist ja teda võib pidada võimsaimaks kommunikatsioonivahendiks. Interneti levikuga on tekkinud uus keskkond, mida nimetatakse nii elektrooniliseks, digitaalseks kui küberkeskkonnaks. Interneti plahvatusliku levikuga on muutunud atraktiivseks ärivõimaluseks internetikaubandus, mida nimetatakse ka e-kommertsiks, virtuaal-, elektrooniliseks ja online kaubanduseks. Internet on kommertsmaastikul suhteliselt uus, reguleerimata ja multijurisdiktsiooniline nähtus millega kaasnevad uued õiguslikud probleemid. E-kaubanduses kasutatakse erinevaid e-kaubanduse liigitamise mudeleid, mis põhinevad kas erinevate osapoolte või tegevuste väljatoomisel. Internet on muutnud väljakujunenud rahvusvahelise kaubanduse kontseptsiooni, nimelt seda kes kaupleb, millega kaubeldakse ja kus kauplemine toimub. E-kaubandus on unikaalne ja nõuab üha suuremat rahvusvahelist koostööd. Võltskaubandus ja piraatlus Internetis on uus ja keerukas probleem. Valdav osa e-pettustest leiab aset internetioksjonitel ja online jaemüügis, kusjuures levinuimad pettusevormid on võltspakkumised hinna kunstlikuks tõstmiseks, ostetud kauba mittekättetoimetamine, piraatkoopiate pakkumine jne. Seoses Interneti kiire leviku ja infotehnoloogilise progressiga on kujunenud tõsiseks probleemiks küberkuritegevus ehk arvutikuritegevus. 2001 aastal vastu võetud Euroopa nõukogu küberkuritegevuse konventsioon, mille objekt on Interneti ja teiste arvutivõrkude vastu või abil sooritatud kuriteod. Eesti ratifitseeris arvutikuritegevusvastase konventsiooni 12. veebruaril 2003 aastal. Konventsiooni peaks lisama punkte menetlustähtaegade osas ja täpsema regulatsiooni rahvusvahelise abi kohta. Näiteks sätted tõendite kogumise kohta, enne menetlusloa saamist. See muidugi eeldab sügavat riigisisesest ja rahvusvahelist arutelu, uute sätete loomise kohta. Arutleda tuleb avalike huvide ja isikuvabaduste proportsionaalsust ning arvestada menetlusosaliste konstitutsioonilisi eripärasid.

Rahvusvaheline koostöö on määrava tähtsusega arvutikuritegevusvastases võitluses. Koostöö arvutikuritegevuse vastases võitluses on mitmetasemeline. Olemas on supranatsionaalseid organisatsioone või nende juures asuvaid osakondi. Riikide tasandil toimub koostöö valitsuste ja parlamentide tasemel, aga ka konkreetselt juba uurimisasutuste vahel. Koostöö selle õigusvaldkonna uurimisel toimub ka ülikoolide tasemel. Samuti on esindatud ka kolmas sektor, mis tänu Internetile teeb koostööd arvutikuritegevuse vallas. 2004 aastal lõi Euroopa Liit, Euroopa Võrgu- ja Infoturbe Ameti (ENISA), mis koordineerib küberkuritegevusvastast võitlust kogu Euroopa Liidu territooriumil.

MORE LOCAL FOOD PRODUCTS IN THE SUPERMARKETS – A CHANCE FOR GOVERNMENT TO SUPPORT SUSTAINABLE DEVELOPMENT[1]

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Introduction

There are many discussions and opinions about why the agricultural markets should act as any other markets – with pure competition where the producers or the countries that can produce the most efficiently and in this way offer the lowest price should be the main suppliers (Halweil, 2003 p. 7). But the story is not just about the visible price and cost of the food that can be held low with economies of scale. There exist also different negative externalities that make the food that is produced industrially with low visible costs far away from the consumers more expensive for the consuming society – it may imply fading out of the rural society, environmental costs, excessive energy use, potential contamination during the long distance transportation influencing the health of the consumers etc.

At the same time there is a problem that small local ecologically thinking producers are often too small for selling by themselves (Halweil, 2003 p. 41) to large buyers like retail chains because their volumes are not attractive enough. Here actually the conception of pure competition is hurt in some sense – in some cases it will never be known if the products could be successful and competitive and earn the profit in the supermarkets where most of the purchases are done as they never get to the counter and thus never get the chance to prove themselves. As the production costs of the small producers per unit are still often higher than in the case of large producers, they could keep their prices down to some extent when selling their products by themselves. Thus local food is sold more often for example on farmers' markets. But the local markets are not any more the first choice of the consumers when buying food. For example in Estonia during the last years the consumers have started to buy food more from supermarkets instead of farmers' markets (Elanike toitumisharjumused…, 2005, p. 8-9). In this way the local food distances from the consumer. In long run a social problem exists here – local farmers may lose the demand and thus their jobs as the consumers tend to buy less from local markets, large retail chains buy the products from their large industrial partners and not from local small farmers. The harmfulness for the society stands from one side in the loss of jobs, decreased retention of income within the society and on the other side in the fact that consumers do not have the chance to choose local fresh food any more. All this together causes also environmental damages due to the side effects of long distance transportation and intensive production. These results are not in line with sustainable development of the society.

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In the UK it has been found that public sector procurement is one way to return to local food (Morgan and Morley, 2003). But there is another possibility – to help the local products to be available in large international supermarket chains. There is a question what the government could do if it were interested in the sustainable development of the society – should it subsidize the small local producers in the way that they would be able to supply their food to supermarkets (i.e. to make their price lower and to make them to consolidate their volumes by creating cooperatives etc.) or should the government compensate the supermarkets the difference in prices for letting the supermarket to book some space in their assortments for the local food too. These actions should be done just as long as it takes to remove the imperfectness of the competition (as there is at least one large producer with market power and many small producers that can compete between themselves on the level of perfect competition but not with the large producer) between small and large producers in the eyes of the retailer. The retailer cannot actually say which product would sell better if it has just decided on the basis of the price, habit and convenience to purchase the products of the industrial producer and has even not searched for the local products.

The aim of the article is to develop a theoretical model to discuss how would the food market be influenced by the share of consumers who prefer to buy only local food and by the costs the smaller local firms have to spend to get to the market in the context where there is one large retail chain, a large industrial producer and many small local producers. It will also be discussed where could be the potential focal points for the government intervention when taking these conditions into account if the government is interested in local products being available in supermarkets.

The current article is the first attempt to analyze the subject. Thus only the preliminary theoretical model with many simplifying restrictions is worked out here and it will be developed on and generalized later. No relevant empirical analysis is carried through but it is left for the future.

First the definitions used are defined and the whole background for the model is explained. Then the idea of the model is explained more thoroughly and the model is formally notated. Finally the results are discussed.

Background

Industrial agricultural production in the current context is defined following Union of Concerned Scientists: industrial agriculture "views the farm as a factory with "inputs" (such as pesticides, feed, fertilizer, and fuel) and "outputs (corn, chicken, and so forth). The goal is to increase yield (such as bushels per acre) and decrease costs of production, usually by exploiting economies of scale" (Horrigan, 2002, p. 445). It is not distinguished between domestic or foreign industrial producers as industrial producers may be either domestic or foreign firms, although local firms are mainly domestic. It all depends on the level of production and inputs used per production.

There are several externalities that increase significantly the visible low price of industrially produced food:

- The retention of income within the local community is much lower compared to local production ((Jones, Comfort, 2004, p.331)
- The quality of the food suffers from the long journey to the consumer, including the greater possibility of contamination on its way, and thus has a certain negative effect on the health of consumers.
- environmental costs of intensive production and transportation – pollution from wide use of nonrecoverable resources – it has been calculated that a basic diet (some meat, grain, fruits, vegetables) with imported ingredients can account for four times greenhouse gas emissions and energy of an equivalent diet that consists of domestic ingredients (Halweil, 2003 p. 21).

All these matters are closely related to the concept of sustainable development.

The local production is a bit more difficult to define as there are several sets of definitions available – basing on geography, emotional reach and the concept of local food (Jones *et al*, 2004, p.329). In the current context and as the opposite of industrial production it is meant to be mainly the combination of two sets – geographic and the concept of local food. These are actually tightly bound to each other – as by the concept of local food the food is produced in a way which is benefiting the environment or at the very least does not cause significant environmental damage (*ibid*, p.329), then by the set of geographic definitions food is produced close to the consumers and thus does not use much energy for transportation and in this sense belongs also to the concept of local food.

So all the producers that are situated close to the consumers do not have to be local in the sense of this definition if they are large and produce in industrial way. In this case there are often the consumers who are far away from the producer and if there is just one large producer in neighborhood and nobody else, the rural community may still suffer in some other region. If they are just small but do not produce in ecologically efficient way they also do not fit together with the definition of the local producer. The industrial producer compared to the organic producer of the same size would produce more of the same products and thus would have lower costs and lower price for the products. As in the case of small producers it is thus anyway difficult to sell their products then organic production is one way how to be able to promote their quality in the world where the demand for organic food is increasing fast. Several reasons for and opinions about purchasing organic food are brought out in the article by Squires *et al* (2001).

Talking about the consumers' preferences about the origin of food it has to be said that there exist surveys where it is found out that the consumers would buy local food instead of foreign food if the prices were equal (Nygård, B., Storstad, O, 1998). In UK it has been found out that about 80% of the respondents would choose to buy locally produced food if it were available at the right place with the right price (Weaterell *et al* 2003, p.237). At the same time they would like to buy it from the

mainstream supermarket and more than a half of the respondents said that they were willing to pay more for local food than for industrial (*ibid*, p. 238). Also in Estonia the consumers tend to buy their food mostly in the supermarkets that usually belong to some retail chain (Elanike toitumisharjumused…, 2005, p.8). But the domestic origin of the goods is much less important than the low price of the food when choosing the store (75% argue that price level is very important versus 61% who acclaim that the wide assortment of domestic goods are available at the store) (p. 19). In the EU survey it was brought out that price is on average one of the most important factors when making food choice (Lappalainen *et al*, 1998, p.472). In the case of fresh food (vegetables, fruits and different kinds of meat) the country of origin is one of the most important search cues to make decision about the quality of the food product (Becker, T. *et al* 2000, Huddleston *et al*, 2001). In Huddleston *et al* it is found out that domestic food products are perceived to have higher quality than the imported products.

So it can be seen that both price and country of origin of the food are important issues when consumers make their decisions about buying the food. Both of these facts will be taken into account when constructing the model.

As the quality of products belongs to the most important dimensions when making the buying decision, it cannot be left out of the discussion but it will be integrated into the model in the sense that the higher price is attributed to higher quality and the origin can be linked to the quality too. In the second case it will generally depend on the certain origin of the product but when distinguishing between domestic and foreign or local and industrial producers it is hypothesized here that domestic and local products are supposed to have higher quality compared to the foreign and/or industrially produced products basing on the evidence brought out in some articles (for example Huddleston *et al*, 2001).

In the practice on modeling the current issue there is an important part of the analysis done on the value chain. Food market value chain analysis has been carried through by several authors but they have mainly concentrated on the discussion about how the power and profit are distributed over the channel (Choi (1991), Kadiyali et al (2000), Jeuland and Shugan (1988)). It means that mainly the relationship between producers and retailers has been considered there.

There are also articles on the relationship between retailers and consumers. For example Betancourt and Gautschi (1988) have brought out the relationship between consumption activities of a household and the retailer's distribution services. They have assumed that retail firm was a price taker in the market for the goods that were bought from the suppliers and they excluded the production side of the products sold. At the same time the way they analyze retail firm side, can partially be taken into account in the present paper. Ratchford and Stoops (1992) have constructed an econometrical model about how to maximize the profit of a retail enterprise. Baker (2004) has modeled food marketing chain in Denmark to analyze the provision of quality attributes in the marketing chain.

The idea of the model

The structure of the model is similar to the one used by Choi (1991), where he studies the channel structure for the case where a monopolistic retailer sells two competing brands of duopolistic manufacturers. He used the structure and forms of three power structures (Manufacturer-Stackelberg, Vertical-Nash and Retailer-Stackelberg) to analyse the distribution of profits in equilibrium in each of the cases.

In the current analysis the structure will be used with two producers who compete for the possibility to sell their products at the only retailer's store. Actually one producer will be a single firm that is able to supply alone the quantity demanded. The other producer will consist of n local firms that are able to satisfy the demand ($n \geq 1$). So the model is not symmetric any more. There are also consumers and one retail firm that is a link between the producers and consumers maximizing its profits at the same time.

The products are identical in the sense that the retailer will sell the products to the consumers with the same price and it can do this only when the products seem to have identical quality for the consumers who do not know which product is local and which is industrial. The difference is that there are n local producers[2] and one industrial producer and although the price is equal the goods are labeled this way that the consumers are able to distinguish between them.

There are consumers for whom only local origin actually matters and who do not care about the price. So it is profitable for the retailer to buy local products even with higher price than the products from the large industrial producer, as long as the cost from higher wholesale price does not exceed the revenue it receives from selling some extra amount to the consumers who demand only local products. If the revenue from selling this extra amount will be lower than the cost from buying with the higher price and the price without this margin were higher than the price of the large producer, the retailer would not buy the products from the local producers any more.

The government knows that it would contribute the sustainable development of society if the consumers bought more local food. But for consumers could buy local food, it has to be available on the stores with reasonable price. In the case where the local food is too expensive or makes too much trouble for retailer to get it into the store (in the sense that the quantities per producer are too small), the government could support either the producers to get their prices low enough in the way that they wouldn't suffer any loss, or to compensate the retailer the difference between the lowest price and the local producers' price to make it to buy the local foodstuffs.

The structure of the model is brought out on the figure 1.

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[2] N – the number of producers that is needed to produce the quantity that satisfies a share of the demand that is equal to the share of industrial producer.

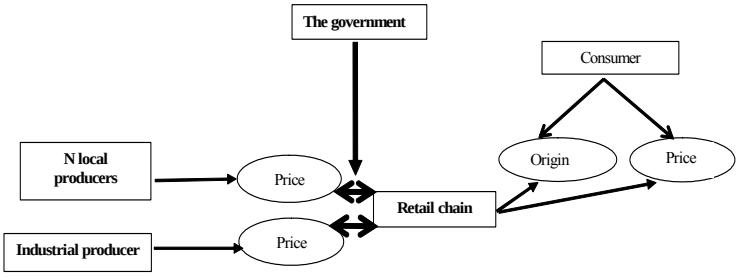

Figure 1. The structure of the model

Formal notation and the discussion

Consumers:
There is a part of consumers who are interested in buying only local food and who do not care about the price of the product. If the store doesn't offer anything local, this consumer goes to another store in spite of distances and other costs that will accompany this behavior. As the share of these consumers is supposed to be low enough, then the retail firm cares only to some extent if these consumers are there or not. It is hypothesized here that the biggest part of the consumers does not care about the origin of the product but they care only about the price of the product and they always buy the product with the lower price. The rest of the consumers are the ones who do not care about price and origin but everything else – like only the quality that cannot be attributed to origin etc. and here they are taken as independent demand. If we take the linear demand function for simplicity of the further analysis and take these conditions into account we get the following demand functions:

The demand function for the products of local producer is:

$$q_d = b + aq_L - (1-a)p_1$$

The demand function for the products of industrial producer is:

$$q_d = b - (1-a)p_1$$

where:
b – independent demand, b>0
q_d – total quantity demanded
a – the share of customers who buy only local goods and don't care about the price,

q_L – quantity of local goods bought by customers who buy only local goods.
p_1 – the price paid by consumers

Retail firm:
Let's suppose first that there are only two sources of costs for retail firm: the buying in of the goods and so-called search cost per supplier. Search cost contains all the costs (including time) connected to searching the supplier, contracting, renewing the contracts etc. This cost is assumed to be the same in the case of all of the suppliers in spite of their volume. So it is profitable for the retail firm to have fewer suppliers and in terms of search costs it would be the most profitable to have a single supplier. The search cost helps to distinguish between the large industrial firm and n small local firms.

The retailer's profit function takes both search cost and the consumer preferences into account::

$$\Pi_R = (p_1 - p_i - s)\left[b - (1-a)p_1\right] + (p_1 - p_L - ns)\left[b + aq_L - (1-a)p_1\right]$$

Where
p_L – the wholesale price for local products,
p_I – the wholesale price for the products of the industrial producer,
s – the search cost, 0<s<1;
n – the number of suppliers needed to satisfy the demand

Producers:
The retail chain can buy the products from the small local producers and from a large industrial producer.

The general profit function for the producers is:

$$\Pi = (p_{I,L} - ns)q_d$$

where:
n=1 in the case of industrial producer

$q_d = \sum_{i=1}^{n} q_l$ in the case of local producers

$\Pi = \sum_{i=1}^{n} \Pi_l$ in the case of local producers

The industrial producer's profit function is:

$$\Pi_I = (p_I - s)\left[b - (1-a)p_1(p_L, p_I)\right]$$

and the local producer's profit function is:

$$\Pi_L = (p_L - ns)\left[b + aq_l - (1-a)p_1(p_L, p_I)\right]$$

In the both profit functions the retail price is a function of both wholesale prices. Producers maximize the profit from the products they sell to the retail firm with respect to their own wholesale prices taking the retail price as given. (Actually they may sell products also to the other retail firms or just by themselves, but here it will

be looked at just the profit from producing and selling their products to the retail firm under discussion).

Taking into account that the retail price is a function of the wholesale prices of both producers and although the wholesale prices differ, the retailer sells the products of the both producers at equal price, we end up with the following wholesale prices:

$$p_L = \frac{1}{3}\left[\frac{b}{1-a} + \frac{2a}{1-a}q_L + (2n-1)s\right]$$

$$p_I = \frac{1}{3}\left[\frac{b}{1-a} - \frac{a}{1-a}q_L + ns\right]$$

The wholesale price of the local producer exceeds the price of the industrial producer by the following difference:

$$\text{Difference} = \frac{a}{1-a}q_L + \frac{(n-1)}{3}s$$

If the share of the consumers who prefer to buy only local food is 0 and there is needed only one local firm to satisfy the demand of the same size as the industrial firm does, the wholesale prices will be equal. But as the share of consumers who prefer to buy only local food increases and the volume of the local firms decreases (this ends up with an increase in n), the wholesale price for local food will be higher than the price for industrial food.

If the retailer would find that it does not want to pay any price higher than p_I to the manufacturers (it is quite possible in the case of large supermarket chains – like it is found out in Super markets or …, (2003) – that Tesco in Great Britain has been found to pay the lowest prices to their suppliers), even if it could sell some extra amount to the consumers who buy only local food, then here can be found the first potential intervention point for the government. If the government could compensate the local producers or the retail chain the difference between these two prices, the local products would have equal positions with the industrial producer. Here it would be simpler to compensate the difference to the retailer as there are n local firms and only one retailer.

Theoretically the retailer should be ready to buy local products as long as the revenue from selling some extra amount to the consumers who do not care much about the price of the food exceeds the loss they suffer when negotiating and contracting with more than just one supplier. But in the context of the model under discussion the retailer is not eager to lose in its profit at all when buying in some more expensive products – it will raise its retail price as it can be seen from the following equation.

$$p_1 = \frac{1}{3}\left[\frac{2b}{1-a} + \frac{a}{1-a}q_L + \frac{n+1}{3}s\right]$$

The retail price is the higher the bigger is the share of the consumers who prefer to buy local food and the higher the more local firms there are. This is the place where the diseconomies of scale is passed on to the consumers as it is said to happen in Jones and Comfort (2004, p.331).

Substituting the price into the demand function we end up with the quantity demanded:

$$q_d = \frac{1}{3}b + \frac{2}{3}aq_L - (1-a)\frac{n+1}{3}s$$

The demand is increasing in the share of consumers who prefer the local food and decreasing in search costs. When the share of consumers who prefer to buy local food increases the negative influence of search costs on the quantity demanded decreases.

Taking the demand and the retail price into account, the profit functions for the production firms are the following:

$$\Pi_L = \frac{1}{9}\left[\frac{(b+2aq_L)^2}{(1-a)} - (b+2aq_L)2s - (1-a)(n^2-1)s^2\right]$$

$$\Pi_I = \frac{1}{9}\left[\frac{(b-aq_L)^2}{(1-a)} + (b-aq_L)(2n-1)s + (1-a)n(n-1)s^2\right]$$

In some sense similar behavior can be noticed. The profit of local firms is rising in the share of consumers who prefer to buy local food and declining in the number of local firms and in search costs. At the same time there is opposite tendency in the profit function of industrial firm. When the number of local firms is increasing, the profit of industrial firm is increasing, too, and when the share of consumers who prefer to buy local food, increases, the profit of industrial firm decreases.

For the local producer it makes sense to produce until the profit is not lower than zero. To find the corresponding level of search costs the profit function of the local firms has to be set equal to 0 and then it has to be solved with respect to s. The result is following:

$$s_0 = \frac{b+2aq_l}{(1-a)(n+1)}$$

It can be seen that the more firms there are needed to satisfy the demand, the smaller s_0 has to be to keep the profit of the producers nonnegative. At the same time the higher the share of consumers who prefer to buy local food is the larger s_0 may be to keep the profit nonnegative.

When $s>s_0$, the profit of the local firms will be less than zero and they will not be supplying the products to the retailer under discussion. If in reality the so-called search costs will exceed the level above, the government could intervene to help to compensate the difference in search cost.

One possibility for the government to support local small producers were to create a distributor that would help by collecting the products from the producers to create the volume that were attractive for the retail chain without charging the producers for that. In this way the number of firms that negotiate and contract with the retail firm could be reduced and this would reduce the search costs for both the producers and retailer. The only party that would suffer from that would be the industrial producer.

All these supportive actions should be just onetime actions giving the small producers the equal starting position to compete on the counters with the large producer.

Conclusions

The agricultural production has become more and more industrial during the last times, using more nonrecoverable resources, energy and thus increasing the negative externalities of the production. As it were in line with sustainable development to produce more locally to the local market and as also the consumers are to large extent interested in buying local food, it were a potential focal point for government to intervene to get local products, that are usually more expensive than industrially produced products and sold in smaller quantities, available in large supermarket chains. This could be the possibility for the local products to prove themselves to be competitive on the shelves of the retailer if they have not seemed to be competitive for the retailer before.

To find out these points a theoretical model was developed were two producers (one producer being a single firm that is able to supply alone the quantity demanded and the other one consisting of n local firms that were able to satisfy the demand) competed for the possibility to sell their products at the only retailer's store. In the model there are also consumers and one retail firm that is a link between the producers and consumers and that maximizes its profit at the same time.

Taking into account the search costs per firm that help to distinguish between the industrial firm and n small local firm and the fact that there is a share of consumers who prefer to buy local food no matter for which price, there has been found two

ways were and how the government could intervene to make the local products available at the retail chain.

For the first case it is important to distinguish between the wholesale prices for both kinds of producers. As the price for local producers is higher than the price of industrial producer, there is possibility that the retailer would not want to pay any price higher than it pays to the industrial producer as the lowest price supplier. This may happen even if it could sell some extra amount to the consumers who buy only local food. If the government could compensate the local producers or the retail chain the difference between these two prices, the local products would have equal positions with the industrial producer. It would be simpler to compensate the difference to the retailer as there are n local firms and only one retailer. Later, when the local products have proved themselves to be competitive, the support will not be needed any more.

For the second case it was found out what is the theoretical maximum search cost of local producers that holds the profit nonnegative. If the real search cost is higher than the calculated optimal search cost, the government could intervene to compensate the difference. For reduction of the search costs the government could create a distributor that would help by collecting the products from the local producers to create the volume that were attractive for the retail chain without charging the producers for that. In this way the number of firms that negotiate and contract with the retail firm could be reduced and this would reduce the search costs for both the producers and retailer. This is also a support that is given only once. The only party that would suffer from that is going to be the industrial producer.

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Kokkuvõte

KOHALIKUD TOIDUAINED JAEKAUBANDUSKETTIDES – VALITSUSE VÕIMALUS TOETADA JÄTKUSUUTLIKKU ARENGUT

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Põllumajanduslik tootmine on läbi aegade muutunud järjest enam tööstuslikumaks, kasutades muuhulgas järjest enam taastumatuid ressursse ja mõjutades negatiivselt keskkonda. Ühiskonna jätkusuutliku arengu huvides oleks, kui põllumajanduslik tootmine toimuks pigem kohalikul tasandil ja mitte ainult mastaabisäästu arvesse võttes selleks, et säästa energiat transpordi arvelt ja loodusressursse, et tarbijad saaksid värskemaid toiduaineid, mis ei ole pikal teekonnal saastunud, et toiduainetele kulutatud raha jääks ühiskonda jne. Seda toetab fakt, et mitmetes erinevates riikides tehtud uuringutes on jõutud tulemuseni, et tarbijad on huvitatud kohaliku toidu tarbimisest ning vaid teatud määrani võib toidu hind olla kohaliku toidu ostmisel takistuseks. Samal ajal aga kohalike tootjate väiksuse tõttu on nende väljamüügihinnad tihti liiga kõrged ja/või toodetud kogused liiga väikesed selleks, et suured (rahvusvahelised) jaemüügiketid kohalikke kaupu müügile võtaksid. Kuna tarbijad on hakanud toitu vähem turgudelt ja rohkem suurtest ketikauplustest ostma, siis on tekkimas probleem, et kohalike tootjate pakkumine ja tarbijate nõudlus ei saa enam omavahel kokku, kuigi tarbijad oleksid huvitatud kohaliku toidu ostmisest ning tootjad oleksid ka selle müügist huvitatud. Selles osas ei saa öelda, et väiksed tootjad päris õiglastel tingimustel suurte tööstuslike tootjatega konkureeriksid, kuna neil ei olegi võimalust jõuda suure osa lõpptarbijateni.

Käesoleva artikli eesmärgiks on teoreetilise mudeli abil kohalike tootjate väiksust ja tarbijate soovi kohalikke toiduaineid osta arvestades välja selgitada, mis osas võiks valitsuse sekkumine kohalike toiduainete suurtes kaubanduskettides müügil olekule kaasa aidata. Selleks on artiklis Choi poolt 1991 aastal koostatud mudelile baseerudes välja töötatud mudel, mis kirjeldaks, kuidas võiks toiduaineteturgu mõjutada, kui ühes jaekaubandusketis müügil oleku pärast konkureerivad üks suur tööstuslik põllumajandustootja ning n väiksemat kohalikku tootjat. Osa tarbijatest eelistavad osta kohalikku toidukaupa ükskõik millise hinnaga ning ülejäänute ostueelistus sõltub hinnast.

Mudelis eeldatakse, et tootjate ainsaks kuluartikliks jaekaubandusettevõtjale kaupa pakkudes on nn. otsimiskulud, mis sisaldavad endas sobiva kaubanduspartneriga läbirääkimis- lepingu sõlmimis-, lepingu uuendamis- ja muid kulusid. Otsimiskulud on igal tootjal võrdsed sõltumata tootmismahtudes, ning sisuliselt sama suuri otsimiskulusid tuleb kanda ka jaekaubandusettevõtjal, kui ta iga konkreetse tootjaga eraldi läbi räägib.

Artiklis leitakse esialgu kaks võimalikku valitsuse sekkumispunkti. Kui otsimiskulude mahtu arvesse võttes on kohalike tootjate poolt toodetud tööstusliku tootja toodetud kogusele võrdse koguse hind tööstusliku tootja hinnast kõrgem ja

jaemüüja ei ole huvitatud kõrgema hulgihinna maksmisest, kuigi on teatud hulk ostjaid, kes ostaksid kohalikku kaupa ka kõrgema hinnaga, siis siin võiks valitsus näiteks kompenseerida hinnavahe kas tootjatele või jaekaubandusettevõttele seni, kuni kohalik toode on tõestanud enda konkurentsivõimelisust või –võimetust. Jaekaubandusettevõte ise suure tõenäosusega ei ole huvitatud eelnevatel tingimustel kõrgema hulgihinna maksmisest, sest ta tahaks iga hinna eest kasumit maksimeerida. Kuna kohalikke tootjaid on n tükki ja kaubandusettevõtteid vaid üks, siis ilmselt oleks siinkohal valitsusel lihtsam hinnavahet jaekaubandusettevõttele kompenseerida. Kohaliku tootja müügihind ei oleks tööstusliku tootja hinnast kõrgem juhul, kui kodumaist kaupa eelistavaid tarbijaid ei oleks ning tööstusliku tootjaga sama koguse tootvaid kohalikke tootjaid oleks 1, st. kohalik ettevõte oleks identne tööstusliku tootjaga.

Teisel juhu jaoks tuleb vaadata, mis oleksid maksimaalsed otsimiskulud, mida kohalikud tootjad võiksid maksta ilma, et nad kahjumit kannaksid. Juhul kui tegelikud otsimiskulud oleksid nendest kõrgemad, siis võiks valitus näiteks toetada tootjate ühistu või kooperatiivi loomist, mis ühiselt kõigi tootjate eest räägiks jaekaubanduskettidega läbi ja seeläbi vähendaks märkimisväärselt otsimiskulusid kõigi poolte jaoks. See oleks sisuliselt ühekordne toetus.

ÜBER DIE REGELUNG DES ESTNISCHEN BINNENHANDELS

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Einführung

Die Probleme der Regelung des Binnenhandels sind mit einem wesentlichen Gebiet der Wirtschaftspolitik, nämlich mit der Strukturpolitik verbunden, durch die der Handelssektor auch regional reglementiert wird. Im estnischen Handel gibt es einige Probleme, die von den grundsätzlichen Entscheidungen der Regelung des Handels abhängen. Eine wichtige Rolle spielt dabei die Entwicklung der Europäischen Union, weil der europäische Binnenmarkt immer mehr wirksam wird. Der estnische Handel wird durch eine regionale Unausgeglichenheit gekennzeichnet, obwohl man in der Europäischen Union gerade auf die Minderung der regionalen Unterschiede einen großen Wert legt.

Das Ziel des vorliegenden Artikels ist, die Entwicklungen in der Regelung des estnischen Binnenhandels im Laufe der letzten zehn Jahre zu vergleichen und zu verallgemeinern, ebenso die von der liberalen Wirtschaftspolitik ausgehenden Tendenzen einzuschätzen und einige Probleme vorzuheben, die eine konkrete Lösung brauchen.

Grundsätzliche Entscheidungen der Regelung des Binnenhandels

In der auf die Marktwirtschaft orientierte Wirtschaft übt der Binnenhandel als Tätigkeitsbereich (als Wirtschaftszweig) eine wesentliche Funktion aus. Je entwickelter eine Wirtschaft ist, desto vielfältiger sind die Aufgaben des Handels unter Bedingungen der Arbeitsteilung miteinander verknüpft, desto kostspieliger wird die Überwindung der zeitlichen, räumlichen, quantitativen und qualitativen Unterschiede zwischen der Produktion und dem Verbrauch.

Der Anteil des Handels am Bruttoinlandsprodukt stieg in den Jahren 1992-1994 von 13,6 Prozent auf 16,9 Prozent, der sowohl durch die äußerst schnelle quantitative Entwicklung des Handels als auch durch die Senkung, den Tiefstand oder durch das langsame Wachstum des Leistungsvolumens anderer Witrschaftsbereiche verursacht wurde (Eesti statistika ... 1995). Die wirkliche Rolle der Handelsbetriebe im Wirtschaftsleben eines Staates, ihre Existenzbedingungen und Erfolgschancen hängen wesentlich von der Tätigkeitsumwelt, von ihrer direkten oder indirekten, von ihrer positiven oder negativen Wirkung ab.

Nach der erfolgreichen Durchführung der ersten Etappe der Handelsreform (Privatisierung) in den Jahren 1992-1994 wurden in Estland mehrfache Entscheidungen getroffen. Im Allgemeinen lassen sich drei verschiedene Wahlmöglichkeiten hervorzuholen.

1. Die Position des Staates in Bezug auf den Handelssektor wird nicht festgelegt.
2. Die positive Position des Staates in Bezug auf den Handelssektor im Rahmen der Handels- und Regionalpolitik wird bewusst festgelegt.
3. Eine besondere Aufmerksamkeit wird auf die Politik der unternehmerischen Tätigkeit gerichtet, indem man voraussetzt, dass sie imstande ist, gleichzeitig sowohl die Klein- und Mittelunternehmen als auch ihre repräsentativen Tätigkeitsbereiche zu fördern.

Von diesen drei Möglichkeiten wurde anfangs die Erste ausgewählt, mit anderen Worten, die Wahl wurde zu Ungunsten des Handels gemacht. Der Entwurf des ausgearbeiteten Handelsgesetzes wurde nicht angenommen. Infolge mehrmaliger organisatorischer Veränderungen "verschwand" die zentrale Institution der Handelspolitik (Handelsministerium). Die Binnenhandelspolitik "schmolz" zur Politik der unternehmerischen Tätigkeit und als vereinbarte Subjekte der Handelspolitik (Bestätiger von Rechtsakten) funktionierten außer dem Staatspräsidenten und der Regierung der Republik drei Ministerien (Wirtschaftsministerium, Landwirtschaftsministerium, Finanzministerium) und noch einige Zentralbehörden.

Am 25. Mai 1995 waren 53 Rechtsakte in Kraft (Tonndorf 1995), die den Einzelhandel regelten, 60% der Rechtsakte wurden in den letzten anderthalb Jahren erlassen. In dieser Hinsicht wurde der Handel in den ersten Jahren des Übergangs auf die Marktwirtschaft nur von der "unsichbaren Hand des Marktes" geführt. Erst, als konkrete Probleme und der Bedarf nach der Regelung entstanden waren, begann man konkrete Rechtsakte auszuarbeiten.

Ab 2000 wurde bewusst die dritte Möglichkeit gewählt. Der Gesetzentwurf der Unternehmenspolitik (Eesti ettevõtluspoliitika 2001) wurde als Entwicklungsprogramm im Jahre 2002 verabschiedet (Ettevõtlik Eesti 2002). Leider unterliegt die unternehmerische Handelstätigkeit der positiven Wirkungsumwelt dieses Gesetzes nicht, weil vorrangige Tätigkeitsbereiche, Zielgruppen und Maßnahmen eine andere Tendenz befolgen. Natürlich wird die unternehmerische Handelstätigkeit indirekt auch durch die Normativakte, die sich auf die gewerbliche Tätigkeit im Allgemeinen beziehen, geregelt. Dennoch zeigt uns die inhaltliche Bewertung, dass trotz des großen Anteils der Einzel- und Großhandelsbetriebe an der Zahl von Klein- und Mittelbetrieben, in den letzten Jahren *ca* 30% (Eesti statistika ... 2005), die die gewerbliche Tätigkeit unterstützende Vorrechte nicht für sie gedacht sind. In der Praxis der unternehmerischen Handelstätigkeit sind nur seltene Beispiele über die Förderung der Humanressourcen, Verbesserung der Finanzierungsmöglichkeiten, Förderung der gezielt angewiesenen Unterstützungsstruktur, Verbreitung von Informationen über die unternehmerische Tätigkeit oder die Vereinfachung der Geschäftsführung zu finden.

Über die Handelspolitik und ihre Wirkung

Die Wirkung der Handelspolitik hängt davon ab, ob die Handelspolitik in einem Staat ausgearbeitet worden ist, ob sie akzeptiert wird und ob sie bestimmte Bereiche der Wirtschaftspoltik beeinflusst und formuliert. Die Wirkung der Handelspolitik setzt voraus, dass das Objekt eindeutig festgelegt wird und, dass die zentrale Institution, der Träger der Handelspolitik, vorhanden ist.

Die Hauptziele der Handelspolitik sind von dem Wirtschafts- und Kommunikationsministerium formuliert. Das sind (http://www.mkm.ee):

- Schaffung einer gesetzlichen Umwelt, die die Entwicklung der unternehmerischen Tätigkeit auf dem Gebiet des Handels fördert,
- Einführung guter Handelsgepflogenheiten und allgemeine Verbesserung der Komsumentenumwelt,
- Ehrlich funktionierender Wettbewerb zwischen den Unternehmern im Verkaufsprozess von Waren oder Diensleistungen,
- Freier Warenverkehr auf dem europäischen Binnenmarkt.

Die Schaffung des gesetzlichen Systems trägt zur Verwirklichung der genannten Ziele bei. Zu Anfang des Jahres 2006 gab es 2 Gesetzbücher - *Geschäftsgesetzbuch* (*Äriseadustik*)/*Handelsgesetzbuch* und Strafgesetzbuch, 21 Gesetze und 15 Vorschriften (http://www.kaupmeesteliit.ee), die den Handel (zusammen mit anderen gewerblichen Bereichen) regeln. Vom Standpunkt der Schaffung des gesetzlichen Systems sind zweifellos Gesetzbücher und Gesetze sehr wichtig: Alkoholgesetz, Verbrauchsteuergesetz über Alkohol, Tabak und Kraftstoff und das Änderungsgesetz (Steuerzeichen), Urheberrechtsgesetz, Abfallgesetz, Warenzeichengesetz, Gesetz über die Handelstätigkeit, Wettbewerbsgesetz, Berufsausbildungsgesetz, Mehrwertsteuergesetz, Gesetz über Einheiten im Messwesen, Verbrauchsteuergesetz über die Verpackung, Verpackungsgesetz, Werbungsgesetz, Gesetz über öffentliche Ausschreibungen, Gebührengesetz, Verbraucherschutzgesetz, Lebensmittelgesetz, Produktverantwortungsgesetz, Fremdenverkehrs- und Schuldrechtsgesetz. Es ist zu betonen, dass die genannten Gesetze sich nicht nur auf den Handel beziehen, sondern auch auf die Tätigkeitsbereiche, mit denen der Handel eng verbunden ist, z.B. Industrie, Transportwesen.

Vorschriften: Produktverantwortung in Europa (Anleitung zur korrigierender Handlung und Rückgabe), Verordnung der Regierung der Republik über die Kennzeichnungsart und –ordnung der Elektro- und Elektronengeräte und die Anforderungen an Verbleib, Verwertung und Beseitigung von Abfällen, die aufgrund der Verwendung dieser Geräte enstanden sind (und die Änderungen zu dieser Verordnung); Allgemeine Vorschrift über Lebensmittelhygiene; Anleitung zur Versorgung der Konsumgüter mit estnischsprachiger Information; Anleitung zur Zusicherung der einer Ware oder einer Dienstleistung gegebenen Garantie; Weiterleitung der Informationen an die Verbraucher der Waren und Dienstleistungen und die Benutzungsordnung über die Verwendung der

Fremdsprachen für berufliche Kommunikation; Anforderungen an die Kennzeichnung von Lebensmitteln, Vorschriften für Weiterleitung von Informationen über die Herkunft des Rohstoffes; Spezielle Anforderungen an Kennzeichnung und Entsorgung von Gefriergut; 2 Vorschriften für Kennzeichnung von Kleidung und Textilwaren – Vorschrift; Anforderungen; ebenso 2 Vorschriften für Kennzeichnung von Kinderschuhen – die Bestätigung der Vorschrift; Anforderungen; Sicherheitsanforderungen an Spielzeug und Beweisregeln für Anforderungserfüllung; Anforderungen an die Preisfestlegung für eine Ware oder eine Dienstleistung (Verkaufspreis, Stückpreis) – es ist mehr auf die Handels- und Industriebetriebe u.a. orientiert und beziehen sich vor allem auf die Waren als Objekte der Handelstätigkeit. Es ist auch logisch, weil es von jeher Waren gibt (z.B. Schusswaffen, Treibstoff, Metal, Pflanzenschutsmittel, Reinigungsmittel und Kosmetika, Alkohol, Tabak u.a.), deren Verkauf, Kennzeichnung, Besteuerung, Pflege, Sicherheit und Entsorgung einer besonders sorgfältigen Regelung unterliegen. In diesem Zusammenhang sollte man auf einige terminologische Unkorrektheiten hinweisen, z.B. parallel oder statt der *Ware* (*kaup)* werden in den Vorschriften folgende Entsprechungen benutzt: *Produkt* (*toode*) *Konsumware* (*tarbekaup*), *Ware und Dienstleistung* (*kaup ja teenus*), *Dienstleistungen und Waren* (*teenused ja kaubad*).

Es entsteht die Frage, ob die obengenannten Gesetze ein geschlossenes System von Rechtsakten geschaffen haben, das das Handelsgesetz sich als Ziel gesetzt hat? Das Handelsgesetz sollte als zentraler Rechtsakt für den Handel in Erscheinung treten, der einerseits an die Zivilgesetzgebung, auf unternehmerische Tätigkeit bezogene Gesetze, auf Finanz- Kredit- und Banken bezogene Gesetzgebung und andererseits an die vernetzten Gesetze (Verbraucherschutzgesetz, Antimonopolgesetz, Sonderbedingungen öffentlicher Ausschreibungen, System der Sonderanforderungen an die Qualität der Waren) gebunden ist (Siimon 1996).

Es ist der Erwähnung wert, dass wir heute über wesentliche Rechtsakte verfügen: *Geschäfts/Handels*gesetzbuch (anstatt der auf unternehmerische Tätigkeit bezogenen Gesetze, Strafgesetz (anstatt ehemaliger Zivilgesetzgebung), Verbraucher-schutzgesetz, Wettbewerbsgesetz (anstatt des Antimonopolgesetzes), Gesetz über öffentliche Ausschreibungen (anstatt der Sonderbedingungen) und das Gesetz über die Lebensmittel- und Produktverantwortung. Demzufolge müsste der zentrale auf den Handel bezogene Rechtsakt, der auch die Entwicklung der unternehmerischen Tätigkeit fördert, das Gesetz über die Handelstätigkeit sein (http://www.riigiteataja.ee). Im Laufe der Ausarbeitung des erwähnten Gesetzentwurfes wurden diese Ziele offensichtlich nicht gesetzt, leider muss man jetzt zugeben, dass das Gesetz über die Handelstätigkeit heute nur eine relativ bescheidene Wirkung hat.

Das Gesetz über die Handelstätigkeit ist ein ziemlich neues Gesetz, es wurde am 11.02.2004 angenommen und am 2.03.2004 laut Beschluss des Staatspräsidenten verkündet. Demzufolge sollte dieses Gesetz sich an die schon vorhandenen Gesetze anpassen, deshalb enthällt dieses Gesetz Verweise auf das Verbraucherschutzgesetz, das Lebensmittelgesetz und das Strafgesetz. Dazu werden die im Gesetz über die

Handelstätigkeit verwendeten Begriffe durch Verweise auf das Verwaltungsvollstreckungsgesetz, Tirschutzgesetz, Buchführungsgesetz, Strafgesetzbuch präzisiert.

Wenn man früher auf den Mangel hinwies (Siimon 1997), dass in Estland in den Normativakten die Begriffe Handel, Handelssubjekte, -objekte und –tätigkeiten nicht definiert worden sind, so versucht man durch das Gesetz über die Handelstätigkeit diesen Fehler zu beheben. Leider liegen den begrifflichen Bestimmungen weder die in der Handelswissenschaft (Schenk 1991) noch in der Praxis und in der Umgangssprache verwendeten Begriffe zugrunde. Im Vergleich zu dem gewissermaßen als Entwurf gebliebenen Handelsgesetz wird den Begriffen, darunter den Subjekten der Handelstätigkeit, wenig Aufmerksamkeit geschenkt. Als Hauptbegriff wird das Wort *Händler* **(***kaupleja*) (*Person* oder *Institution*) verwendet, das weder in den theoretischen handelsbezogenen Abhandlungen (Mallene 2002 u.a.) noch in der Handelspraxis benutzt wird. Eine verwirrende Benutzung der Begriffe wurde schon im *Geschäfts/Handels*gesetzbuch angewandt, indem der Begriff *Unternehmer* als eine natürliche Person, aber auch als *Geschäfts/Handels*gesellschaft verwendet wurde. In Estland (sowie in Europa und Amerika) wird von jeher unter Unternehmer der Mensch verstanden, der sich mit Gewerbe, d.h. mit unternehmerischer Tätigkeit beschäftigt (Kuura 2001). Außer dem Begriff *Händler* (*kaupleja*) sind noch weitere Begriffe, die mit dem Wort *Person* (*isik*) verbunden sind, wie *Institution* (*asutus*), *juristische Person* (*juriidiline isik*) und *Verkäufer* (*müüja*) unklar erklärt worden. Die Begriffe werden leider nicht konsequent gebraucht, z.B. *Konsumware* (*tarbekaup*) (im Vorschriftenverzeichnis) oder *Ware* (*kaup*) und *Produkt* (*toode***)** (im Gesetz über die Handelstätigkeit). Die *Handelstätigkeit* ist ein guter Begriff, der am besten zum Handelsbetrieb und nicht zum Handel als Tätigkeitsbereich passt.

Eine wichtige Frage ist eine konkrete Bestimmung des Objektes der Handelspolitik. Auf dem staatlichen Niveau muss der Handel als Tätigkeitsbereich angesehen werden. Verschiedene Institutionen haben das unterschiedlich interpretiert. Zum Beispiel im offiziellen Dokument des Wirtschafts- und Kommunikationsministeriums wird der *Handel* für den Wirtschaftsbereich gehalten, der sowohl den Einzel- als auch Großhandel, die Verpflegung, die Dienstleistung und auch die Handelsordnung umfasst (http://www.mkm.ee). Im Vergleich zum Estnischen Statistikamt wird in diesem Fall das Objekt in einem weiteren Sinne verstanden. Von 16 Tätigkeitsbereichen werden unter anderem folgende Tätigkeitsbereiche aufgezählt:

- Groß- und Einzelhandel; Reparatur von Kraftfahrzeugen, Motorrädern, privaten Gebrauchsgegenständen und Haushaltsgeräten;
- Hotels und Restaurants (eigentlich Hotel- und Gaststättengewerbe – A.S.);
- Personendienstleistung (unter der Gesellschafts-, Sozial- und Personendienstleistung).

Besonders fraglich ist, dass die Verpflegung und die Dienstleistungen zum Tätigkeitsbereich Handel gezählt werden. Die Verpflegung (das Gaststättengewerbe) ist in der Marktwirtschaft und auch in der estnischen Statistik zusammen mit der Hotellerie aufgezählt. In der Theorie und in der Praxis wird der Dienstleistung eine umfangreichere Bedeutung zugeschrieben, z.B. als Dienstleistungssektor verstanden.

Wie der Handel in der estnischen Handelspolitik definiert wird oder sein soll, bleibt unklar. Es gibt in Estland keine Institution, die die handelsbezogene Terminologie ordnet und regelt oder die daran interessiert und dafür zuständig wäre.

Zentrale Institutionen, die den Binnenhandel regeln

Mit der Regelung des Binnenhandels beschäftigen sich in Estland auf dem staatlichen Niveau die Abteilung Binnenmarkt und der Handelsdienst des Wirtschafts- und Kommunikationsministeriums (http://www.mkm.ee), also hauptsächlich eine von drei Untereinheiten einer Abteilung, die anderen zwei sind die Dienste für Verbraucher- und Wettbewerbspolitik und der Dienst für Infrastruktursqualität. Die Aufgaben der Abteilung Binnenmarkt sind nicht eindeutig formuliert. Diese Abteilung bereitet die Entwürfe der Rechtsakte über Handel, darunter auch über Außenhandel, weiter über Tourismus, freien Verkehr von Waren und Dienstleistungen, Verbraucherschutz, Marktaufsicht, Schutz des gewerblichen Eigentums, Qualität der Infrastruktur und über die Konkurrenz vor. Man kann nur vermuten, wo die Begriffserklärung *Handel* und der Kompetenzbereich des Handelsdienstes enden und der Kompetenzbereich anderer Dienste beginnt. Die Abteilung Binnenmarkt ist verantwortlich für die Ausarbeitung bereichbezogener Politiken (welche? A.S.), der Entwicklungsprogramme und anderer strategischen Dokumente und verfolgt ihre Verwirklichung (http://www.mkm.ee). Zusammenfassend kann man sagen, dass der Zuständigkeitsbereich der Abteilung Binnenmarkt zu breit und verschwommen ist. Dem Handel (in klassischer Bedeutung) wird wenig Aufmerksamkeit geschenkt, obwohl sein Anteil am Bruttoinlandsprodukt in den Jahren 2001-2004 stabil hoch *ca* 13% gewesen ist und heute unter den 16 Tätigkeitsbereichen auf dem 4. Platz steht (Eesti statistika ... 2005).

Laut Gesetz über die Handelstätigkeit (§ 21) gibt es vier Aufsichtsbeauftragte - Verbraucherschutzamt, Inspektion für Gesundheitsschutz, Polizeipräfektur und Gemeinde- oder Stadtverwaltung (http://riigiteataja.ee). Man kann sie gewissermaßen für die Institutionen halten, die den Handel regeln, aber zu ihrem Interessengebiet gehören konkrete Handelsbetriebe in ihrem Tätigkeitsgebiet. Für den Handel gibt es wichtig die erste Institution, die sich mit der Rechtsschöpfung befasst und die Überwachung durch die Gebietseinheiten nicht nur im Handel, sondern auch in anderen Gewerbebereichen ausübt. Demzufolge wird die Anwendung des Gesetzes von vier Subjekten, die sich getrennt mit nur einem Teilgebiet des gesamten Handels beschäftigen, verfolgt.

An dieser Stelle soll die Aufmerksamkeit auf noch einen Begriff gerichtet werden. Die *Handelsregelung* (*kaubanduse reguleerimine*) und die *Handelsordnung*

(*kaubanduse korraldamine*) sind inhaltlich naheliegende Begriffe und werden in der Handelspolitik verwendet (Mallene 2002). Dieselbe Bedeutung wird diesen Begriffen auch vom Wirtschafts- und Kommunikationsministerium zugeschrieben (http://www.mkm.ee). Im Gesetz über die Handelstätigkeit wird unter *Handelsveranstalter* (*kaubanduse korraldaja*) eine Person oder ein Unternehmen verstanden, die oder das aufgrund der wirtschaftlichen oder beruflichen Tätigkeit den Markt- oder Straßenhandel oder den Handel bei öffentlichen Veranstaltungen, darunter auf Messen und Jahresmärkten organisiert und durchführt (http://www.riigiteataja.ee). Laut dieser Definition wird die Bedeutung von *Handelsveranstalter* (*kaubanduse korraldaja*) widersprüchlich und geringschätzig dargelegt.

Von der Initiative der Handelsbetriebe und ihrer positiven Wirkung ist die Tätigkeit des Verbandes der Estnischen Kaufleute hervorzuheben. Das ist eine Institution, die als Dachorganisation funktioniert und erfolgreich die Interessen der Handelsbetriebe vertritt. Der Verband der Estnischen Kaufleute wurde auf freiwilliger Grundlage als Gemeinsachaft der in der Estnischen Republik ansässigen Einzel- und Großhandelsbetriebe im Jahre 1996 gegründet. Das Gründungsziel war, die Interessen der Verbandsmitglieder im Prozess der Gesetzgebung, bei der Förderung der unternehmerischen Tätigkeit und der Einführung der Prinzipien der guten Handelsgepflogenheiten zu vertreten und zu schützen (http://www.kaupmeesteliit.ee). Als Mitglieder des Verbandes der Estnischen Kaufleute sind die in der Estnischen Republik ordnungsmäß eingetragenen privatrechtlichen Körperschaften, die den Handel betreiben, die Verbandssatzung und Handelgepflogenheiten anerkennen und verfolgen. Die Mitgliedschaft ist von 34 (2003) auf 44 (2006) gestiegen, sie umfasst 28 Aktiengesellschaften, 7 Gesellschaften mit beschränkter Haftung, 4 Konsumgenossenschaften, Handelsketten der Estnischen Verbrauchergenossenschaft, 3 Lehranstalten und 1 Konferenzzentrum.

Der Verband der Estnischen Kaufleute ist Gründungsmitglied des Zentralverbandes der Estnischen Arbeitgeber und Mitglied von *EuroCommerce*, einer Gemeinschaft von Einzel-, Groß- und Außenhandel in Europa. In Zusammenarbeit zwischen dem Verband der Estnischen Kaufleute und *Eurocommerce* und auf Unterstützung der Europäischen Kommission wurde am 14. Oktober 2005 das Seminar "Handelsbezogene Rechtsakte des Binnenmarktes" organisiert, dessen Ziel war, den Dialog zwischen den Unternehmern auf dem Gebiet, das sich mit den auf dem Europäischen Binnenmarkt geltenden Prinzipien und dem Verbraucherschutz, ebenso mit Produktverantwortung, unlauteren Handelsgepflogenheiten, falschen Bedingungen in den Arbeitsverträgen usw. befasst, zu entwickeln. Am Seminar nahmen die Vertreter der Mitgliedsunternehmen der Verbände der Estnischen und der Lättischen Kaufleute, die Vertreter des Wirtschafts- und Kommunikationsministeriums und die Vertreter des Amtes für Verbraucherschutz teil.

Der Verband der Estnischen Kaufleute hat sich als eines der Hauptziele gesetzt, das eigentlich nicht zum Aufgabenbereich einer Dachorganisation gehört und deswegen

einer offiziellen Einheit bedarf, nämlich als Handelsexperte bei den staatlichen Institutionen zu sein. Die letztere Rolle ist von großer Bedeutung und muss konkretisiert werden. Wenn wir den Handel in einem weiteren Sinne betrachten, so beschäftigen sich mit anderen Tätigkeitsbereichen, wie Verpflegung, Unterbringung, Fremdenverkehr, sowohl staatliche Institutionen (Abteilung Binnenmarkt und Handelsdienst des Wirtschafts- und Kommunikationsministeriums, Amt für Tourismus) als auch die Dachorganisationen (z.B. Verband der Estnischen Hotels und Restaurants).

Außerdem setzen sich der Verband der Estnischen Kaufleute und der Handelsdienst energisch ein, indem sie alltägliche Probleme lösen, Widersprüche und Unstimmigkeiten in den Gesetzen erörtern, um die Anwendung und die Wirkung der Gesetze zu gewährleisten. Zum Beispiel viele Probleme, die sich mit dem Verpackungsgesetz verbunden sind, weil diese Probleme im Laufe eines Jahres nach dem Inkrafttreten des Gesetzes nicht gelöst worden sind.

Ungelöste Probleme

Aufgrund der liberalen Wirtschaftspolitik sind einige Probleme nach wie vor, auf die die Autorin schon früher hingewiesen hat, ungelöst (Siimon 2005).

1. Erstellung des Geschäftstypenkatalogs, um in der Handelspraxis die Identifizierung der Geschäftstypen als handelspolitisches Instrument zu gewährleisten, die Struktuveränderungen ädequat einzuschätzen, die Bezeichnungen zu ordnen usw.
2. Vertrauenswerte Einteilung der Handelsbetriebe aufgrund ihrer Größe und die Festlegung des Status im Sinne der wirtschaftlichen Selbständigkeit, um die Konzentrationsprozesse und die Übernahme oder den Zusammenschluss der Handelsbetriebe vom wirtschaftpolitischen Standpunkt einzuschätzen.

Die oben erwähnten Probleme brauchen nicht nur eine inhaltliche Lösung, sondern auch eine klare terminologische Fassung. So z.B. würde der Geschäftstypenkatalog die Handelssphäre regeln und die Missverständnisse in Bezug auf die Begriffsbezeichnungen bei den Verbrauchern vermeiden. Das bezieht sich insbesondere auf Bestimmung der sekundären Geschäftstypen, z.B. Handelszentren, die in Estland als Geschäfts-, Waren- oder Einkaufszentren und sogar als Warenhäuser auftreten, wobei der Inhalt und die Form sehr unterschiedlich kombiniert sind. In Europa und auch in Estland sind heute sowohl einheimische als auch internationale Handelsketten weit verbreitet. Da in Estland (z.B. auch im Gesetz über Handelstätigkeit) ihre wirtschaftsrechtliche Bestimmug fehlt, ist es schwer die Konzentrationsprozesse ädequat einzuschätzen. Ein Grund, warum man den Katalog zusammenstellen muss, ist eine weit verbreitete, unkorrekte und falsche Verwendung der Bezeichnungen in der Praxis. Einige Sprachpfleger (H. Vals) versuchen die Aufmerksamkeit der Öffentlichkeit auf Lapsus Lingua zu lenken, z.B. *hyperpakkumine* (das Hyperangebot) *hypermarketis* (im Hypermarkt Rimi) statt *hüpermarket.*

Die Fragen der Größe eines Handelsunternehmens sind auf Staatsebene ebenso außer Acht gelassen. Passen die von *Eurostat* festgelegten Kriterien über die Größe eines Handelsunternehmens? Warum benutzen das Estnische Statistische Amt und die Register unterschiedliche Größen? Müssten vielleicht die Größen doch für den Handel, darunter für den Groß- und Einzelhandel, unterschiedlich sein, wie z.B. in Japan?

Zum Obenstehenden muss noch ein wesentliches Problem hinzugefügt werden, nämlich die Informationen, die sich auf Handel beziehen. Jedes Handelsunternehmen setzt sich unter den Konkurrenzbedingungen eine wesentliche Aufgabe, sich zu verändern und zu entwickeln. Dazu brauchen sowohl bestehende als auch erst zum Markt strebende Handelsunternehmen die Informationen über den Stand der unternehnerischen Handelstätigkeit und die voraussichtlichen Veränderungen. Bedauerlicherweise bekommt man verspätete Informationen über die unternehmerische Handelstätigkeit aus den statistischen Sammlungen (über Estland als Ganzes) und aus verschiedenen Geschäftsmeldungen über eine konkrete Stadt oder einen Landkreis. In den Statistiken finden wir keine Angaben über die Struktur der Handelsunternehmen und die Versorgung mit der Handelsfläche. Als Informationsquelle dienen heute die Webseiten der Städte und der Landkreise. Die betreffenden Informationen auf diesen Webseiten und in den Geschäftsmeldungen sind verhältnismäßig bescheiden und spärlich, daher ist es unmöglich, verschiedene Regionen miteinander zu vergleichen und die Erfahrungen auszutauschen. Die Benutzung eines allgemein gültigen Standards würde diesen Mangel beseitigen.

Die zukunftsträchtigen Handelsunternehmen interessieren sich für Entwicklungen im Handelbereich in Europa und Tätigkeiten der erfolgreichen Betriebe in Estland. Die Fachzeitschriften über Handel sind in Estland zur Vergangenheit geworden: zuerst verschwanden die Zeitschriften “Uut kaubanduses” und “Kooperaator”, weil das Handelsministerium nicht mehr existierte und Verband der Estnischen Verbrauchergenossenschaften (*ETKVL*) umstrukturiert wurde. Inzwischen kamen neue Zeitschriften auf den Markt, die die Lücke auszufüllen versuchten: “Toiduproff”, “Kaubandusekspert” und “Hulgiuudised”. Heute kann man handelsbezogene Informationen in den Zeitungen oder in Online-Artikeln der Zeitung *Äripäev* lesen, unter Rubrik “Uudised kaubandusest” (Nachricten über Handel) veröffentlicht der Verband der Estnischen Kaufleute (http://www.kaupmeesteliit.ee) die wichtigsten Informationen in chronologischer Reihenfolge. Die handelsbezogenen Informationen brauchen bestimmt mehr Aufmerksamkeit. Dieser Aufgabenbereich könnte der Abteilung Binnenmarkt bei dem Wirtschafts- und Kommunikationsministerium anvertraut werden. Ebenso soll der Inhalt des Begriffs *handelsbezogene Information* (*kaubanduslik teave*) im Gesetz über die Handelstätigkeit eindeutig formuliert werden, weil darunter nur die in der Verkaufsstelle an den Verbraucher gerichtete Information, die Kennzeichnung des Ortes und die Information über die Öffnungszeiten verstanden werden (http://www.riigiteataja.ee).
Wenn die zentrale Institution fehlt (z.B. der Handelsexperte), die dafür zuständig ist, dass sie den heterogenen Privathandel sowohl strukturell als auch regional regelt, so fehlt die Institution, die die genannten Probleme löst, die Voschläge (z.B.

Zusammenstellung von Geschäftskatalogen und Geschäftsverzeichnissen, Festlegung von legalen Begriffen, Veröffentlichung der Fachzeitschrift für den Handel usw.) koordiniert und warum nicht auch als Auftraggeber auftritt. Der Handelsdienst und die Dachorganisation der Mitglieder können nicht als gleichwertige Gesprächspartner für staatliche Ämter (z.B Statistisches Amt, Stiftung der unternehmerischen Tätigkeit u.a.) fungieren und gleichzeitig den ganzen estnischen Handel regeln oder ordnen und dabei sich das Ziel setzen, den guten Ruf des Handels, eines der wichtigen Tätigkeitsbereiche in der Gesellschaft zu erreichen.

Zusammenfassung

In Estland wurden im Laufe der letzten 10 Jahre sebstregulierende Prozesse im Handel eingesetzt. Es gibt notwendige Gesetzbücher, Gesetze und Vorschriften für die unternehmerische Tätigkeit im Handel. Vorhanden sind Handelstermini und ihre Erklärungen, die man im behördlichen Verkehr und auch in den Rechtsakten verwendet, obwohl sie nicht immer genau und eindeutig formuliert sind. Es fehlen aber nach wie vor die Vorbedingungen für eine exakte und ädequate Einschätzung, ob das erreichte Niveau und die stattgefundenen Strukturänderungen den Erwartungen entsprechen und ob sie sich an die Entwicklungstendenzen auf dem Gebiet des Handels in anderen Mitgliedsstaaten der Europäischen Union anpassen, ob die heutigen Prozesse die Gefahren für die Zukunft beinhalten, ob es möglich wäre oder gewesen wäre, unerwünschte Tendenzen zu vermeiden.

Die Regelung, das Geordnetsein, guter Ruf des Handels als Tätigkeitsbereich setzen voraus, dass die vorhandenen Probleme wahrgenommen, zahlreiche Vorschläge überlegt und die Rolle der den Handel regelnden zentralen Institutionen präzisiert werden. Bis heute fehlt in Estland eine zentrale Handelsinstitution, die als Gesprächspartner für die staatlichen Behörden und Einrichtungen, als Schlichter, der die vor dem Handel stehenden Probleme und Konflikte löst, als Terminologieexperte, als Initiator und Koordinator oder Auftraggeber, als Verteiler der Informationen über den Handel auftreten würde.

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Summary

DOMESTIC TRADE REGULATION IN ESTONIA

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Domestic trade regulation is closely connected with the structural policy, which determines regional arrangements of trade sector. The arrangements are influenced by the European Union internal market becoming a reality. And one objective of the European Union is to decrease regional differences. In the present article internal trade regulation developments in the past 10 years in Estonia are compared and generalized. It also brings forth some problems that need specific solutions.

In 1995 retail trade in Estonia was regulated by 53 legislative documents from which 60% were issued within the past year and a half. Hence, during the first years of the transition period trade was mostly regulated by the invisible market forces. Since the beginning of 2006 trade is regulated by 2 laws (commercial law and penal law), 21 legislative documents and number of regulations. The trade activities legislation (2004) should serve the role of the central legislative document, however evidently this was not the goal while it was worked out, as its regulative power is rather moderate.

Like in Europe also in Estonia the number of commercial chains either local or international is growing rapidly. As Estonia does not have any economic-legal definition to their activities (included trade activities legislation) it is difficult to assess concentration processes adequately. However from the view of the economic policy it is important that concentration is assessed in the whole economy and in its sectors. Also, the governmental policies have not paid attention to the trading businesses' size issues like: should Eurostat size criteria be applied; why *Estonian Statistics* and registers use different size groups?

One of the primary tasks of any enterprise is its development. Developmental planning needs information about the present situation and possible changes in the

environment. It is needed by already operating and starting businesses. Some information can be found from the *Statistical Yearbooks* and in various business reference books. As the accessible information in the books and websites is relatively moderate and unclassified, it is almost impossible to compare various regions and learn from others' experience. Using proper standards can be the solution to the problem. However, this would need a coordinative body and leadership.

Traders are also interested in trends in Europe and in significant changes taking place in Estonia. Here traders own initiative can be positively pointed out, for example the foundation of the Estonian Traders' Association and its efficient activities. Tasks of the organization include focusing on problems, finding solutions, criticizing Estonian economic policy and representing the common interest of its members. In cooperation with the European organization *Euro Commerce* the dialogue on the principles of the European internal market and trading is being developed now.

REGULIERUNGSMÖGLICHKEITEN DES EISENBAHNSEKTORS[1]

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Einleitung

Das Ziel der Beförderungspolitik der Europäischen Union ist es durch die Förderung der Effektivität, Wahlmöglichkeiten und Verbraucherfreundlichkeit zum besseren Funktionieren eines einheitlichen Beförderungsmarktes beizutragen. Die größte Aufmerksamkeit wird der Ausarbeitung eines geeigneten Konzepts zur Gestaltung einer gerechten und effektiven Preispolitik im Beförderungssektor und zur Gewährleistung der Sicherheit und der Umweltfreundlichkeit geschenkt. Die Beförderung hat in der Wirtschaft eines Staates vor allem eine bedienende Rolle. Einheitliches Beförderungssystem schafft gute Voraussetzungen für einen erfolgreichen Wettbewerb zwischen anderer Wirtschaftszweige (Industrie, Landwirtschaft, Energiewirtschaft usw.). Die Schaffung eines international wettbewerbsfähigen staatlichen Beförderungssektors und die Integration in die Strukturen der EU ist das Ziel der heutigen Beförderungspolitik.

Das Netz verschiedener Verkehrsstraßen bildet einen der Hauptbestandteile der Beförderungsinfrastruktur. Dazu gehören das Schienennetz, städtische Straßen und Landstraßen, Wasserstraßen des Territorial- und Binnenmeeres und der Binnenseen. Als wichtige Elemente der Beförderungsinfrastruktur sind auch verschiedene Einrichtungen anzusehen, die mit Verkehrsstraßen unmittelbar verbunden sind, wie z. B. Reise- und Güterbahnhöfe und -terminale, Wartesääle für die Reisenden, Laderampen, Häfen, Kais, Flughäfen und andere Einrichtungen.

Die Eisenbahnbeförderung ist ein untrennbarer Teil des estnischen Beförderungssystems, dessen Entwicklung von der Entwicklung und dem Funktionieren anderer Transportarten, vor allem von der Entwicklung des Meerestransports und der Häfen abhängt.

Verschiedene Aspekte im Auge behaltend kann man sagen, dass die Eisenbahnbeförderung im Vergleich zu anderen Transportarten Unterschiede aufweist. Die größten Probleme bereitet die Tatsache, dass die Infrastrukturen in verschiedenen Ländern verschieden sind, z. B verschiedene Normen, Sicherheitsanforderungen usw. Eine große Bedeutung wird den Marktregulationen beigemessen, denn zu viel Liberalität schadet.

Das Ziel des vorliegenden Beitrags liegt darin, die Besonderheiten und Entwicklungsmöglichkeiten der Infrastruktur des Eisenbahnsektors zu analysieren.

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Trennung des Eigentums und der Kontrolle im Eisenbahnsektor

Der Eisenbahnsektor ist historisch ganz stark integriert und überwiegend im staatlichen Besitz gewesen. Im Eisenbahnsektor hat es ein staatliches Unternehmen gegeben, zu dessen Aufgaben eine einheitliche Führung der Infrastruktur und der Eisenbahndienstleistungen gehört hat. Vertikal integrierte Eisenbahn ist ein traditionelles Modell, wobei eine Organisation Kontrolle über das Funktionieren der Infrastruktur und die Erbringung von Dienstleistungen ausübt. Regional kann es auch horizontale Trennung geben. In diesem Fall können die Monopole verschiedener Regionen auf einem Markt miteinander konkurrieren. In Europa ist die Eisenbahn in der Regel im staatlichen Besitz, doch der privatisierte Eisenbahnsektor in Neuseeland richtet sich nach regional privatisierten Unternehmen in Japan und in den USA (Nash, Toner 1998: 8). Planen und Investieren sind in diesem Fall einfacher, denn es handelt sich um eine einheitliche Organisation. Man muss aber mit dem Risiko rechnen, dass auf die Marksituation keine Rücksicht genommen wird und der Aufwand und die Benutzung verschiedener Subventionen nicht immer zielgemäß erfolgt.

Das Monopol der finnischen Staatseisenbahn besitzt die VR-YhtYmä Oy, dessen alle Aktien dem Staat gehören. Eine Arbeitsgruppe, die an den Veränderungen der Eisenbahngesetze arbeitet, hat vorgeschlagen, die Eisenbahn teilweise dem Wettbewerb zu eröffnen. Gemäß ihrem Vorschlag würde man gestatten, im Bereich der innerstaatlichen Güterbeförderung und der regionalen Personenbeförderung zu konkurrieren. Internationale und innerstaatliche Personenbeförderung sowie Güterbeförderung in Richtung Russland würde auch weiterhin das Monopol der VR-Yhtymä OY bleiben (Transport 2005).

Im Eisenbahntransport in England herrschte vor der Restrukturierung staatliches Monopol. Der Einzelbesitzer der Eisenbahn war staatliches Unternehmen Britisch Rail (BR). Auch die Infrastruktur gehörte dem Staat und deshalb unterlagen die Infrastruktur und Dienstleistungen einer einheitlichen Führung. Problematisch wurden vor allem die großen staatlichen Subventionen. Das System ihrer Verteilung bedurfte einer Umgestaltung Als Resultat der Reorganisierung gingen das Eisenbahnnetz und die Bahnhöfe in den Besitz des Privatmonopols Railtrack über während das rollende Material dem Unternehmen Rolling Stock Companies gehört. (Heritier 2004)

Wenn die Verteilung der Eisenbahn zwischen verschiedener Unternehmer dazu beitragen soll, dem Verbraucher hochwertige Dienstleistungen anzubieten, teilen sich die Unternehmen in der Regel nach Marktsektoren: Personennahverkehr, Personenfernverkehr, Güterbeförderung usw. Unter genannten Umständen ist der Wettbewerbsdruck zwischen ihnen minimal (Nash, Toner 1998: 8). Im Falle der Spezialisierung innerhalb eines Zweiges können die Unternehmen eine Dienstleistung auswählen, an der sie am meisten Interesse haben. Unter diesen Umständen kann es dazu kommen, dass in unrentablen Marktsektoren es wenig Dienstleistungsanbieter gibt und dass es nur in rentablen Sektoren zu einem Wettbewerb kommt. Zwischen den auf dem Markt operierenden Unternehmen kommt es doch zu

keinem Wettbewerb, weil die Marktsektoren zwischen ihnen verteilt sind. Es besteht also die Gefahr, dass die Subventionen nicht zielgemäß benutzt werden.

Nash und Toner haben auch die Probleme der vertikal getrennten Eisenbahn erörtert. Bei der vertikal getrennten Eisenbahn sind der Besitz der Infrastruktur und der Dienstleistungsverkehr voneinander getrennt. Die ganze Infrastruktur gehört einem Besitzer (ausschließlich wesentlicher Mittel). Die Firmen, die Eisenbahndienstleistungen erbringen, verpflichten sich für die Benutzung der Infrastruktur zu zahlen. So werden zwischen den operierenden Unternehmen Voraussetzungen zum Wettbewerb geschaffen (*Ibid*: 9) Problematisch kann werden, wie die Aufsicht zu organisieren ist oder wann das regulierende Organ in die Vereinbarungen einmischen müsste.

Eine wesentliche Veränderung im Beförderungssektor fand am Anfang der neunzigen Jahre statt, nachdem von der Europäischen Kommission neue Richtungen für die Politik der Eisenbahnbeförderung vorgestellt wurden. Die Europäische Kommission hat sich das Ziel gesetzt, die Eisenbahnbeförderung zu fördern. Eine wichtige Aufgabe sah die EU auch in der Trennung der Verwaltung von Infrastrukturen und des Dienstleistungsverkehrs. Auch die Eröffnung der Märkte wurde eine Priorität. Umgearbeitet wurde auch das System der staatlichen Beihilfen. Der Eisenbahnsektor hatte bisher hohe staatliche Subventionen bekommen, da es im genannten Sektor nicht möglich war, rentabel zu bewirtschaften. Im Laufe der Jahre hat sich der Anteil der Eisenbahnbeförderung von 10% auf 6% vermindert. In den Jahren 1970–1998 ist der Marktanteil der Warenbeförderung von 21,1% auf 8,4% zurückgegangen. Gleichzeitig hat die Warenbeförderung per Bahn in den USA zugenommen. Diese Entwicklung zeigt, dass man auch im Eisenbahnsektor rentabel bewirtschaften kann. Zum Abschwung im Eisenbahnbeförderungssektor hat ebenso die Tatsache beigetragen, dass die Infrastrukturen in den europäischen Ländern verschieden sind. Planmäßig sollte bis 2020 der Marktanteil des Personenverkehrs sich von 6% auf 10%, und der Anteil des Güterverkehrs von 8% auf 15% erhöhen. (Euroopa transpordipoliitika ... 2005).

Im Zusammenhang mit dem Rückgang der Eisenbahnbeförderung wird die Reform der internationalen Güterbeförderung von der Europäischen Kommission als eine Priorität angesehen. Laut den EU-Richtlinien wird in den europäischen Ländern ein einheitliches Modell für den Eisenbahnverkehr entwickelt. Staatlich unterscheiden sich diese Reformen stark voneinander, obwohl ähnliche Verfahren verwendet werden. (Perkins 2002: 6)

Gesetzgebung für den Eisenbahnsektor

Beim Organisieren der Wirtschaftstätigkeit im Eisenbahnsektor wird von mehreren in Estland und in der EU gültigen Rechtsakten ausgegangen. Die wichtigsten von ihnen sind das Eisenbahngesetz, das Wettbewerbsgesetz und das Gesetz über den öffentlichen Personennahverkehr. Diese Gesetze regulieren die Tätigkeit des Eisenbahnsektors – die Regelung der Beförderung, die Verteilung der Durchlassfähigkeit, den Besitz und die Benutzung der Infrastruktur. Am wichtigsten ist das

Eisenbahngesetz, das am 31. März 2004 in Kraft trat. Im Eisenbahngesetz sind die Bedingungen zur Benutzung der Infrastruktur, die Rechte und Verpflichtungen der entsprechenden Organisationen sowie die Ordnung und die Kriterien zum Ausstellen der Gewerbescheine definiert.
Das Eisenbahngesetz reguliert:

- Rechte und Verpflichtungen der Besitzer der Eisenbahninfrastruktur und des rollenden Materials bei der Instandhaltung und Benutzung des Schienennetzes und des rollenden Materials, darunter Rechte und Verpflichtungen der Eisenbahnunternehmer bei der Bewirtschaftung der Eisenbahninfrastruktur, bei der Personen- und Güterbeförderung.
- Rechte und Verpflichtungen der Unternehmen, die sich mit dem Bau der Einrichtungen der Eisenbahninfrastruktur und mit der technischen Wartung des rollenden Materials beschäftigen im Zusammenhang mit ihren Tätigkeitsbereichen.
- Die staatliche Aufsicht im Eisenbahnverkehr und die Instandhaltung der Eisenbahninfrastruktur und des rollenden Materials, den Bau der Eisenbahneinrichtungen, die technische Wartung und Instandsetzung des rollenden Materials.
- Haftung im Falle der Übertretung des vorliegenden Gesetzes (Raudteeseadus 2003).

Laut Eisenbahngesetz zählen zur Eisenbahninfrastruktur alle Eisenbahnlinien, die direkt oder durch andere Eisenbahnlinien in Verbindung mit dem zur öffentlichen Benutzung bestimmten Eisenbahnnetz stehen, darunter die Eisenbahnstrecken, die zur Einfahrt ins Depot oder ins Wartungszentrum bzw. zur Ausfahrt aus ihnen dienen. Der Eisenbahnstrukturunternehmer hat das Recht, die Bewirtschaftung der Eisenbahninfrastruktur vertragsgemäß völlig oder teilweise einem anderen Unternehmer zu übergeben. Die Bewirtschaftung der öffentlichen Eisenbahn kann völlig oder teilweise einem Unternehmer übergeben werden, der einen Gewerbeschein für die Bewirtschaftung der Eisenbahninfrastruktur besitzt. Laut dem neuen Gesetz ist der Eigentümer der öffentlichen Eisenbahn verpflichtet allen Eisenbahnbeförderungsunternehmen für Beförderungsdienstleistungen den Zugang zu seiner Infrastruktur zu gewährleisten. Eine Ausnahme bilden Dienstleister des öffentlichen Personenverkehrs, die vor den anderen eine bevorzugte Stellung beim Zugang zur Eisenbahn haben (Raudteeseadus 2006).

Die Ordnung für die öffentliche Benutzung der Eisenbahninfrastruktur wird von der Regierung der Republik Estland festgelegt. Die Regierung der Republik besitzt das Recht eigenständig die Eisenbahninfrastruktur für einen gerechten Preis zur öffentlichen Benutzung zu geben, wenn die Eisenbahninfrastruktur für den Personenverkehr benutzt wird und es von allgemeinem Interesse ist.

Bei der Verteilung der Durchlassfähigkeit bevorzugt der Eisenbahninfrastrukturunternehmer als erste Eisenbahnlinien für den internationalen Personenverkehr. Die erste Bevorzugung betrifft Eisenbahnunternehmer, die laut einem internationalen Abkommen öffentliche Dienstleistungen im internationalen Personenverkehr erbrin-

gen, und die den im Abkommen festgelegten Bedingungen entsprechen. Die zweite Bevorzugung betrifft Unternehmer, die öffentliche Dienstleistungen in der innerstaatlichen Personenbeförderung erbringen. Zur Regelung der internationalen Eisenbahnlinien arbeitet der Eisenbahninfrastrukturunternehmer zusammen mit den Organen anderer Staaten, die sich mit der Verteilung der Durchlassfähigkeit betätigen (Raudteeseadus 2003). Daraus geht hervor, dass man dem internationalen Personenverkehr — bedingt durch den EU-Beitritt Estlands — vor dem innerstaatlichen Personenverkehr Vorzug gegeben hat.

Die organisatorische Restrukturierung des Eisenbahnsektors

Im Jahre 1870 wurde in Estland die erste Eisenbahnlinie Paldiski — Tallinn — Narva — Gatshina eröffnet, die in demselben Jahr mit der Bahnlinie St. Petersburg — Warschau verbunden wurde. 1877 wurde die Eisenbahnlinie Tapa — Tartu eröffnet, die 1887 bis Valga verlängert und der Eisenbahnlinie Pleskau — Riga angeschlossen wurde. 1896 wurde die erste Schmalspurbahn mit einer Länge von 125 km zwischen Valga und Pärnu vollendet. Die Schmalspurbahn wurde gebaut, um auch den zurückgebliebenen Gebieten Möglichkeiten zur Benutzung der Beförderungsdienstleistungen per Bahn zu schaffen. Die Initiatoren dieses Vorhabens waren vor allem Privatunternehmer. 1940 betrug das Schmalspurbahnnetz in Estland 675 km. Die ersten auf der Breitspurbahn fahrenden Dampflokomotiven stammten aus Belgien und langten 1896 in Estland an. 1931 wurde eine Breitspurbahnstrecke zwischen Tartu und Pecory vollendet. Eine eigenständige estnische Eisenbahn wurde 1918 auf der Basis von Looderaudtee, der ersten Gesellschaft der Anfuhrstraßen, einer Seefestung und der Feldbahnstrecken des Militärs gegründet. 1940, als die Estnische Eisenbahn dem Eisenbahnnetz der UdSSR angeschlossen wurde, betrug die Länge des allgemein gebräuchlichen Schienennetzes in Estland 1447 km, davon 772 km Breitspurbahnen und 675 km Schmalspurbahnen (Helme 2006). Der Übergang von der Benutzung der Dampflokomotiven auf die Benutzung der Diesellokomotiven begann 1957 und dauerte zwei Jahre.

Das Staatsunternehmen Eesti Raudtee, dessen Aufgabe das Administrieren der estnischen Eisenbahn ist, wurde am 1. Januar 1992 gegründet. In demselben Jahr wurden die Rechte der Eesti Raudtee als Mitglied der Internationalen Eisenbahnunion (UIC, Sitz in Paris) wieder hergestellt und die Eesti Raudtee wurde auch Mitglied der Organisation für die Zusammenarbeit der Eisenbahnen (OSShD, Sitz in Warschau). 1997 wurde das staatliche Unternehmen zur Aktiengesellschaft AS Eesti Raudtee umstrukturiert. Die weitere Umstrukturierung der AS Eesti Raudtee fand gemäß dem von der Regierung Estlands bestätigten Privatisierungs- plan statt. 1998 wurde auf dem Wege eines internationalen Wettbewerbs eine Aktiengesellschaft gegründet, die sich mit der internationalen Personenbeförderung beschäftigt. Auf dem Wege des Wettbewerbs wurde auch der Kapitalanleger gewählt. (Eesti Raudtee. Korporatiivinfo 2006)

In die Privatisierungspläne der AS Eesti Raudtee wurde 1999 von der Regierung eine wichtige Veränderung eingeführt: die Konzession wurde nicht erteilt und es

wurde für den Verkauf der Mehrheitsbeteiligung von 66% entschieden. Der Auftrag zum Verkauf der Aktien der AS Eesti Raudtee wurde der Estnischen Privatisierungsagentur erteilt. Der Verkauf der Aktien erfolgte durch Vorverhandlungen im Rahmen eines internationalen Angebots. Ausgegangen von dem Entschluss der Regierung verkündete die Estnische Privatisierungsagentur im April 2000 die Privatisierung des 66%- Aktienanteils der AS Eesti Raudtee auf dem Wege eines zweistufigen internationalen Wettbewerbs. (Helme 2006).

1997 wurde die Edelaraudtee AS gegründet, die sich mit Personenverkehr mit Dieselzügen auf den Eisenbahnlinien Tallinn — Viljandi — Pärnu, Tallinn — Tartu, Tallinn — Narva und Tartu — Valga beschäftigt (Edelaraudteest 2006). Die Edelaraudtee AS beschäftigt sich auch mit Güterbeförderung auf den Eisenbahnlinien Tallinn — Lelle — Viljandi und Lelle — Pärnu. In die Güterbahnhöfe bzw. aus den Güterbahnhöfen der Edelaraudtee AS ist es möglich innerhalb des Breitspurbahnnetzes Güter aus ganz Europa zu befördern.

Aufgrund des Umstrukturierungs- und Privatisierungsplans der AS Eesti Raudtee wurde am 22. Dezember 1998 eine eigenständige Handelsgesellschaft, die Elektriraudtee AS gegründet, dessen Aktien hundertprozentig der AS Eesti Raudtee gehörten. Im Zusammenhang mit der Privatisierung der AS Eesti Raudtee wurden die Aktien der Elektriraudtee AS am 15. November 2000 von ihrem Vermögen getrennt und der Republik Estland in Vertretung des Ministeriums für Wirtschaft und Kommuni- kation übergeben. Die Elektriraudtee AS operiert in Tallinn und im Landkreis Harjumaa insgesamt auf 6 Linien. Die Gesamtlänge des elektrifizierten Schienennetzes beträgt 131,8 km. Die Entwicklung der Elektriraudtee AS hat sich in letzter Zeit stabilisiert. Im Namen eines höheren Dienstleistungsniveaus hat man Eisenbahnwagen renoviert, Bahnsteige rekonstruiert usw. Die Elektriraudtee AS hat im Jahre 2002 13,8 Mill. Kronen investiert, 9,2 Mill. Kronen wurden für die Renovierungsarbeiten des rollenden Materials ausgegeben (Eesti Transport ... 2005)

Die AS EVR Ekspress, die im internationalen Personenverkehr tätig ist, wurde 1998 gegründet. Es ist ein Gemeinschaftsunternehmen, von dessen Aktien 49% der AS Eesti Raudtee und 51% dem Privatkapital gehören. Dem Gemeinschaftsunternehmen AS EVR Ekspress gehören alle zwischen Tallinn und Moskau verkehrenden Züge. Auf dem Territorium der Republik Estland operiert auch das russische Unternehmen Oktoobriraudtee mit seinen Personenzügen und Lokomotiven auf der Linie St. Petersburg — Tallinn — St. Petersburg.

Die Hauptaufgabe der AS EVR Ekspress besteht darin, Dienstleistungen in der internationalen Personenbeförderung anzubieten, wobei die Infrastruktur der AS Eesti Raudtee benutzt wird. Die AS Elektriraudtee ist ein innerstaatlicher Personenbeförderer, der vom zur öffentlichen Benutzung bestimmten Eisenbahnnetz der AS Eesti Raudtee Gebrauch macht. Die Aktien der Elektriraudtee AS gehören hundertprozentig dem Staat und deren Besitzer ist das Ministerium für Wirtschaft und Kommunikation der Republik Estland.

Seit dem 31. August 2001 hat der Staat eine 34%-Beteiligung an der AS Eesti Raudtee und der Gewinner des Privatisierungswettbewerbs Baltic Rail Service besitzt 66% der Kapitalanteile der AS Eesti Raudtee. Das Eigentumsrecht auf Aktien der AS Edelaraudtee ging am 31. Juli 2001 hundertprozentig dem britischen Unternehmen GB Railways über. Bald wurden 80% der Aktien von den estnischen Geschäftsleuten in Besitz genommen. Die Edelaraudtee AS beschäftigt sich mit innerstaatlicher Personen- und Güterbeförderung und macht auch Gebrauch vom zur öffentlichen Benutzung bestimmten Eisenbahnnetz der AS Eesti Raudtee.

Besonderheiten der Infrastruktur des Eisenbahnsektors

Der Eisenbahnsektor ist ein Wirtschaftssektor mit langen Traditionen, von dem auch die Entwicklung der Wirtschaft des Staates abhängt. Deshalb wurde die Beteiligung des Staates auch als positiv angesehen. Die Wettbewerbsfähigkeit der Eisenbahnbeförderung hängt in hohem Maße von den staatlichen Besonderheiten ab, wie z. B. von den Normen der Infrastruktur usw. In Mittel- und Osteuropa betrifft der Großteil der Investitionen in die Infrastruktur die Autobahnen, während in den Mitgliedstaaten der EU in den zehn letzten Jahren viel mehr in die Entwicklung des Eisenbahnverkehrs als in den Bau der Autobahnen investiert worden ist. Obwohl die Mitgliedstaaten der EU die Notwendigkeit der Eröffnung des Eisenbahnbeförderungsmarktes verstehen, operieren bisher nur wenige Staaten wie England, Deutschland und Schweden außerhalb ihrer Grenzen. Eisenbahndienstleistungen im staatlichen Sektor haben eine lange Tradition. Man hat aber ein neues Niveau erreicht, wo der Staat zuständig für die Instandhaltung des Schienennetzes und der Bahnhöfe sowie für die Stromversorgung ist, während Dienstleistungen von den Privatunternehmen erbracht werden. Das Niveau der Beförderungsinfrastruktur spielt eine bedeutende Rolle bei der Verstärkung und Entwicklung der Wettbewerbsfähigkeit der estnischen Wirtschaft. Kvantitativ gesehen ist die Beförderungsinfrastruktur in Estland gut entwickelt und vergleichbar mit der Infrastruktur in den Nordländern. Das betrifft vor allem Dichte und Ausdehnung des Eisenbahnnetzes. (Ühtekuuluvus 2004).

Der Beförderungssektor ist ein wichtiger Industriezweig. Laut Statistikamt, wenn man das Bruttoinlandsprodukt (BIP) nach Tätigkeitsbereichen in laufenden Preisen ausrechnet, kann man sehen, dass der Anteil der Beförderung 5,2% von dem Mehrwert beträgt. Der Anteil der Beförderung im Bruttoinlandsprodukt besteht prozentuell gesehen aus folgenden Transportarten (Transpordi ... 2006):

- 64% Straßentransport
- 26% Eisenbahntransport
- 7% Seetransport
- 3% Flugtransport.

Laut Statistikamt sind im Beförderungssektor 8% aller Beschäftigten tätig. Die Besonderheit des Beförderungssektors besteht darin, dass alle Teile des Sektors miteinander dicht zusammen arbeiten. Das Funktionieren des Beförderungssektors übt großen Einfluss auf beinahe alle anderen Wirtschaftszweige und den Dienst-

leistungssektor aus. Laut Statistikamt wurde im Eisenbahntransport größtenteils (47%) in den Bau und in die Rekonstruierungsarbeiten der Gebäude und anderer Einrichtungen investiert (Tugev ... 2006). Die Personenbeförderung bringt nach Estland Millionen Touristen, die hier Geld hinterlassen, wovon der Handel, das Dienstleistungs- und Hotelgewerbe usw. profitieren. In der internationalen Güterbeförderung dominiert der Eisenbahntransport mit 88%, es folgt der Straßentransport mit 9%.

Die Eisenbahninfrastruktur und die Erbringung von Dienstleistungen ist in Estland in privaten Händen. Die Privatisierung der AS Eesti Raudtee war ein wichtiges Ereignis in der Geschichte der Eisenbahn. Zum ersten Mal in der ganzen Welt hat man sowohl die Eisenbahninfrastruktur als auch das Eisenbahntransport unter - nehmen, das von dieser Infrastruktur Gebrauch macht in private Hände gegeben. In der Tatsache, dass die AS Eesti Raudtee Besitzer der Infrastruktur und gleichzeitig auch ein Dienstleistungserbringer ist, liegt seine Stärke wie auch seine Schwäche. In der Periode nach der Privatisierung 2001–2004 hat die AS Eesti Raudtee in die Infrastruktur circa 292 Millionen Kronen im Jahr investiert, vor der Privatisierung in den Jahren 1994–2000 circa 210 Millionen Kronen (Burkhard ... 2006)

Auf dem Schienennetz der AS Eesti Raudtee beförderten die Eisenbahnunternehmer im Jahre 2005 44,25 Millionen Tonnen Güter, was 1,42 Millionen Tonnen bzw. 3,31% mehr ist als im Jahre 2003 (Kaubaveomaht ... 2006)

Die Gesamtlänge des Schienennetzes der AS Eesti Raudtee beträgt 648,9 km. Darunter gibt es zweispurige Strecken in einer Länge von 107,3 km und elektrifizierte Strecken in einer Länge von 132,2 km. Die Länge des Schienennetzes der Edeleraudtee AS beträgt 360,9 km, die Länge der Hauptstraßen darunter 275,8 km. Beim Eisenbahnknotenpunkt in Tallinn beginnen die in drei Hauptrichtungen verlaufenden und sich verzweigenden Eisenbahnlinien, an denen 66 Bahnhöfe liegen. (Entwicklungsprogramm ... 2006: 12). Das Staatsunternehmen Edelaraudtee AS operiert in der Gegend, wo der Besitzer der Infrastruktur, die privatisierte AS Eesti Raudtee vor allem in die Renovierung der von Tallinn östlich liegenden Strecken investiert hat. Die Investitionen in die Entwicklung des Reiseverkehrs hat man für zweitrangig gehalten. Die von der Edelaraudtee AS benutzte Infrastruktur (Kontaktnetz, Bahnsteige und Schienen) bedürfen in den nächsten Jahren einer Renovierung (Ühistranspordi ... 2006: 13)

Die AS Põlevkivi Raudteed, die ein großes Güterbeförderungsvolumen hat und vor allem technischen Ölschiefer befördert sowie andere kleinere Unternehmen besitzen Infrastruktur, die nicht zum öffentlichen Gebrauch bestimmt ist. 97% der Ölschieferproduktion wird bis zu den Verbrauchern per Bahn befördert, den Rest transportieren die Verbraucher selbst mit LKW-s. Die Gesamtlänge des Schienennetzes der AS Põlevkivi Raudteed beträgt mehr als 200 km. Mit ihrem Schienennetz und ihren Lokomotiven garantiert die AS Põlevkivi Raudteed auch vielen Großunternehmern in der nächsten Umgebung Verbindung mit den Linien der AS Eesti Raudtee. Das Territorium, auf dem die AS Põlevkivi Raudteed gegen- wärtig operiert, wird vom Westen nach Osten in drei Regionen eingeteilt, die durch

die Linie der AS Eesti Raudtee Tapa — Narva miteinander verbunden sind. Deshalb findet die Beförderung meistens in Kooperation mit der AS Eesti Raudtee statt (Eesti Põlevkivi 2006).

Es hat sich die Situation ergeben, dass Bahnen und Busse einander nicht mehr ergänzen, sondern auf parallelen Linien konkurrieren. Die schlechte Lage der Eisenbahninfrastruktur trägt dazu bei, dass die Bahnen auf allen Linien nicht so schnell fahren können wie Autobusse. Deshalb ist die Zahl der Reisenden per Bahn gesunken. In der Umgebung von Tallinn sind die Fahrgäste unzufrieden mit den undichten Fahrplänen der elektrischen Bahn in der morgendlichen Spitzenzeit und sind deshalb gezwungen, alternative Fahrzeuge zu benutzen.

Mit der Lage der Bahnhöfe, der Bahnsteige und der Warteplattformen kann man nicht zufrieden sein. Die Bahnhofsgebäude sind halb verfallen. Internationaler Festlandverkehr findet meistens per Autobus statt. Reiseverbindung mit den südlichen Nachbarstaaten und mit Mitteleuropa fehlt. Der Reiseverkehr nach Riga wurde unter brochen, weil es unrentabel wurde, denn wegen der niedrigen Fahrtgeschwindigkeit der Züge wurde die Zahl der Reisenden gering.

Die Pflicht in die Eisenbahninfrastruktur zu investieren liegt hauptsächlich bei ihren Eigentümern — bei der AS Eesti Raudtee und der Edelaraudtee AS. Der Staat beteiligt sich an den laufenden Investitionen der Inhaberunternehmen in die vorhandene Infrastruktur nicht. Eine ausreichende Durchführung der Wartungs- und Renovierungsarbeiten soll durch die Aufsicht erfolgen und laut Rechtsakten die Verkehrssicherheit und eine höhere Fahrtgeschwindigkeit der Züge garantieren. Der Staat mitfinanziert nur umfangreiche Projekte staatlicher Bedeutung, die zweifellos von allgemeinem Interesse sind und die ohne staatliche Hilfe nicht zu verwirklichen wären (Transpordi ... 2006: 33)

Bild 1 gibt einen Überblick über die Investitionen der AS Eesti Raudtee in den Jahren 2001 — 2003. Mit der Privatisierung der Eisenbahn hat sich Baltic Rail Services verpflichtet innerhalb von 5 Jahren 2,566 Mrd. Kronen zu investieren. Bis zum 30. Juni 2004 war die Investitionspflicht in einer Summe von 1,9 Mrd. Kronen erfüllt worden. Vor der Privatisierung wurde von der AS Eesti Raudtee 2,049 Mrd. Kronen investiert (Eesti Raudtee kasvatab... 2005: 4).

Die Inhaber der Infrastruktur der öffentlichen Eisenbahn sind die AS Eesti Raudtee und die Edelaraudtee Infrastruktuuri AS. Laut dem Eisenbahngesetz wird der Zugang zur öffentlichen Eisenbahn von der Eisenbahninspektion durch die Verteilung der Durchlassfähigkeit der Eisenbahninfrastruktur garantiert. Einen freien Zugang zum Eisenbahnmarkt haben die Eisenbahnunternehmer, die einen in der EU ausgestellten Gewerbeschein und ein von der Eisenbahninspektion ausgestelltes Sicherheitszeugnis besitzen. Am Anfang des Jahres 2005 besaßen Gewerbescheine 3 Unternehmer des gewerblichen Reiseverkehrs und 19 Unternehmer des gewerblichen Güterverkehrs. Den Verkehr auf dem Schienennetz reguliert die AS Eesti Raudtee, die gleichzeitig auch der größte Operator ist. (Transpordi ... 2006).

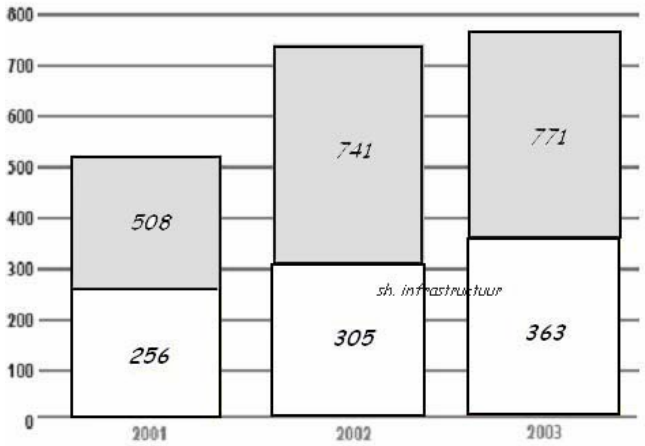

Bild 1. Investitionen der AS Eesti Raudtee, darunter Infrastruktur (Mill. Kronen)

Im Jahre 2004 benutzten im innerstaatlichen Verkehr Estlands circa 273,9 Mill. Menschen öffentliche Verkehrsmittel. 96% der Fahrten wurden per Autobus, per Straßenbahn oder per Trolleybus gemacht. Tabelle 1 zeigt die innerstaatliche Personenbeförderung in den Jahren 1922–2004. Aus der Tabelle ist zu ersehen, dass das Personenbeförderungsvolumen nach dem vor etwa 19 Jahren begonnenen Rückgang sich wieder stabilisiert hat. Nur 2% der Fahrten wurden mit der Bahn gemacht. Im Vergleich zu den wirtschaftlich hoch entwickelten Staaten werden in Estland öffentliche Verkehrsmittel relativ häufig benutzt. In Estland beträgt der Anteil des öffentlichen Transports im Reiseumsatz ⅓, in der EU weniger als ¼.

Die innerstaatliche Personenbeförderung per Bahn ist in Estland zu einem ernsten Problem geworden. 2001 wurden die Subventionen für die Personenbeförderung per Bahn gekürzt und in den Landkreisen Ida-Virumaa, Jõgeva, Järva, Lääne-Virumaa, Põlva, Tartu, Valga und Võru wurde der Eisenbahnverkehr durch den Busverkehr ersetzt. Infolgedessen verminderte sich die Zahl der Reisenden der Edelaraudtee AS um ¼, und sank auf ein niedrigeres Niveau als 1997. Im folgenden Jahr wurde der Eisenbahnverkehr in hohem Maße wieder hergestellt, aber die Zahl der Reisenden ist nicht auf das frühere Niveau gestiegen. (Ühistranspordi ... 2006: 4). Bild 2 zeigt die innerstaatliche Personenbeförderung in den Jahren 1992–2004.

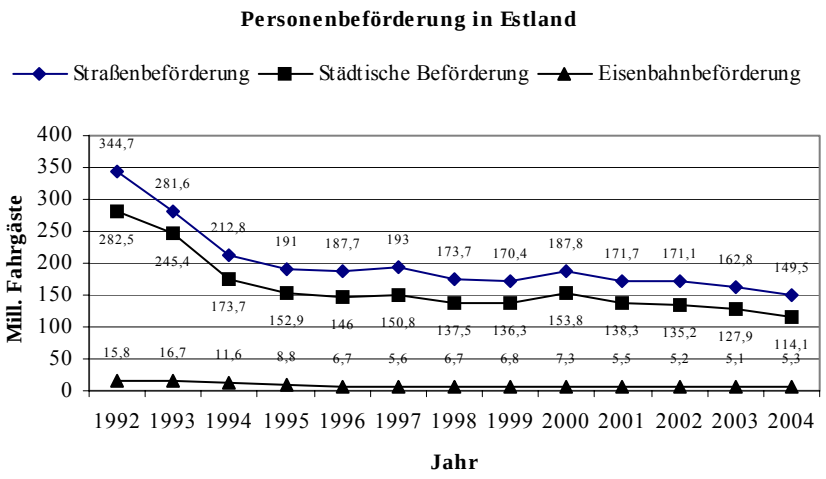

Bild 2. Innerstaatliche Personenbeförderung in Estland 1992–2004.
Quelle: Statistikamt.

Die Eisenbahntransportunternehmen beförderten im Jahre 2004 5,3 Mill. Reisenden — es ist 209 000 Reisenden bzw. 4% mehr als im Jahre 2003. Im Südosten Estlands und in den dünn besiedelten Gebieten Westestlands wäre es möglich, die Zahl der Reisenden zu vergrößern, wenn wirtschaftlich rationelleres rollendes Material (z. B. Schienenbusse) benutzt würde und wenn man den Fahrplan verdichten würde.

Tabelle 1 gibt einen Überblick über die staatlichen Subventionen für den innerstaatlichen Eisenbahnverkehr. Seit 2000 sind die Subventionen gekürzt worden.

Tabelle 1: Subventionen für den innerstaatlichen Eisenbahnverkehr 1997-2003 (Tausend Kronen)

	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
Subventionen insgesamt, darunter:	68 250	136 250	206 600	230 799	204 489	198 630	194 000	184 000
Die Edela-raudtee AS	68 250	106 250	150 100	157 407	142 489	140 000	140 000	134 000
Die Elektri-raudtee AS	…	30 000	56 500	73 391	62 000	58 630	54 000	50 000

Quelle: Ministerium für Wirtschaft und Kommunikation.

Gemäß dem Entschluss des Parlaments und dem zwischen der Republik Estland und der Edelaraudtee AS abgeschlossenem Vertrag über die öffentliche Personenbeförderung unterstützt die Republik Estland die Edelaraudtee AS in der Periode von 2001–2009 mit einer Summe von bis zu 939,6 Mill. Kronen. Bis 761 Mill. von der genannten Summe sind für die Personenbeförderung auf dem der Edelaraudtee AS gehörenden Schienennetz in der Periode von 2001-2003 vorgesehen. Zusätzlich wurden 2004 54 Mill. und 2005 54 Mill. Kronen Subventionen aus dem Staatshaushalt für die Erbringung der Dienstleistungen in der öffentlichen Personenbeförderung auf dem Schienennetz der AS Eesti Raudtee bezahlt. 2005 wurde der Edelaraudtee AS zusätzlich 2,2 Mill. Kronen Beihilfe geleistet.

Die Subventionen an die Edelaraudtee AS lassen sich folgendermaßen einteilen: 56% sind für die Beförderung auf dem Schienennetz der Edelaraudtee AS und 44% für die Beförderung auf dem Schienennetz der AS Eesti Raudtee vorgesehen. Die Hilfsgelder werden je Linie aufgrund der Zugkilometer verteilt. (Ühistranspordi ..., 2006:12)

Die Elektriraudtee AS wurde in der Periode von 2002–2005 bei der Anschaffung und Renovierung des rollenden Materials mit 23 855 300 Kronen unterstützt (Ühistranspordi ... 2006: 12).

Der Anteil der staatlichen Subventionen für den öffentlichen Verkehr hat sich in den letzten Jahren nicht verändert. In den Beförderungssektoren, wie z. B. im Schiff- oder Eisenbahnverkehr, die vorläufig großen Kapitalanlagen bedürfen, bevorzugt der Staat anstatt der Deckung der Abschreibungskosten, dass das rollende Material, das im Besitz des Staates ist, auf dem Wege des Wettbewerbs einem Privatunter - nehmer übergeben wird.

Transitbeförderung und Beförderungskorridoren

Transitbeförderung setzt das Vorhandensein einer zeitgemäßen Infrastruktur der Eisenbahnbeförderung voraus. Die Beförderungspolitik der Republik Estland ist auf eine intensive internationale Zusammenarbeit gerichtet. In den Jahren 1999-2003 wurde mit Hilfe von Finanzierungen aus dem Staatshaushalt und der Auslandsanleihen und -beihilfen das Modernisierungsprogramm der im ostwestlichen Beförderungskorridor verlaufenden Eisenbahn realisiert. Die Renovierung der südnördlich verlaufenden Schienennetze ermöglicht es, dem TENT-T-Netz (Trans-European Transport Network) anzuschließen. Die Tatsache, dass die Eisenbahn im Privatbesitz ist, bewirkt, dass man nach geeigneten Formen für die Partnerschaft zwischen dem Privat- und öffentlichem Sektor zur Modernisierung des Eisenbahnverkehrs suchen soll.

Die Erbringung der Transitdienstleistungen ist zu einem wichtigen Wirtschaftszweig geworden, die neue Arbeitsplätze schafft und dazu beiträgt, die Außenhandelbilanz der Republik Estland ins Gleichgewicht zu bringen. Problematisch bei der weiteren Entwicklung der Transitbeförderung ist die Einseitigkeit der Transitgüter anzusehen: von den Gütern, die durch die Häfen befördert werden, bilden den Großteil die

Erdölerzeugnisse. Der Anteil anderer Güter beträgt weniger als 15% und der Anteil der Containergüter, deren Beförderung gegenwärtig in der ganzen Welt am schnellsten steigt, nur 0,15%.

Laut Statistikamt wurden im Jahre 2004 — gerechnet nach der Tonnage des Beförderungsvolumens — mehr als Hälfte der Güter — 66 Mill. Tonnen mit der Eisenbahn befördert, wovon die Erdölerzeugnisse 42%, Ölschiefer 24%, Rohöl 15% und andere Güter 19% betrugen. Der Anteil der Transitgüter betrug 57%. In der Periode von 2002-20034 stieg der Anteil der Transitgüterbeförderung um 7%, während der Anteil der innerstaatlichen Beförderung sank. Die Transitbeförderung des Rohöls stieg im Vergleich zu 2005 um 18% und die Transitbeförderung der Erdölerzeugnisse um 8% (Kaubaveomaht ... 2006)

Im Jahre 2005 wurden mit der Eisenbahn 29,16 Mill. Tonnen Erdöl und Erdölerzeugnisse befördert, was im Vergleich zu 2003 um 3% weniger ist. Der Rückgang hat sich auf Kosten des Rohöls vollzogen: statt 7 Mill. Tonnen wurden nur 2,6 Mill. Tonnen befördert. Die Beförderung des Erdöls und der Erdölerzeugnisse betrug im Jahre 2005 circa 71% vom Gesamtvolumen der Güterbeförderung, was aber im Vergleich zu 2004 4,9% höher ist.

Die Eisenbahnbeförderung zusammen mit Häfen hat sich vor allem auf die Bedienung der von Russland nach Westeuropa transportierenden Transitgüter speziali - siert. 2005 zogen durch Estland 36,24 Mill. Tonnen Transitfrachten — 81,9% vom Gesamtvolumen. Im Vergleich zu 2004 hat sich diese Zahl um 3% vergrößert. Die AS Transiitveod, die sich mit internationaler Transitbeförderung beschäftigt, hat die Belastung auf den Strecken Tallinn — Narva und Tallinn — Tartu — Pecory erhöht. Probleme bereitet die begrenzte Durchlassfähigkeit der Eisenbahninfrastruktur in den Grenzbahnhöfen. Der Bahnhof von Narva hat eine geringe Durchlassfähigkeit und im Südosten Estlands fehlt der Grenzbahnhof. Deshalb wird die technische Kontrolle der Güterzüge in Pecory durchgeführt. Die langen Transitzüge üben einen hemmenden Einfluss auf die Durchlassfähigkeit auf den Strecken aus, wo die zweispurige Eisenbahnlinie fehlt (Tapa — Narva und Tapa — Tartu — Pecory). Bedingt durch die unzureichenden Investitionen konnte die Renovierung der Gleisen nicht so schnell durchgeführt werden, wie es nötig gewesen wäre. Die Rentabilität der Eisenbahn auf vielen Strecken ist niedrig und es ist dringend nötig die Weichen der Gleisen in den Bahnhöfen auszutauschen (Entwicklungsprogramm...,2006: s 3%). Das Volumen der innerstaatlichen Frachten stieg dank der örtlichen Beförderung des Ölschiefers mehr als 30% und betrug bis 3,73 Millionen Tonnen (Kaubaveomaht ... 2006)

Die Beförderung der Einfuhrgüter sank 2005 im Vergleich zu 2004 circa 16% (3,35 Mill. Tonnen). Das Beförderungsvolumen der Ausfuhrgüter stieg in derselben Periode um 16% (0,92 Mill. Tonnen) (Kaubaveomaht ... 2006)

Der Anteil der Transitbeförderung ist im Laufe der Jahre gestiegen. Durch Estland werden jährlich Dutzende Millionen Tonnen von Gütern befördert. In der von dem Zentrum für strategische Initiative durchgeführten Studie „Die Wettbewerbs-

fähigkeit des estnischen Beförderungskorridors und seine Entwicklungsmöglichkeiten“ haben die Experten den Anteil des Transitsektors in Estland auf 10% von dem Bruttoinlandsprodukt (BIP) und den Umsatz auf 10 Mrd. Kronen im Jahr geschätzt (Ühistranspordi ... 2006: 8).

Zusammenfassung

Die Eisenbahnbeförderung ist ein untrennbarer Teil des Beförderungssystems, deren Entwicklung auch von der Entwicklung anderer Beförderungsarten abhängig ist. Außerdem hat die Eisenbahn im estnischen Beförderungssektor relativ gute Perspektiven, besonders Güterbeförderung, darunter auch Transitbeförderung im Auge behaltend. Deshalb ist es nötig, im genannten Sektor effektiv zu bewirtschaften, um gute Voraussetzungen zu seiner Entwicklung zu schaffen. Die Erfahrungen anderer Länder zeigen, dass die Infrastruktur ordnungsgemäß ausgebaut werden soll, deshalb sind die Investierungen in die Infrastruktur unvermeidlich. Leider gibt es keine ideale Regelung, nach der man sich richten könnte. Im Interesse Estlands ist es wichtig, dass die Beförderungsunternehmen bei einem offenen Markt ihre Wettbewerbsfähigkeit bewahren könnten. Der estnische Beförderungssektor ist in hohem Maße abhängig von der Transitbeförderung und diese ihrerseits von der aus Russland kommendem Erdöltransit.

Im Beförderungsbereich sind wichtige Privatisierungen durchgeführt worden. Der estnische Eisenbahnsektor wurde relativ schnell umstrukturiert. Als Resultat einer eigentümerischen und organisatorischen Restrukturierung gibt es in Estland zwei größere Eisenbahnunternehmen: die AS Eesti Raudtee und die Edelaraudtee AS. 34% der Aktien der AS Eesti Raudtee sind im Besitz der Republik Estland. Die Edelaraudtee AS ist hundertprozentig in privaten Händen. Also gibt es ein größeres Unternehmen sowohl auf dem Markt der Güterbeförderung als auch auf dem Markt der Personenbeförderung — beide haben keine bemerkenswerten Konkurrenten. So hat die Privatisierung keine gehoffte Konkurrenz auf dem Markt der Eisenbahnbeförderung mit sich gebracht.

Diskussionen über die Vorteile des Eisenbahn- und Busverkehrs werden fortgesetzt. Die Staatskontrolle hält die Subventionen für die Personenbeförderung der AS Edelaraudtee zu hoch und ist der Ansicht, dass die Beförderung per Autobus billiger kommt. Neben den Wirtschaftsausgaben soll bei der Regelung der Beförderung auch mit regionalpolitischen Problemen und Umweltfaktoren gerechnet werden.

Ähnlich mit der Beförderungspolitik der EU ist das allgemeine Ziel der estnischen Beförderungspolitik ein nachhaltiges Beförderungssystem zu schaffen, um der Bevölkerung mit optimalen Ausgaben für den Staat nötige Bewegungsmöglichkeiten zu garantieren. Einen negativen Einfluss auf die Personenbeförderung per Bahn übt die Überlastung der Eisenbahnstrecken durch Güterbeförderung aus. Laut dem Eisenbahngesetz (gültig seit dem 31. März 2004) ist die Personenbeförderung Priorität Nummer 1, doch bei der Nichteinhaltung des Fahrplans kommen Verzögerungen vor und damit werden die Interessen der Reisenden beeinträchtigt. Die schlechte Lage der Eisenbahninfrastruktur ermöglicht keine genügende

Fahrtgeschwindigkeit der Personenzüge zu erzielen, deshalb sind die Menschen gezwungen alternative Transportmittel zu benutzen.

Die Pflicht in die Eisenbahninfrastruktur zu investieren liegt vor allen bei ihren Inhabern, bei der AS Eesti Raudtee und der Edelaraudtee AS. Der Staat beteiligt sich nicht an der Deckung der laufenden Investitionen der Inhaberunternehmen in die vorhandenen Infrastrukturen, sondern nur an den strategisch wichtigen Projekten, die für den Inhaber der Eisenbahn nicht rentabel und deshalb nicht von Interesse sind, die aber einen positiven Einfluss auf die sozialwissenschaftliche Entwicklung des Staates ausüben.

Die Durchführung der Wartungs- und Renovierungsarbeiten der Eisenbahn-infrastruktur in ausreichendem Maße soll laut Rechtsakten zur höheren Fahrtgeschwindigkeit und zur Verkehrssicherheit beitragen. Der Staat mitfinanziert umgangreiche Projekte staatlicher Bedeutung. Der Staat sollte der Inhaber der Infrastruktur sein, damit die Unternehmen gleiche Chancen hätten, sich im Wettbewerb zu behaupten. In Estland ist auch die Infrastruktur in privaten Händen.

Der Eisenbahnsektor ist seit langer Zeit ein hoch subventioniertes Bereich gewesen. Deshalb ist es wichtig, dass der Staat Kontrolle über den Gebrauch der Subventionen ausüben könnte.

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Kokkuvõte

RAUDTEESEKTORI REGULEERIMISE VÕIMALUSED

Eve Tomson
Tartu Ülikool

Transport on oluline majandusharu, mille edukusest sõltuvad teised majandusvaldkonnad. Raudteesektor on olnud ajalooliselt suhteliselt tugevasti integreeritud ja peamiselt riiklikus omandis olnud valdkond. Raudteetranspordi suurim eripära võrreldes teiste transpordiliikidega seisneb infrastruktuurilise võrgustiku valdamises ja selle käsutamise õigustes. See on olnud osaliselt ka põhjuseks, miks raudteetransport on kõige ulatuslikumalt reguleeritud transpordisektor.

Raudteetranspordi konkurentsivõime sõltub palju riiklikest eripäradest, nagu infrastruktuuri standardid jne. Kesk- ja Ida-Euroopas kulub suurem osa infrastruktuuri investeeringutest maanteedele, samas EL liikmesriikides on viimase kümne aastaga toimunud nihe kiirteede ehitamiselt raudteeliikluse arendamisele. Eestis on kujunenud välja olukord, kus rongid ja bussid ei täienda teineteist, vaid konkureerivad paralleelsetel liinidel. Raudtee infrastruktuuri halb tehniline seisukord ei luba reisirongidel kõikidel liinidel liikuda autobussist kiiremini. Selle tõttu on rongireisijate arv langenud. Raudteeinfrastruktuuri-ettevõtja eraldab läbilaskevõime jaotamisel kõigepealt need rongiliinid, mis on vajalikud avaliku reisijateveoteenuse osutamiseks rahvusvahelises otseühenduses (Raudteeseadus). Eelisõiguse andmine on läinud kohalikult transpordilt rahvusvahelistele vedudele. Seda muutust võib põhjendada Eesti ühinemisega Euroopa Liiduga.

Eesti Raudtee erastamiskavadesse tegi valitsus 1999. aastal olulise muudatuse: loobuti kontsessiooni sõlmimisest ja otsustati 66% enamusaktsiate müügi kasuks. Muudatustega tehti AS Eesti Raudtee aktsiate müük eelläbirääkimistega rahvusvahelise pakkumise korras ülesandeks Eesti Erastamisagentuurile. Lähtuvalt valitsuse otsusest kuulutas Eesti Erastamisagentuur 2000. aasta aprillis välja AS Eesti Raudtee 66% aktsiate erastamise kaheetapilisel rahvusvahelisel konkursil.

Eesti Raudtee erastamine oli ajalooline sündmus kogu maailma raudteede ajaloos. Teistes riikides ei ole müüdud eraomandisse nii raudtee infrastruktuuri kui ka seda kasutavat raudteevedude firmat. Raudtee infrastruktuuri investeerimise kohustus lasub selle omanikel AS Eesti Raudteel ja AS Edelaraudteel. Riik ei osale omanikfirmade jooksvate investeeringute katmisel olemasolevasse infrastruktuuri. Riik võimaldab omapoolset rahastamist vaid ulatuslike riikliku tähtsusega projektide korral, mille puhul ilmneb avalik huvi ja mis muudel tingimustel jääksid teostamata.

Olulisem seadusakt, millega raudteesektoris toimuvat mõjutatakse on Raudteeseadus (kehtib 31. märtsist 2004). Selles seadusaktis on täpsemalt määratletud raudteesektoris esilekerivad probleemid. Kajastamist on leidnud infrastruktuuri kasutamise tingimused, vastavate organisatsioonide õigused ja kohustused, tegevuslubade väljastamise kord, läbilaskevõime jaotamise tingimused jne.

Raudteesektori olulisus Eestis seisneb peamiselt transiidi ja eksportvedude teenindamises, aga ka reisijateveos. Rahvusvahelistest raudteevedudest hõlmavad põhilise osa Venemaa transiitveod, mis liiguvad peamiselt idast läände. Raudteeseaduse järgi kuulub reisijateveole prioriteet, kuid sellele avaldab negatiivset mõju raudtee infrastruktuuri ülekoormatus kaubavedudega. Kaubaveoteenuste tegevuslubasid on väljastatud neli korda rohkem kui reisijate veoteenuse tegevuslubasid.

Raudtee infrastruktuuri hooldus- ja remonditööde piisava mahu tagamine peab kindlustama ohutu liiklemise ja kiiruse tõstmise raudteel vastavalt õigusaktides sätestatule. Ulatuslike riikliku tähtsusega projektide korral võimaldab riik omapoolset rahastamist. Raudteesektor on olnud läbi aegade suhteliselt tugevasti subsideeritud valdkond. Seega on oluline, et riigil oleks võimalik teostada kontrolli eraldatud finantsvahendite kasutamise kohta. Teiste riikide kogemusi tuleks küll arvestada, kuid kahjuks ei näita ühegi riigi kogemus ideaalset reguleerimise määra, millest võiks juhinduda. Täielik privatiseerimine ei ole autori arvates mõeldav, kuna vedude mastaabid on suhteliselt väikesed ning eraettevõtluse puhul võib ebarentaablite liinide sulgemisega kaasneda reisijateveo oluline vähenemine.

Eesti transpordipoliitika üldiseks eesmärgiks on sarnaselt Euroopa Liidu üldeesmärkidele luua säästev transpordisüsteem, tagamaks elanikkonnale vajalikud liikumisvõimalused optimaalsete kuludega ühiskonnale.

OPENING-UP TO FOREIGN BANKS IN A TRANSITION ECONOMY: A CASE OF UKRAINE

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Introduction

Banking sector reforms are one of the key economic reforms in a transition economy. Ukraine is one of the fastest growing transition economies in Eastern Europe. Despite the attractiveness of Ukrainian banking market, foreign banks have a rather modest role in the Ukrainian banking market. The foreign bank entry restrictions that were in force until 7 July 2005 are the main reason for low penetration of foreign banks. Until that date foreign banks could not give out private sector loans and establishment of branches was also restricted. The removal of entry barriers makes the internationalization of the Ukrainian banking sector very topical subject in the near future. The aim of the paper is to theoretically analyze the main effects of foreign banks' entry on transition banking sector and to discuss those effects in the Ukrainian case.

Theoretical background

The academic research concerning the role of foreign banks in transition economies is an ongoing process with a very short history. The majority of the earlier studies about foreign banks' entry effects in transition economies conducted within ten years have found the entry of foreign banks to mainly have a positive impact on less developed countries, but in some cases also adverse effects have been pointed out. The research about foreign banks' activities is more focused on the larger CEE countries, such as the Czech Republic, Poland and Hungary, the activities of foreign banks in the other CEE countries having been less analyzed.

As the entry of foreign banks includes FDI inflow into the host banking sector, FDI literature will next be discussed to explain the impact of foreign banks' entry on the banking sectors of the CEE countries. Theorists who discuss the impact of FDI underscore the importance of inter-industry and intra-industry spillover effects. The extent of intra-industry spillover effects of FDI on technology transfer depends on a particular local firm's own ability to innovate and imitate (Glass and Saggi, 1998; Petit and Sanna-Randaccio 2000). Technology diffusion with FDI is a rather complicated topic. Teece (1977) pointed out several channels for technology run to domestic firms, namely labor flow from foreign to domestic firms, imitation and liberalization (removal of entry barriers to foreign firms).

[1] Financial support by the Academy of Finland is greatly acknowledged by the author.

It is also suggested that spill-over effects of foreign entry depend on how much the domestic and foreign banking market differ by their levels of development. This phenomenon is known as the "technology gap hypothesis" which suggests that the spillover effects from FDI to domestic firms will occur only if the technology gap is not overly large and if the country has a minimum required level of human capital (Borensztein *et al* 1998; Kokko 1994; Konings, 1999). An overly large technology gap between the foreign enterprise and domestic firm will lead to the dominance of competition effects. Aitken and Harrison (1999) showed that the productivity of domestic firms was negatively affected by FDI in Venezuela, where the competition effect slightly dominated. The reason was that foreign firms were "market stealers" who forced the domestic firms to produce less, which led to an increase in the average cost.

Besides the quantity of knowledge transfer, it is important to consider the level of quality of the knowledge transfer. Glass and Saggi (1998) found in their general equilibrium model that host countries with a higher technology gap receive lower technological quality with FDI. The capability to imitate and accept technology transfer is known as "absorptive capacity". Countries that are able to imitate more and have a more intensive level of local research and development (R&D) receive more high-quality technological FDI. Therefore their conclusion about policy is that host countries should enhance the imitation by supporting local R&D to receive high-quality FDI.

The application of FDI literature into banking sector would mean that the transfer of know-how from parent bank to a subsidiary has both competition and spillover effects on host banking sector (see Figure 1). Foreign subsidiary that operates more effectively due to more modern banking technology taken over from mother banks forces other. There could also be spillover effects – domestic banks can learn from foreign banks. Thus the competition effect can work in two ways: either domestic banks have high absorptive capacity and become more effective (catch-up effect), or if the technology gap is too high domestic banks are unable to compete with foreign banks and foreign banks will easily increase their market shares (market-stealing effect). The technology transfer and local firms' reaction to foreign banks' entry therefore depend on the development of the financial sector.

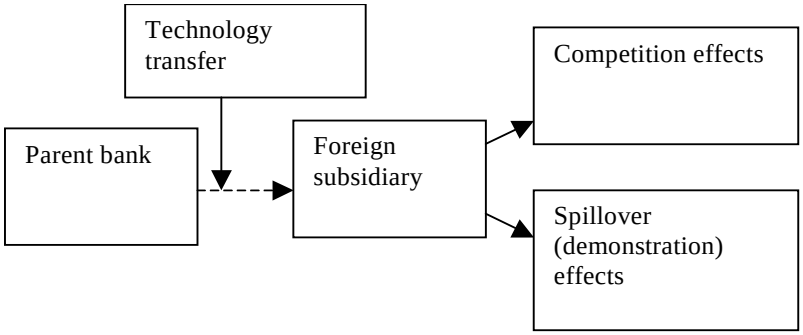

Figure 1. Effect of technology transfer on the local banking sector. (Compiled by the author).

There a several studies that analyze the effect of foreign banks' entry on the banking markets of transition economies. However, more intensive empirical research has only been undertaken in the 21st century. The studies in the 1990s were mainly descriptive or comparative (see Bonin *et al* (1998); Konopielko (1999); Metcalfe (1999); Kraft and Galac (2000)).
Bonin *et al*. (1998) brings out the following expected benefits and hazards from the entry of foreign banks to transition countries (see also Goldberg *et al* 2000; Doukas *et al* 1998). The main expected benefits include:

- Introduction of new banking technology and financial innovations (it is relatively easy for foreign banks to introduce new products and services to the local market).
- Possible economies of scale and scope (foreign banks can help to encourage the consolidation of the banking system, they have knowledge and experience of other financial activities: insurance, brokerage and portfolio management services).
- Improvement of the competitive environment (foreign banks spell potential competition to local banks).
- Development of financial markets (foreign banks' entry may help to deepen the inter-bank market and attract business from customers that would otherwise have gone to foreign banks in other countries).
- Improvement of the financial system's infrastructure (transfer of good banking practice and know-how, accounting, transparency, financial regulation, supervision and supervisory skills).
- Attracting foreign direct investments (the presence of foreign banks may increase the amount of funding available to domestic projects by facilitating capital inflows, and diversifying the capital and funding basis).

There are also several considerations of why foreign banks' entry may have an adverse influence on the banking sector in transition. The main arguments against foreign banks' entry are (see also Anderson and Chantal 1998):

- Fear of foreign control (control over the allocation of credit implies substantial economic power in any economy).
- Banking as an infant and special industry (this argument is a version of the general infant industry argument and banks are subject to various types of special protection due to their central role in the economy).
- Foreign banks may have different objectives (foreign banks may only be interested in promoting exports from the home country or in supporting projects undertaken by home country firms).
- Regulatory differences (supervisors of the host country lose regulatory control and if the home country has weak bank supervision, this may lead to unsound banking in the host country).

Konopielko (1999) concluded on the basis of postal survey conducted in the Czech Republic, Poland and Hungary that the direct benefits from entry are limited, and the indirect effects are mainly in the areas of corporate finances and foreign trade services. Kraft and Galac (2000) conducted a survey among 40 Croatian banks to test the effects of foreign entry mentioned above by Bonin *et al* 1998, concluding that it is hard to assess the spillover effects of good banking practice, but all the other positive effects mentioned by Bonin *et al* (1998) are present in Croatia. The negative effects are reported to be very mild, the only negative impact on domestic banks being some evidence of skilled labor flow from domestic to foreign banks (Kraft and Galac 2000, p. 31).

Cárdenas *et al* (2003, p. 23) bring forth the following aspect of foreign banks' entry: foreign banks' entry leads to gains in the efficiency of the domestic market from new technologies, products and management techniques. Foreign banks may also stimulate competition on the local market. A study based on the Mexican market also showed that foreign banks' entry may be associated with higher market concentration.

Goldberg *et al*. (2000, p. 2) suggest that foreign banks' presence increases credit growth at lower volatility. Nevertheless, they concluded, on the example of Mexico and Argentina, that a bank's health, not ownership per se, is an important factor for the growth, volatility and cyclicality of bank credit.

There are growing experiences of empirical studies suggesting that the overall economic development of a country is a positive function of the development of its financial sector, especially the banking system. Recent studies have shown that countries with well-developed financial institutions tend to experience more rapid rates of growth of real GDP per capita (Levine, 1997; Levine and Zervos, 1998; Rajan and Zingales, 1998).

Lewis and Davis (1982) discuss three main economic functions of multinational banks. First, multinational banks mismatch assets and liabilities across currencies. The currency preferences of borrowers are not necessarily identical to those of savers, and multinational banks resolve these preferences. Second, multinational banks transform preferences across borders. Another function of foreign banks is to transform the maturity of deposits into the preferred maturity of borrowers. This is a core function of banks, and of most financial institutions (Williams 2002, p. 130).

Overview of banking sector development in Ukraine

Next the main trends and developments in Ukrainian banking sector are discussed. Similarly to many other CEE transition countries there has been a rapid development of Ukrainian banking sector during last 10 years, but there has also been a severe banking crisis at the end of 90s. The national banking system in Ukraine started in 1991, after the adoption of the Law of Ukraine "On Banks and Banking". The Ukrainian banking system is a two-tier structure consisting of the National Bank of Ukraine and commercial banks of various types and forms of ownership. By 1997, 32 of 195 banks were being liquidated, while 25 others were undergoing financial rehabilitation. Bad loans accounted for 50–65 percent of assets even in some leading banks. In 1998 banks were further hit by the government's decision to restructure government debt. The Ukrainian banking system has well recovered since 2000. The credit portfolio of banks has increased up to 50% on yearly basis and domestic credit to GDP ratio (see DC_GDP on figure 2) has increased to 40% at the end of 2005. Total banking sector assets to GDP ratio (see TA_GDP on figure 2) was 60% at the end of 2005. Ukrainian banking sector still has strong growth potential as in more developed transition banking markets (i.e. Hungary and Estonia) DC_GDP has already exceeded 100% level.

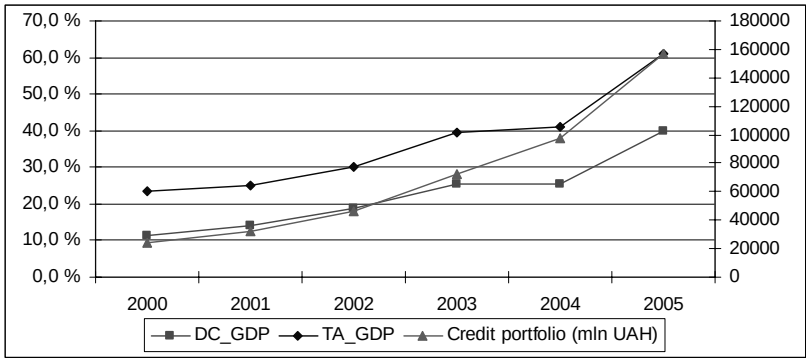

Figure 2. Domestic bank credit in Ukraine 2000-2005. Source: National Bank of Ukraine; author's calculations.

Figure 3 shows the dynamics of credit portfolio quality of banking sector in Ukraine. The assets quality of Ukrainian banks has significantly increased during last five

years. The share of problem loans in total credit portfolio has lowered to 2% in 2005. This indicates that Ukrainian banks have sound credit policy. Nevertheless, it must be noted that Ukrainian economy has grown rapidly during last years and probably not all of the credit risk has realized yet.

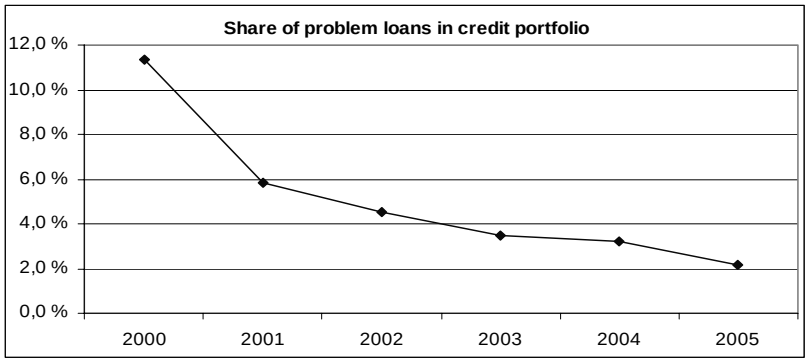

Figure 3. Problem loans in credit portfolio of banks in Ukraine 2000-2005. Source: National Bank of Ukraine; author's calculations.

Figure 4 shows the trends of average credit interest rate (ALINT), average deposit interest rate (ADINT) and total spread (Spread) in Ukrainian banks. Loan interest rates have significantly decreased during last five years, although the interest rates remain relatively high compared with developed countries. Total banking spread has been quite stable at around 5-6%, while the difference between average loan and deposit interest rate has clearly declined, which is a sign of increasing competition.

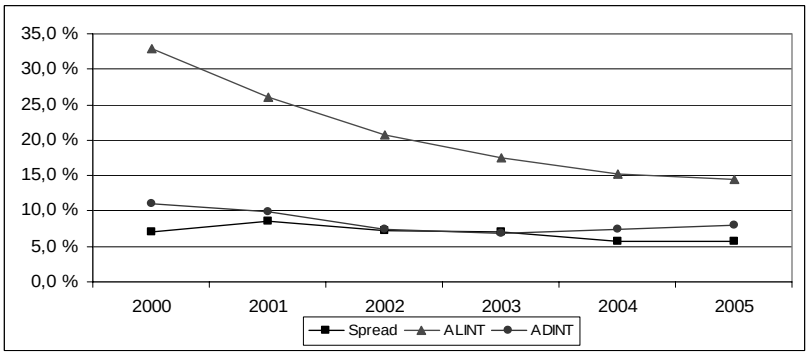

Figure 4. Total bank spread and average interest rates on credit and deposits of banks in Ukraine. National Bank of Ukraine; author's figure.

Figure 5 presents EBRD's (European Bank for Reconstruction and Development) estimates of banking sector reforms in selected transition countries. Three main

groups of countries can be distinguished. Ukrainian banking sector is about the same development stage with its neighbors Russia and Moldova with 2,5 points from maximum five. Most developed banking sectors among transition countries are in Estonia, Czech Republic and Hungary with 4 points. The author finds that Ukrainian banking sector has still a good starting position to converge with more developed CEE countries as the banking sector is sound and rapidly developing.

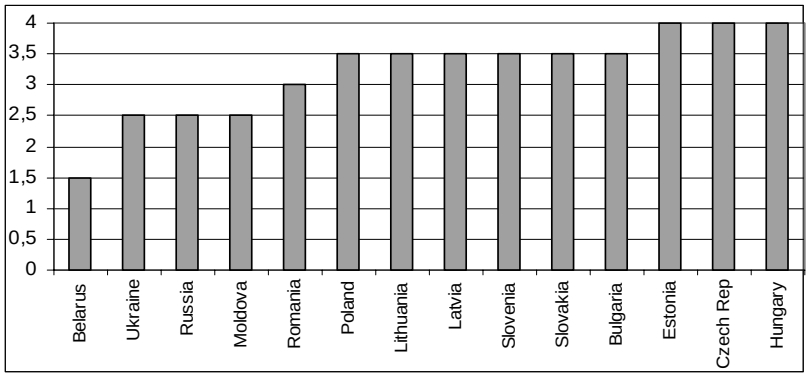

Figure 5. Banking sector development in CEE countries in 2005. Source: EBRD 2006; author's figure.

Foreign banks' penetration in Ukraine

Foreign banks' share in Ukrainian banking market remains relatively low, but is rapidly increasing since the end of 2005. The main reason of the intensive foreign banks entry is the removal of entry barriers that took place in July 2005. The removal of entry barriers has been topical already since 2002, when entry barriers were first relaxed according to law "On Bank and Banking Activities". The opening up to foreign banks is also related with Ukraine's wish to join the WTO. The entry of foreign banks has been significant since the end of 2005. From total share capital of banks in Ukraine, only 10% belonged to foreign residents in the end of 2004, but that ratio was already over 21% at the beginning of April 2006 (see FSCapital on Figure 6). The number of foreign banks has increased from 7 in 2000 to 11 in the first quarter of 2006, making 7% of total number of banks in Ukraine (see FBSN_100 on Figure 6). Banks with at least partial foreign ownership[2] encountered 14% of the total number of banks in the end of 2005 and increased to 16% by April 2006.

[2] According to Commercial Code and the Regime of Foreign Investment Act of 19 March 1996, significant foreign ownership is considered from minimum 10% of bank's charter capital.

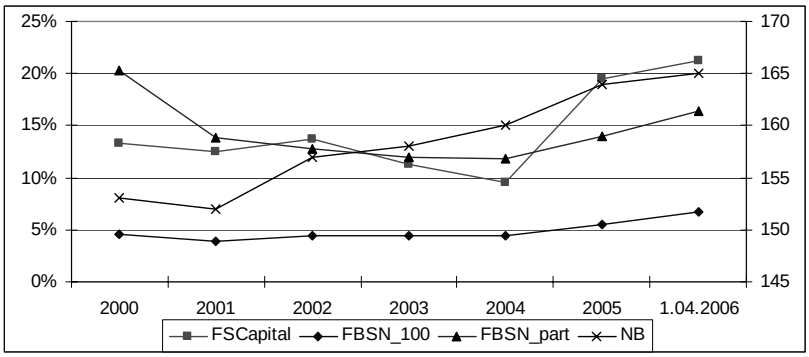

Figure 6. Share of foreign banks in total number of banks in Ukraine. Source: National Bank of Ukraine; author's calculations.

At the end of 2005, there were nine foreign banks operating in Ukraine: Alfabank and Vneshtorgbank of Russian origin; Kalion and Bank Pekao of Polish origin; XFB Bank (HVB) from Germany; Raiffaisen Bank from Austia; ING Bank from Netherlands and Citibank from the USA. Figure 7 shows the amount of total assets of foreign banks in Ukraine. Figure 7 indicates that Raiffaisen bank is the largest foreign bank in Ukraine which also had the largest assets' growth from July 2004 to July 2005. There has been an increase of assets in all foreign banks, but the growth has been quite moderate indicating that there are some obstacles for foreign banks' activities in Ukraine.

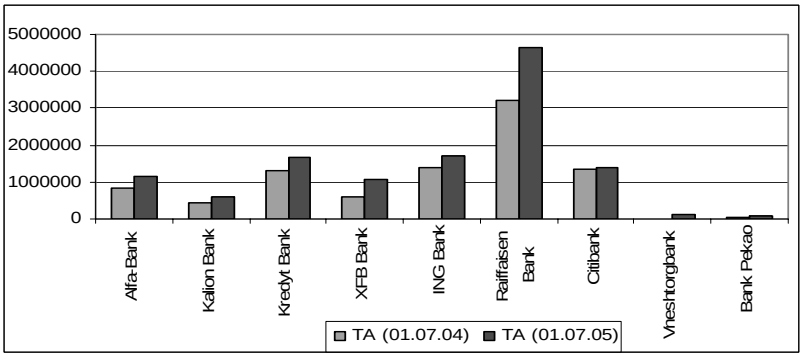

Figure 7. Size of foreign banks' total assets (TA) in Ukraine (mln UAH). Source: National Bank of Ukraine; author's figure.

Figure 8 shows the market share of foreign banks in total assets. The market share of foreign banks is quite modest yet. In July 2005 foreign banks' share in total assets was only 7,4%. The market shares of Raiffaisen Bank and XFB Bank have increased; market shares of other foreign banks have remained same or even

decreased. The author finds that this situation was just a "silence before the storm". Indeed, in late 2005 Raiffaisen Banking Group acquired a majority stake in Ukraine's second biggest bank – Aval Bank. Raiffaisen Group made $1.1 billion investment and their market share increased to 12.3% in total assets of the Ukrainian banking sector. The author suggests that the market share of foreign banks will further increase in 2006. It is likely that several domestic banks will be bought by foreign capital in the near future.

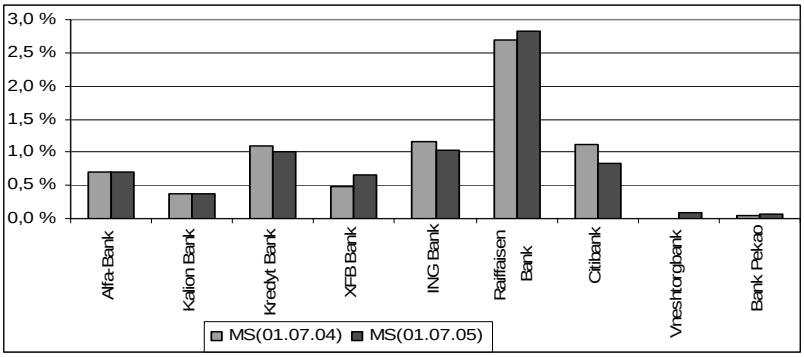

Figure 8. Market shares of foreign banks in Ukraine (% from total banking market assets). Source: National Bank of Ukraine; author's calculations.

Policy implications and suggestions

The author finds the removal of entry barriers for foreign banks in Ukraine to have several positive implications and good timing. The forthcoming entry of foreign banks will improve the capitalization of banks and increase the overall stability of the financial sector. Based on the experiences of new member states of the EU it can be hypothesized that there will also be clear improvements in financial services' quality and access to financial services. The author suggests that the presence of multinational banks in Ukraine would improve the competitiveness of Ukrainian banking market, nevertheless, it this likely that the market concentration will increase because of several mergers and acquisitions in the banking sector in the near future. The author believes that the possible increase in the market concentration will not remarkably reduce the competitiveness of the banking sector.

Foreign banks tend to enter the CEE transition banking market during banking crises when the banks are undervalued and illiquid (Uiboupin 2005). Foreign banks can work as rehabilitators of transition banking market (Tschoegl 2003), but the cost could be that the local banking sector is taken over by foreign banks at a very low price. Therefore the author finds that the timing of the removal of entry barriers was suitable for Ukrainian economy. The banking sector of Ukraine is currently solid and therefore domestic banks will be sold at "fair market price". The entry of foreign banks into Ukraine will also improve the overall business climate in Ukraine and

will attract addiction FDI also into Ukrainian non-financial sector and promote overall economic growth.

Conclusions

Financial sector reforms are considered as one of the most important economic reforms for transition countries. The current paper analyzed the possible effects of the removal of entry barriers to foreign banks on the development of Ukrainian banking sector. Foreign banks are found to have a key role in rehabilitating transition banking markets. The foreign ownership in Ukrainian banking sector is currently comparatively low, because the market was opened to foreign capital only in July 2005. At the end of 2005 there were 9 foreign banks operating in Ukraine, but their market share in total assets was only 7.4%, because of restrictions on private lending. Many foreign banks are expected to invest into Ukrainian banking sector already in 2006. The author finds that the removal of entry barriers has a good timing, as the Ukrainian banking sector is currently well performing and solid, thus the banks will be sold at higher price to foreign capital. The author also suggests that Ukrainian banking sector will benefit from foreign banks' entry by better financial services' quality and more stable and effective financial sector.

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Kokkuvõte

SIIRDERIIGI PANGANDUSTURU AVAMINE VÄLISPANKADELE: UKRAINA NÄIDE

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Pangandussektori areng ja reformid on siirderiikide arengu seisukohalt erilise tähtsusega. Oluline etapp pangandusreformide läbiviimisel on turu liberaliseerimine ja avamine väliskapitalile. Välispangad on enamikes Euroopa Liiduga liitunud Kesk- ja Ida-Euroopa riikides saavutanud domineeriva positstiooni. Ukraina pangandussektor oli välispankadele suletud kuni 7 juulini 2005, mil parlamendi otsusega eemaldati piirangud välispankade tegevusele ja kodumaiste pankade regulatsioon võrdsustati välispankadega. Varasemalt ei saanud välispangad anda välja laene erasektorile ning ka pangakontorite võrgustiku arendamisel olid olulised piirangud.

Käesolevas artiklis uuriti esmaslt teoreetiliselt välispankade turule sisenemise võimalikke positiivseid ning negatiivseid aspekte. Seejärel anti ülevaade Ukraina pangandussektori arengust ning välispankade tegevusest Ukraina pangandusturul. Tulenevalt eksisteerinud sisenemisbarjääridele on välispankade osakaal seni olnud tagasihoidlik – 2005 aasta lõpus oli välispankade turuosa pangandussektori koguvarades vaid 7,4%. Alates 2006st aastast võib aga prognoosida välisosaluse järsku kasvu Ukraina panganduses.

Auori arvates oli sisenemisbarjääride eemaldamine vajalik ja hästi ajastatud. On tehtud mitmeid uurimusi, kus on leitud et välispankade sisenemine siirderiigi panganduturule omab soodsat mõju pangandussektori arengule. Kahtlemata parandab välispankade sisenemine finantsteenuste kättesaadavust ja kvaliteeti ning loob täiendavat konkurentsi. Autor leiab, et majanduspoliitiliselt oli sisenemispiirangute eemaldamine hästi ajastatud, kuna pangandusturg on alates 2000 aastast selgelt stabiliseerunud ja 1998 aasta kriis on ületatud. Välispankade sisenemise lubamine kriisiperioodil kiirendanuks tõenäoliselt küll kriisist väljumist, kuid samas oleks kohalike pankade väärtus olnud tugevalt alla hinnatud. Praegusel juhul, kui turg on stabiliseerunud, ostetakse kohalikud pangad „õiglasema" turuhinnaga.

Kuna välispankade tegelik turule sisenemine on alles toimumas lähitulevikus, raske prognoosida selle kõiki võimalikke efekte Ukraina finantsektori ja kogu majanduse arengule. Autor julgeb siiski väita tuginedes arenenud siirderiikide kogemusele, et välispankade turule lubamine soodustab Ukraina pangandussektori stabiilsuse ja efektiivsuse kasvu.

BERÜCKSICHTIGUNG VON VOLKSWIRTSCHAFTLICHEN AUSWIRKUNGEN BEI DEN ENTSCHEIDUNGEN ÜBER DIE EINBINDUNG PRIVATER UNTERNEHMEN IN PPP

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Problemstellung

Untersuchungen zu den Public Private Partnership (PPP) konzentrieren sich meist auf die betriebswirtschaftlichen Effekte, insbesondere der Finanzierung, der PPP, obwohl die PPP unterschiedlichste Dimensionen (Budäus, 2004) aufweisen können, z.B. begriffliche, inhaltliche (Gegenstand), funktionale (Zwecksetzung) strukturelle (organisatorische Ausprägung) und die gesellschaftspolitische Funktion (Legitimation öffentlichen Ressourceneinsatzes). Von daher gesehen läge es nahe, auch verstärkt volkswirtschaftliche Effekte in die Diskussion um einzelne PPP-Lösungen einzubeziehen. Wir konzentrieren uns auf die **inhaltliche Funktion** nämlich die Betrachtung von PPP der Wasser- und Abwasserversorgung sowie auf strukturelle PPP in Form von Beteiligungsmodellen, Objektgesellschaften und Kooperationsgesellschaften, wobei **gemischtwirtschaftliche Unternehmen** entstehen. Es könnte sich handeln, um (Gottschalk, 1997, S.157, 2004, S. 169 f.):

- offene Beteiligungen an bestehenden öffentlichen Unternehmen,
- offene Beteiligungen öffentlicher Unternehmen oder ihrer Träger an bestehenden privaten Unternehmen (selten),
- die Gründung neuer gemeinsamer Unternehmen sowie
- die stille Beteiligung Privater an öffentlichen Unternehmen.

Wir berücksichtigen auch die gesellschaftliche Dimension, in dem wir über die einzelwirtschaftlichen Wirkungen auf die beteiligten Teilhaber und über diese hinausblicken. Da öffentliche Teilhaber eine Rolle spielen, die öffentliche Interessen im Sinne einer Gemeinde, eines Landes usw. zu verfolgen haben, werden volkswirtschaftliche sowie fiskalische Effekte ebenfalls Bedeutung erlangen.

Für die Beteiligten wichtige Effekte – somit auch volkswirtschaftliche und fiskalische Effekte - schlagen sich in den Entscheidungen der beteiligten Entscheidungsträger nieder. Die **Entscheidungen der Entscheidungsträger** umfassen:

- Entscheidungsalternativen,
- die Folgen also Wirkungen der Entscheidungsalternativen und
- die Bewertung der Entscheidungsalternativen.

Die Entscheidungen sind zu treffen bei der Aushandlung einer PPP- Alternative, beider. der Entscheidung über eine oder mehrere mögliche Alternativen, bei Entscheidungen beim Vertragsmanagement und bei Vertrags- bzw. Aufgabenänderungen.

Deshalb fragen wir uns, wie die **volkswirtschaftlichen Auswirkungen bei solchen Entscheidungen** zu berücksichtigen sind. Dazu wollen wir uns mit folgenden **Unterfragen** auseinandersetzen. :

(1) Welche Effekte sind von Belang?
(2) Wie lassen sich solche Effekte messen?
(3) Wie sind die Entscheidungsalternativen unter Berücksichtigung dieser Effekte zu bewerten.
(4) Lässt sich ein volkswirtschaftliches PSC – Public Sector Comparator (Treasury Task Force, 2003) - entwickeln?

Diese Fragen spielen für alle Arten der oben genannten Entscheidungen eine Rolle. Um jedoch unsere Analyse zu verdeutlichen, gehen wir zunächst von einer Entscheidung über eine ausgehandelte Alternative aus. Im ersten Kapitel handeln wir die erste Frage ab. Im zweiten Kapitel stellen wir einen Ansatz ,,typenbezogener Standortwahl“ vor mit dessen Hilfe volkswirtschaftliche Effekte einzelner Projekte, z.B. PPP, gemessen werden könnten. Im dritten Kapitel behandeln wir kurz die möglichen Bewertungsverfahren zur Bestimmung eines vorteilhaften PPP unter der Berücksichtigung volkswirtschaftlicher Effekte. Im vierten Kapitel möchten wir die Entwicklung eines PSC unter Berücksichtigung volkswirtschaftlicher Auswirkungen vorschlagen.

Effekte der Public Private Partnership

Zunächst müssen wir klären, welche **Effekte eines PPP** von besonderem Interesse sind. Generell gehen wir von Effekten bei den beteiligten Partnern aus und von solchen Effekten, die bei nicht direkt am Projekt beteiligten Wirtschaftseinheiten, z.B. andere als PPP-Beteiligte, auftreten. Daneben sind hier die Effekte, welche insbesondere mit wasserwirtschaftlichen Vorhaben in Verbindung stehen, zu nennen. Allgemein lassen sich unterscheiden:

- wasserwirtschaftliche Effekte,
- betriebswirtschaftliche Effekte,
- volkswirtschaftliche Effekte,
- fiskalische Effekte,
- Umwelteffekte,
- juristische Effekte,
- politische Effekte.

Diese Effekte betreffen nicht nur die PPP-Partner, sondern auch andere Wirtschaftssubjekte, die von der Realisierung des PPP-Projektes betroffen werden.

Im Rahmen der **PPP-Literatur** werden insbesondere Effekte angesprochen, die mit Risiken für das Gelingen eines PPP im Zusammenhang stehen (Pfnür, Eberhardt, 2005): Hier werden in erster Linie Effekte als Risiken für die beteiligten Partner interpretiert. Man unterscheidet: politische **Risiken**, die mit Problemen innerer Sicherheit, z.B. Vandalismus, und äußerer Sicherheit zusammen hängen. Zu ihnen zählt man auch mögliche Enteignungen. Ferner zählen auch Genehmigungserfordernisse sowie Steueränderungen d.h. fiskalpolitische Risiken zu dieser

Risikogruppe. Hinzu treten rechtliche Risiken infolge der Änderung von Gesetzen, der Durchsetzbarkeit von Ansprüchen, von Konflikten zwischen öffentlichen Trägern. Die kommerziellen Risiken betreffen hauptsächlich, Nachfrageänderungen, Währungsverschiebungen, Preissteigerungen, soweit die Projektteilnehmer mit diesen Ereignissen konfrontiert werden. Als Risiken und Wirkungen werden auch angesehen: Planungsrisiken, Risiken der Baukostenüberschreitung, der Baukostenüberwachung, der Überschreitung der Bauunterhaltskosten, usw. Ferner wird diskutiert, wie Risiken überwälzt werden können und inwiefern sie die Stabilität des PPP gefährden.

Eine verstärkte Orientierung an Effekten, von **Risiken**, die nicht unmittelbar im PPP wirksam werden müssen, zeigt die Einteilung in technische Risiken, z.B. Planungsrisiko, geologisches Risiko, Fertigstellungsrisiko, technologisches Risiko, in wirtschaftliche Risiken, z.B. Betriebsrisiko, Marktrisiko, Finanzielles Risiko, sowie globale Risiken, z.B. politische Risiken, Risiken aus höherer Gewalt (Bundesministerium für Verkehr, Bau- und Wohnungswesen, 2001, S. 207 ff.). Hier werden auch verstärkt Risiken einbezogen, die nicht die unmittelbar am Projekt beteiligten öffentlichen und privaten Wirtschaftssubjekte betreffen. Um abzuschätzen, ob solche Risiken eintreten, ist es jedoch auch wichtig festzustellen, welche Effekte überhaupt auftreten und wie groß diese sein mögen, damit man weiß, welche Risiken relevant werden. Erst dann lassen sich manche Verfahren der Risikobestimmung und –beurteilung, z.B. das Zuschlagsverfahren oder die simulative Risikoanalyse, erst anwenden (Pfnür, Eberhardt, 2005) und ein ausgewogener PPP-Vertrag oder – Institution ermitteln, der die Beteiligten in eine Win-Win Situation führt. Letztlich muss bei der Übertragung öffentlicher Aufgaben der Wasserver- und –Entsorgung letztlich die öffentliche Hand das Risiko privaten Versagens tragen.

Deshalb wenden wir uns der **Effektermittlung** zu, wobei die oben aufgeführten Effekt alle von Belang sind. Wir konzentrieren uns jedoch auf die Ermittlung der volkswirtschaftlichen und fiskalischen Effekte, wobei wasserwirtschaftliche, betriebswirtschaftliche Effekte und juristische Effekte projektgegeben einbezogen werden. Die volkswirtschaftlichen und fiskalischen Effekte betreffen hauptsächlich den öffentlichen Partner im PPP, auf den wir uns konzentrieren wollen. Die wasserwirtschaftlichen(Gottschalk 1997, Gottschalk, 2004; Gäde-Butzlaff, 2004; Napp, 2004; Europäische Kommission 2004a; Wackerbauer, 2005), betriebswirtschaftlichen (Kirchhoff, Müller Godefroy, 1996; Weber, 2005), und juristischen (Schuppert, 1997; Tettinger; Europäische Kommission, 2004b; Fischer, Scubert, 2005; Püttner, 2005) Aspekte werden primär in anderen wasserwirtschaftlichen Beiträgen bearbeitet. Allerdings fließen sie in das PPP-Projekt, dessen volkswirtschaftliche und fiskalische Effekte festgestellt werden sollen, ein. Dies gilt auch für volkswirtschaftliche Effekte auf die Wirtschaftsordnung, wenn sie von einem PPP ausgehen, die Änderung der Marktform in der Wasserversorgung, die Veränderung von Produktivität innerhalb eines PPP, die Änderung von Wasserqualitäten und –mengen, die Gebührenhöhen, die Auswirkungen auf Entscheidungskompetenzen der beteiligten öffentlichen Träger, die Finanzierungsmodalitäten des öffentlichen Trägers sowie für direkte

Effekte auf Einnahmen und Ausgaben öffentlicher Träger, für Umwelteffekte, usw. (Gottschalk, 1997; Kahlenborn, Kraemer, 2003.).
Da häufig mehrere öffentliche Träger in solche PPP-Projekte einbezogen sind oder von ihnen berührt werden, betrachten wir die Wirkungen auf folgende Träger und Regionen.

Die **volkswirtschaftlichen Effekte** (Friedrich, Wonnemann, 2003**) des PPP** betreffen u.a.:

- die Einkommen,
- die Beschäftigung,
- die Produktion,
- die Wanderung.

Daneben existieren **volkswirtschaftliche Effekte** auf:

- die Wirtschaftsordnung,
- Infrastruktureffekte,
- den Wettbewerb im Wassersektor, Gebührenhöhen,
- die Konkurrenzstellung der Standortgemeinde oder der betroffenen Gemeinden.

Deshalb ist es von Vorteil, falls die volkswirtschaftlichen Effekte in mehreren **Regionen** betrachtet werden, z.B.:

- die Standortgemeinde,
- das Umland/restliche Gemeinden im Bundesland,
- die anderen Bundesländer,
- Deutschland.

Hinzu kommen **fiskalische Effekte.** Sie betreffen:

- die finanzielle Situation des PPP,
- das Budget der Standortgemeinde,
- das Budget der restlichen Gemeinden im Bundesland,
- das Budget des Standortbundeslandes,
- die Budgets anderer Bundesländer,
- die Budgets der Gemeinden in anderen Bundesländern,
- das Budget der Bundesrepublik Deutschland.
- Das Budget der Sozialversicherung.

Die fiskalischen Effekte betreffen den oder die am PPP beteiligten öffentlichen Träger. Die Budgets verändern sich und damit auch das Verhalten der Finanziers und Hausbanken der Gemeinden, Länder usw. Es ist nicht einfach, diese Effekte zu bestimmen.

Weitere Effekte, z.B. auf Marktformen, sind im deutschen Ordnungsrahmen weniger zu erwarten, obwohl ein PPP sich unter Umständen nach französischem Vorbild dem überregionalen Wasserverkauf widmen mag. Allerdings könnten sich über die Ausschreibungen zur Gewinnung von Kapitalbeteiligungen, die Eigentümerstruktur und damit auch die Preisstruktur das Investitionsverhalten und die Erfüllung einer öffentlichen Aufgabe ändern, obwohl auch für PPP die

Gebührensetzung gemäß der Kommunalabgabengesetze relevant sind. Mit Einkommensverteilungseffekten zugunsten privater Eigner ist zu rechnen, falls es den öffentlichen Trägern nicht gelingt, die Privateigentümer im PPP zu übervorteilen, z.B. wie im Falle des Kanaltunnels.

Der Ansatz typenbezogener Standortwahl zur Ermittlung der Effekte

Die Ermittlung der volkswirtschaftlichen und fiskalischen Wirkungen, die von einem PPP ausgehen, ist ein schwieriges Unterfangen. Einzelne **Methoden stehen für die Ermittlung einzelner Effekte** zur Verfügung, z.B. Multiplikator-Modelle, Input-Outputmodelle, ökonometrische Verfahren, Kalibrierungsverfahren, Methoden der Projektplanung und des Layouts. Um die Wirkungen und Wohlfahrtseffekte öffentlicher Ausgaben und Maßnahmen zu ermitteln (Bröcker, 1988; Haddad, Hewings, 2001), setzen Ökonomen seit einiger Zeit **CGE-Modelle** (Computable General Equilibrium Models) ein. Allerdings wird in den existierenden CGE-Modellen der öffentliche Sektor nicht intensiv genug modelliert (Dixon, Powell, 1992; Shoven, Whalley, 1992), um sie für die Ermittlung der Effekte auf die öffentlichen Beteiligten an einem PPP einzusetzen. In die CGE-Modelle müssten sich weitere für die Koordination im öffentlichen Sektor PPP- relevante Gegebenheiten einbauen lassen. Dies ist nicht einfach, da neben Gleichgewichten auf vornehmlich privat dominierten Märkten auch Gleichgewichte unter Einschluss öffentlicher Märkte und politischer Gleichgewichtsanalyse Berücksichtigung finden müssten (Friedrich,2003).
Vor der Entwicklung der CGE–Modelle wurde von uns ein eigener Ansatz (Friedrich, Wonnemann, 1981) entwickelt, mit dem sich Ansiedlungseffekte auf Budgets von Gebietskörperschaften auf einzelne Verwaltungen und die Wirtschaft von Regionen isoliert oder im Zusammenhang mit Ansiedlungsvorhaben abschätzen lassen. Der **Ansatz zur Ermittlung von Standorteffekten** von Behördenansiedlungen sowie von anderen privaten oder öffentlichen Investitionsvorhaben, z.B. PPP (auch als taxonomic location approach oder Ansatz typenbezogener Standortwahl bezeichnet(Friedrich, Wonnemann, 1981) wurde herangezogen, um für verschiedene Rechtsformen und Arten von Verwaltungen sowie PPP die resultierenden Budgeteffekte für Gebietskörperschaften sowie volkswirtschaftlichen Effekte zu eruieren (Friedrich, 1985; Wonnemann, 1989; Feng, 2006).

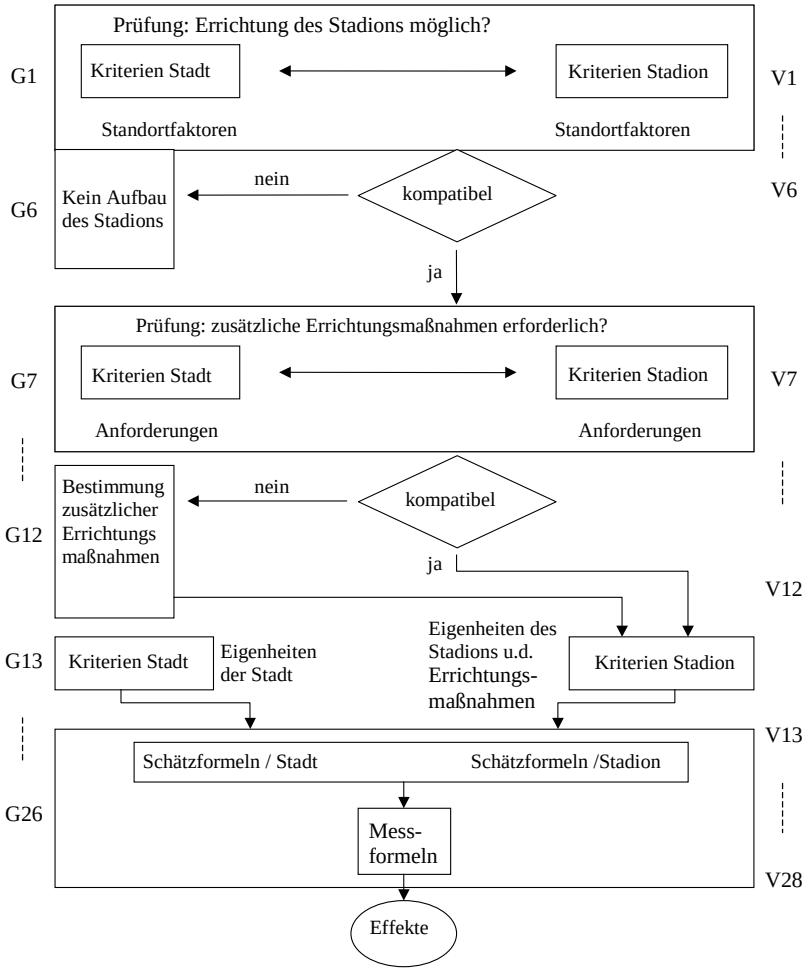
Der Ansatz **typenbezogener Standortwahl** umfasst (vgl. Abb.1):

- ein Verfahren zur Feststellung, ob eine PPP-Ansiedlung überhaupt möglich ist (1),
- die Feststellung ergänzender Ansiedlungsmaß nahmen (2) und
- ein Modell zur Errechnung der Effekte (3).

Das **Modell (3) besitzt**:

- 5 privatwirtschaftliche Sektoren und 3 öffentliche Sektoren;

Abbildung Nr. 1: Arbeitsschritte der Effektabschätzung, z.B. World Trade Centre Oberhausen, Allianz Arena München



- Güter-, Kapital- und Arbeitsmärkte sowie reale Verflechtungen zwischen Verwaltungen und Steuer-, Ausgaben- und Finanzausgleichsbeziehungen;
- die Standortgemeinde, deren Umland, das Standortbundesland, restliche Gemeinden, restliche Bundesländer, Bund, übrige Welt;
- Güterströme zwischen Regionen, Geldströme, Faktorströme, Pendler, Wanderungen,

Beziehungen zwischen Verwaltungen und privaten Wirtschaftssubjekten sowie Sozialversicherung.

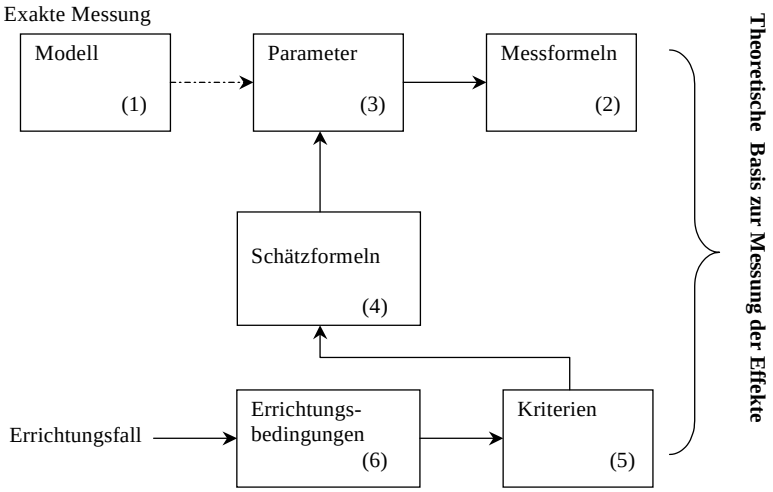
Der Ansatz typenbezogener Standortwahl wurde von uns für die Ermittlung der Effekte etlicher Projekte herangezogen[1], insbesondere für Neuansiedlungen. Im Gegensatz zu den **CGE-Modellen** werden die Verhaltensanpassungen über crowding out Effekte und deren Größe berücksichtigt. Während die CGE- Modelle erlauben Verhaltensänderungen über Gleichgewichtsänderungen zu bestimmen, bietet unser Ansatz Möglichkeiten, das Modell einfach an Realitätsänderungen über Parameteränderungen anzupassen, ohne das Zutreffen politischer und ökonomischer Gleichgewichtstheorien vorauszusetzen.

Die **Parameter** des Modells werden nicht ökonometrisch geschätzt, sondern projekt- und regionsbezogen mittels statistischer Daten sowie von Daten, welche über Interviews ermittelt werden, errechnet. Für diese Analyseschritte stehen Kriterien zur Verfügung, die zum einen das PPP und zum anderen die Standortgemeinde sowie die erwähnten einbezogenen Regionen betreffen. Diese Kriterien werden mittels der Daten aufgefüllt und in empirisch gestützte Formeln zur Bestimmung der Parameterwerte eingesetzt (vgl. Abb. 2). Das Modell besitzt 4006 Gleichungen. Es wurde nach Variablen aufgelöst, welche die oben bezeichneten **wichtige Effekte** beinhalten.

Der Ansatz passt sich gut in die Erfordernisse der Konzipierung von PPP-Vorhaben ein, denn zunächst wird abgeprüft, ob die **Entstehung eines PPP** und dessen Standortwahl überhaupt möglich ist (1). Hierzu werden Anforderungen seitens des PPP formuliert. Es handelt sich um Anforderungen an gesetzliche Möglichkeiten der Standortwahl, z.B. landesplanerische Voraussetzungen, andere rechtliche Voraussetzungen, infrastrukturelle Voraussetzungen, Kaufkraftpotentiale, Finanzielle Voraussetzungen, Förderungsmittel, Finanzkraft öffentlicher Träger, usw. Ferner werden ebenfalls Anforderungen der Standortgemeinde oder des öffentlichen PPP-Trägers formuliert. Sie betreffen die Eigenheiten des PPP, z.B. seine Produktionseigenheiten, seine infrastrukturelle Einpassung, seine Übereinstimmung mit landesplanerischen Anforderungen, seine finanziellen Notwendigkeiten und die eigene Mitfinanzierungsmöglichkeit, unerwünschte Umwelteffekte oder Umweltanforderungen, Entsprechung von Ausschreibungs-bedingungen, usw.

[1]Es handelt sich um 50 Projekte in Arnsberg, Bamberg, Bayreuth, Coburg, Dortmund, Dresden, Düsseldorf, Erlangen, Flensburg, Freiburg, Fulda, Gummersbach, Jilin, Itzehoe, Kassel, Kiel, Kulmbach, München, Neubrandenburg, Oberhausen, Regensburg, Regensdorf (Zürich), Shanghai, Siegen, Weißenburg und Xian, um ökonomische und fiskalische Effekte zu bestimmen.

Abbildung Nr. 2: Grundstruktur des Modells zur Messung makroökonomischer Effekte



Ist die Errichtung und die Niederlassung dieses PPP an einem Standort in der Standortgemeinde prinzipiell möglich, so ist das **PPP zu entwickeln, auszuformulieren und die Standortverbesserungsmaßnahmen**, die erforderlich werden, damit das PPP reibungslos funktioniert (2), sind festzulegen. Die Verfolgung dieses Ansatzes verweist den Analysten auf die Notwendigkeit, dass das Projekt nicht nur betriebswirtschaftlich, sondern auch volkswirtschaftlich konzipiert werden muss. Die zum Projekt gehörigen Maßnahmen und die direkten Effekte des Projektes sind zu bestimmen, z.B. Netzveränderungen, Straßenänderungen, Eingriffe in die Landschaftsnutzung, direkte Steuerzahlungen, Zuschüsse, Subventionen.

Für ein Wasserversorgungsunternehmen werden die Grundlagen für das PPP konzipiert, z.B. Teilhaberschaften, technische Produktionsverfahren, Bezugsquellen, Absatzgebiete, sowie zusätzliche Maßnahmen, z.B. Leitungsnetze, Umbauten, Umsiedlungen, Umwidmung von Gebieten, z.B. in Wasserschutzgebiete , Veränderungen bei der Abwasserbeseitigung- und –klärung, Investitionen bei den Abnehmern und Lieferanten. Nach Festlegung der Beschaffungs-, Produktions-, Absatz- und Finanzierungsaktivitäten unter Berücksichtigung von Risikoanalysen, lässt sich ein Business- oder Geschäftsentwicklungsplan aufstellen. Die letzteren Vorgehensweisen sind mit ihren betriebswirtschaftlichen und rechtlichen Implikationen schon öfters beschrieben und geschildert worden. Je nach Phase der Entwicklung des gesamten PPP-Projektes kann auf schon vorhandene

Ausschreibungsunterlagen und –ergebnisse, architektonische und bauliche Festlegungen schon bekannte Investitionssummen, Finanzierungskonditionen usw.

*	*	*	*	*	*
Promotions-Phase	Phase der Festlegung der Baukostens	Phase des Architekten-wettbewerbs	Phase der Realisierung	Phase der Inbetrieb-nahme	Spätere Produktions-phase

Abbildung Nr. 3: Chancen der Effektermittlung in unterschiedlichen Projekt-phasen

zurückgegriffen werden. Es lassen sich grundsätzlich folgende Phasen für ein Projekt erkennen (vgl. Abb. 3), wobei die Chancen für einen volkswirtschaftlichen Analysten, Informationen und Daten zu erhalten, beträchtlich variieren(Friedrich, Popescu, Wonnemann, 2006).

Darüber hinaus sind PPP-spezifische Probleme zu lösen. Wird entschieden, dass ein gemischtwirtschaftliches Unternehmen die Wasserver- und Endsorgung übernehmen soll, dann treten besondere Probleme auf, welche die Abschätzung der volkswirtschaftlichen Effekte erschweren. Die private Teilhaberschaft ist gemäß **EU-Recht** auszuschreiben, damit ist aber nicht sicher, wer der private Teilhaber wird und welche volkswirtschaftlichen Folgen diese zukünftige Auswahl des Teilhabers haben wird. Es entsteht Unsicherheit und der Analyst muss über Annahmen, das nicht bekannte Ausschreibungsergebnis vorwegnehmen. So ist z.B. volkswirtschaftlich relevant, aus welcher Region er stammt, wo Kapital abgezogen

wird oder ob man diese Teilhabe wie eine Aufnahme von Fremdkapital mit Eigenkapitalverzinsung behandeln kann. Besonders erschwert wird die Analyse, falls an dem PPP ein privater Teilhaber mit einer Beteiligung von über 1% des Gesellschaftskapitals beteiligt ist. Dann soll nämlich auch die Übertragung der Wasserver- oder -entsorgung ausgeschrieben werden (Tomerius,1999). Ein sogenanntes **Inhouse-Geschäft** ist nur dann statthaft, falls das gegründete gemischtwirtschaftliche Unternehmen die Ausschreibung gewinnt. Es kann sein, dass das gemischtwirtschaftliche Unternehmen nicht zum Zuge kommt (Schwintowski, 2005) und als Folge ein ganz anderes Projekt beurteilt werden muss, wobei allerdings die Fehlgründung des PPP mit seinen Folgen einzubeziehen ist. Abgesehen von einer unsinnigen Beharrung in einer Wettbewerbsideologie mit etlichen negativen volkswirtschaftlichen Folgen wird die hier interessierende Ermittlung der volkswirtschaftlichen Effekte besonders erschwert.

Vorgehensweisen, bei denen die **doppelte Ausschreibungspflicht entfällt**, erleichtern hingegen die Effektermittlung. So könnte eine Gesellschaft als 100% iges kommunales Unternehmen gegründet werden. Dieses Unternehmen wäre mit Hilfe einer direkten marktorientierten Vergabe im Rahmen eines Als-ob-Wettbewerbs mit Wasserver- und -entsorgungsaufgaben zu betreuen. Allerdings handelt es sich dabei nicht um ein gemischtwirtschaftliches PPP. Ein PPP könnte es bleiben, wenn das Verfahren mit einem Vertrags-PPP kombiniert wird. Beispielweise erhält das kommunale Unternehmen Grundstücke in Erbpacht oder die Betrauung mit der öffentlichen Aufgabe selbst lässt ein Vertrags-PPP entstehen (oettle, 2005; Sack, 2005). Ferner könnte ein 100%iges öffentliches Unternehmen gegründet werden und später über einen stillen Gesellschafter erweitert werden, nach dem das Inhouse-Geschäft getätigt worden ist. Weiterhin müsste geprüft werden, ob über eine nachträgliche Aufnahme privater Gesellschafter im Zuge einer ausgeschriebenen Kapitalerhöhung die Umwandlung in ein PPP betrieben werden kann, ohne dass eine Ausschreibung der Aufgabe erforderlich wird. Die EU-Rechtslage erschwert die Ermittlung der volkswirtschaftlichen Effekte und somit auch die Beurteilung eines PPP-Vorhabens ungemein.

Positiv wirkt sich für die Effektermittlung aus, dass das **EU-Recht** eine exakte Ausarbeitung des PPP-Projektes verlangt. Ferner erleichtern die verstärkten internationalen, EU-weiten und nationalen Bemühungen in Richtung auf yard-stick competition sowie Betriebsvergleiche (benchmarking) die Formulierung von Annahmen über die Ausgestaltung des PPP und seiner Folgen (Clausen, Scheele, 2002). Allerdings tritt die Frage nach den volkswirtschaftlichen Folgen von Wasserver- und Wasserentsorgungseinrichtung schon in einem sehr frühen Stadium der Planung auf. Falls das PPP-Projekt über Ausschreibungen erst später konkretisiert werden kann und man schon bis zur Inhouse-Vergabe vorgedrungen ist, besteht manchmal keine Möglichkeit mehr das Projekt zu stoppen, wenn es sich als volkswirtschaftlich wenig tragfähig erweist.

Der **Grundsatzabfrage** über die Bildung und Ansiedlung eines PPP in einer Standortgemeinde dienen die **Kriterien** V1 – V6 Eigenheiten und für das PPP und die Kriterien G1 –G6 für die Eignung der Gemeinde als Ansiedlungsgemeinde. Die

Kriterien V7 – V12 und G7 –G12 sollen helfen, die volkswirtschaftlich wichtigen Eigenheiten und **zusätzlichen Maßnahmen** zu bestimmen (Abb. 1). Direkte Effekte werden ermittelt, z.B. Steuerzahlungen, projektbezogene Zuschüsse, Subventionen. Das **PPP und die Maßnahmen** werden gemäß den Kriterien V 13 – V26 (V35) aufgeschlüsselt. Ferner wird die Standortregion mit Hilfe der Kriterien G13 - G 28 (G55) gekennzeichnet (Vgl. Abbildung 3, Abbildung Nr. 4). Die Informationen für die Regionskriterien werden aus Angaben der regionalen und überregionalen Statistik, aus Finanzausgleichsbestimmungen, Behördenangaben sowie aus den Haushaltsplänen von Kommunen, Bundesländern und dem Bund gewonnen.

Abbildung Nr. 3: Zusammenstellung der Kriterien zur Kennzeichnung des Neuen Stadions

Nr.	Kriterium	Dimension	Kriterienwert
V1	Anforderung an die institutionelle Einordnung der Stadt	Kategorie	
V2	Anforderung an die landesplanerische Einordnung der Stadt	Kategorie	
V3	Anforderung an die Einstufung der Stadt in Förderkategorien	Kategorie	
V4	Andere landesplanerische, raumordnerische oder institutionelle Anforderungen		
V5	Anforderungen an die geographische Lage der Stadt		
V6	Bedingungen zum Erhalt der Mitarbeiter		
V7	Bedarf an Leistungen, die am Standort erbracht werden müssen		
V8	Bedarf an Leistungen, die mit Hilfe von Netzen erzeugt werden		
V9	Bedarf des Vorhabens an Bodenfläche		
V10	An die Realisierung der Standortmaßnahme gebundene Fördermittel der Gemeinde		
V11	Besondere Eigenschaften des Vorhabens im Bereich der Leistungserstellung und -abgabe		
V12	An den Standort des Vorhabens gebundene Standorte von Leistungsabnehmern bzw.von an die Leistungsabnehmer des Vorhabens Leistungen abgebenden Wirtschaftseinheiten		

Nr.	Kriterium	Dimension	Kriterienwert	
			Errichtungsphase	Betriebsphase
V13	Bedarf an Personal der Kategorie "Führungskräfte"	Personen	3	300
V14	Bedarf an Personal der Kategorie "Mittleres Management"	Personen	33,5	2345
V15	Bedarf an Personal der Kategorie "Normale Beschäftigte"	Personen	40,5	2035
V16	Investitionsausgaben			
	Verwaltungen	Tsd. DM		17.330,75
	Unternehmen	Tsd. DM		18.791,00
V17	Maschinen und Anlagenkäufe			
	Verwaltungen	Tsd. DM	162.300,00	
	Unternehmen	Tsd. DM	192.840,00	
V18	Vorleistungsausgaben			
	Verwaltungen	Tsd. DM		1.809,08
	Unternehmen	Tsd. DM		26.396,54
V19	Eigenbeschaffte Maschinen und Anlagen			
	Verwaltungen	Tsd. DM		
	Unternehmen	Tsd. DM		
V20	Immobilienerwerb			
	Verwaltungen	Tsd. DM	15050,00	
	Unternehmen	Tsd. DM		
V21	Bauinvestitionsausgaben			
	Verwaltungen	Tsd. DM	349.953,00	
	Unternehmen	Tsd. DM	333.160,00	
V22	Sonstige Ausgaben aufgrund von Geboten oder Vorschriften			
	Zuschuß - Bund an Stadt	Tsd. DM	247.527,00	
	Zuschuß - Land an Stadt	Tsd. DM	72.996,00	
V24	Art der Leistungsabnehmer des Stadion: Unternehmen, Verwaltungen, priv. Haushalte			
V25	Leistungshäufigkeit			groß
V26	Absatzgebiet			groß
V27	Güter- und Leistungsbezüge bei Verwaltungen			(indirekt)

Nr.	Kriterium	Dimension	Kriterienwert	
			Errichtungs phase	Betriebsphase
V28	Gebühren und Entgelte an Verwaltungen			(indirekt)
V29	Steuerzahlungen			
	Verwaltungen – Grunderwerbsteuer	Tsd. DM	527,00	
	Unternehmen - Grundsteuer	Tsd. DM		8.988,88
	- Gewerbsteuer	Tsd. DM		9.243,33
	- Körperschaftsteuer	Tsd. DM		6.299,74
	- Umsatzsteuer	Tsd. DM		14.909,02
V30	Für den Finanzausgleich relevante Steuern		siehe V29	siehe V29
V31	Ausgabenbelastung der Verwaltungen			
	München	Tsd. DM	180.507,00	
	München (Verlustübernah., Annuität u. Defizit bet. Verwaltungen)	Tsd. DM		47.965,375
	Land	Tsd. DM	72.996,00	
	Land (Annuität)	Tsd. DM		5.957,12
	Bund	Tsd. DM	247.527,00	
	Bund (Annuität)	Tsd. DM		22.403,86
V32	Subventionen an Unternehmen			
V33	Ausgaben im Stadion für Produktion			
V34	Einnahmen des Stadion			
V35	Käufe der Abnehmer außerhalb d. Stadions	Tsd. DM		21.130,72

Abbildung Nr. 4: Zusammenstellung der Kriterien über die Landeshauptstadt München und weitere Regionen

Nr.	Kriterium	Dimension	Kriterienwert
G1	Institutionelle Einordnung der Gemeinde	Kategorie	3
G2	Landesplanerische Einordnung der Gemeinde	Kategorie	
G3	Einstufung der Gemeinde in Förderkategorien	Kategorie	5
G4	Andere landesplanerische, raumordnerische od. institutionelle Eigenschaften der Gemeinde		
G5	Geographische Lage der Gemeinde		
G6	Eigenschaften der Gemeinde zum Erhalt der Stadion–Mitarbeiter		
G7	Ausstattung der Gemeinde mit Wirtschaftseinheiten, die besondere Leistungen erbringen		

G8	Ausstattung der Gemeinde mit Leistungen, die mit Hilfe von Netzen erzeugt werden		
G9	Ausstattung der Gemeinde mit verfügbarer Bodenfläche		
G10	Anforderungen der Gemeinde an Fördermittel für die Realisierung der Standortmaßnahme		
G11	Anforderungen der Standortgemeinde an besondere Eigenschaften des Vorhabens im Bereich der Leistungserstellung und -abgabe		
G12	Ausstattung der Gemeinde mit an den Standort des Vorhabens gebundenen Leistungsabnehmern bzw. mit an die Leistungsabnehmer des Vorhabens Leistungen abgebenden Wirtschaftseinheiten		
G13	Einwohner München	Tsd. Pers.	1210,223
G14	Einwohner Umland	Tsd. Pers.	1129,95
G15	Größe München	qkm	310,59
G16	Größe Umland	qkm	4388,45
G17	Einkommen pro Kopf in München	Tsd. DM	38,68
G18	Umsätze Großhandel in München	Mio. DM	16584
G19	Umsätze Einzelhandel in München	Mio. DM	7765
G20	Umsätze Dienstleistungen in München	Mio. DM	29750
G21	Umsätze produzierendes Gewerbe in München	Mio. DM	99116
G22	Umsätze Baugewerbe in München	Mio. DM	12038
G23	Umsätze Verkehrs- und Nachrichtenwesen	Mio. DM	15874
G24	Arbeitslosenquote in München	%	4,1
G25	Zentralität von München	Stufe	1
G26	Realer Geld- und Kapitalmarktzins von München	%	4,0
G27	Schüler in München	Tsd. Pers.	139,984
G28	Einwohner Kreis	--	--
G29	Bevölkerung in Bayern	Tsd. Pers.	12117
G30	Bevölkerung in BR Deutschland	Tsd. Pers.	82087
G31	Zuwanderungsmöglichkeit aus dem Ausland (% pro freie Arbeitsplätze)	%	80
G32	Größe Bayern	qkm	70546
G33	Größe BR Deutschland	qkm	356978
G34	Umsätze Großhandel in Bayern	Mio. DM	178397
G35	Umsätze Einzelhandel in Bayern	Mio. DM	152905
G36	Umsätze Dienstleistungen in Bayern	Mio. DM	262591
G37	Umsätze produzierendes Gewerbe in Bayern	Mio. DM	463723
G38	Umsätze Baugewerbe in Bayern	Mio. DM	87455
G39	Umsätze Verkehrs- und Nachrichtenwesen in Bayern	Mio. DM	30734

G40	Umsätze Großhandel in BR Deutschland	Mio. DM	1240576
G41	Umsätze Einzelhandel in BR Deutschland	Mio. DM	1100803
G42	Umsätze Dienstleistungen in BR Deutschland	Mio. DM	1087285
G43	Umsätze produzierendes Gewerbe in BR Deutschland	Mio. DM	2895084
G44	Umsätze Baugewerbe in BR Deutschland	Mio. DM	454230
G45	Umsätze Verkehrs- und Nachrichtenwesen in BR Deutschland	Mio. DM	287727
G46	Arbeitslosenquote in Bayern	%	4,8
G47	Arbeitslosenquote in anderen Bundesländern	%	9,0
G48	Arbeitsmarktregionen mit hoher Arbeitslosigkeit in Bayern	Bezirk	1
G49	Arbeitsmarktregionen mit hoher Arbeitslosigkeit in anderen Bundesländern	Bezirk	78
G50	Arbeitsmarktregionen in BR Deutschland	Bezirk	181
G51	Preisindex[2] Immobilien in München	Index	732
G52	Preisindex Immobilien in Bayern	Index	165
G53	Preisindex Immobilien in anderen Bundesländern	Index	87
G54	Preisindex Immobilien in BR Deutschland	Index	87
G55	Zinssatz Spareinlagen	%	2,5

Die in den PPP-bezogenen und die in regionsbezogenen Kriterien erfassten Informationen werden verwertet, um die Größe von Parametern in dem Gleichungssystem des Modells zu bestimmen. Dies geschieht in **Formeln für Parametergrößen**, die auf Grund von Befragungen und beobachteten Zusammenhängen oder Regelmäßigkeiten entwickelt worden sind[3]. Somit erfolgen die Bestimmung der Parameter und die Errechnung der Effekte gemäß der Abb.Nr. 2. Diese Methoden entsprechen nicht den Vorgehensweisen mit Hilfe der Ökonometrie. **Ökonometrische Methoden** sind jedoch meist nicht anwendbar, da nur kleine Datenmengen zur Verfügung stehen, die mit jedem PPP wechseln und weil die Wahrscheinlichkeitsverteilungen, denen das Auftreten dieser Daten gehorcht, nicht bekannt sind. Die von uns entwickelten Parameterformeln berücksichtigen die Charakteristika des Projektes und die Eigenheiten der Standortregion (Friedrich, Wonnemann1981).

Das **Modell** wurde zur Errechnung der Wirkungen nach den **wichtigsten Größen (Variablen) aufgelöst** (Friedrich, 1985; Wonnemann, 1989). Dazu zählen die Einkommen in der Standortgemeinde, in den restlichen Gemeinden in dem Standortbundesland, im Standortbundesland, in den restlichen Bundesländern, in den dortigen Gemeinden und in Deutschland. Für diese Regionen werden sowohl die Beschäftigungs- als auch die Produktions- und Wanderungseffekte ermittelt.

[2] Hilfsweise qm-Kaufpreis für gewerbliches Bauland.
[3] Es handelt sich um die genannten 50 Projekte.

Gleichzeitig bestimmen wir die Haushaltsveränderungen für die Standortgemeinde, die restlichen Gemeinden des Standortbundeslandes, der Gemeinden in anderen Bundesländern und dieser Bundesländer. Ferner wird die Veränderung des Budgets der Sozialversicherung aufgezeigt.

Für das **PPP Allianz Arena München**, ein Vertrags-PPP, haben wir die volkswirtschaftlichen und fiskalischen Effekte bestimmt (Friedrich,Feng,Kosinskli, Wonnemann, 2001).Sie sind in der Abbildung Nr. 5 dargestellt worden. Sie zeigen für die Standortgemeinde München, das Umland, Bayern und die Bundesrepublik Deutschland beachtliche volkswirtschaftliche Wirkungen, z.B. Einkommenseffekte, Beschäftigungseffekte, Produktionseffekte, auf. Dies trifft sowohl für die **dreijährige Errichtungsphase** als auch für die **Betriebsphase** zu. In entfernteren Regionen machen sich in anderen Bundesländern Abzugseffekte bemerkbar. Eine geringe Zuwanderung aus anderen Bundesländern, nach München, in das Umland und in den Freistaat Bayern resultiert.

Abbildung Nr. 5: Einkommens- und Produktionseffekte (Dimension: Mio. DM)

Errichtungsphase	*München*	*Umlandge-meinden*	*Bayern*	*übrige Bundesländer*	*Deutschland*
Einkommen	239,230	77,205	316,435	-144,030	172,405
verfügbares Einkommen	106,898	39,577	146,475	-97,599	48,880
Produktion	548,498	183,948	732,446	-302,716	429,730
Betriebsphase 1 Jahr	*München*	*Umlandge-meinden*	*Bayern*	*übrige Bundesländer*	*Deutschland*
Einkommen	38,76976	8,729986	47,499746	-12,7121	34,787646
verfügbares Einkommen	23,70581	6,987196	30,693006	9,621828	21,071178
Produktion	132,6561	21,34481	154,00091	-26,91291	127,088

Beschäftigungseffekte

	München	*Umlandge-meinden*	*Bayern*	*übrige Bundesländer*	*Deutschland*
Errichtungsphase	5006	2188	7194	-2.731	4463
Betriebsphase	473	260	733	-239	494

Wanderungseffekte

	München	*Umlandge-meinden*	*Bayern*	*übrige Bundesländer*	*Deutschland*
Errichtungsphase	1.724	237	1.961	-1.961	0
Betriebsphase	162	40	202	-202	0

Gleichzeitig werden die Budgeteffekte für die **Errichtungs- und Betriebsphase** abgeschätzt (Abb.6). Die **Budgeteffekte** in München zeigen eine fallende freie Spitze (freie Spanne) auf. Dazu führen die finanziellen Belastungen beim Ausbau der Infrastruktur, die Verluste aus der Mindernutzung des Olympiastadions und die Tatsache, dass die indirekten Einnahmenzuwächse abzüglich indirekter Ausgabenveränderungen diese Belastungen nicht kompensieren. Die Budgets der Umlandsgemeinden erfahren hingegen eine Aufbesserung. Beim Freistaat Bayern wird auf Grund seiner Geberposition im Länderfinanzausgleich und seiner Beteiligung an Infrastrukturausgaben der Budgetspielraum eingeschränkt. Die anderen Bundesländer sowie deren Kommunen erfahren ebenfalls geringe Budgeteinschränkungen. Hingegen tritt in der Errichtungs- als auch in der Betriebsphase bei der Sozialversicherung eine Vergrößerung des Budgetrahmens auf.

Abbildung Nr. 6: Fiskalische Effekte auf die Stadt München (Änderungsgrößen in Tsd.. DM)

	Errichtung	Betrieb
Einnahmen: Steuern von Unternehmen	6739,8	15236,5
Steuern von Verwaltungen	2,8	0,6
Steuern von priv. Haushalten	4335,6	702,3
Ausgaben: Verwaltungsaufwand	-4387,6	-996,5
Zinsen (bzw. entfallene Zinsen)	-6516,0	-903,2
Finanzausgleich	33,0	-25,5
Steuerverbund	295,4	76,0
Direkte und sonstige Einnahmen u. Ausgaben	-163107,0	36590,7
Saldo/freie Spitze	-162604,0	-22500,4

Fiskalische Effekte auf andere Gemeinden in Bayern (Änderungsgrößen in Tsd. DM)

	Errichtung	Betrieb
Einnahmen: Steuern von Unternehmen	2904,0	358,7
Steuern von Verwaltungen	6,4	1,3
Steuern von priv. Haushalten	2224,2	311,7
Ausgaben: Verwaltungsaufwand	-9009,0	-1310,3
Zinsen (bzw. entfallene Zinsen)	523,0	52,7
Finanzausgleich	4374,4	899,6
Steuerverbund	1624,1	417,8

Direkte und sonstige Einnahmen u. Ausgaben	12053,1	1019,2
Saldo/freie Spitze	14700,1	1750,6

Fiskalische Effekte auf den Bundeshaushalt (Änderungsgrößen in Tsd. DM)

	Errichtung	Betrieb
Einnahmen: Steuern von Unternehmen	28074,7	3156,0
Steuern von Verwaltungen		
Steuern von priv. Haushalten	11741,7	2385,9
Ausgaben:		
Verwaltungsaufwand	-4368,5	-1422,3
Zinsen (bzw. entfallene Zinsen)	-8481,6	179,0
Finanzausgleich		
Steuerverbund	-2900,816	-6424,6
Direkte und sonstige Einnahmen u. Ausgaben	-239007,4	-894,0
Saldo/freie Spitze	-214941,9	-3019,9

Fiskalische Effekte auf Gemeinden in anderen Bundesländern und die Haushalte anderer Länder (Änderungsgrößen in Tsd. DM)

Andere Bundesländer	Errichtung	Betrieb
Einnahmen: Steuern von Unternehmen	-1445,3	-120,4
Steuern von Verwaltungen	-2,4	-0,2
Steuern von priv. Haushalten	-9042,5	-798,1
Ausgaben:		
Verwaltungsaufwand	5033,9	478,2
Zinsen (bzw. entfallene Zinsen)	817,5	217,9
Finanzausgleich	21340,8	5151,4
Steuerverbund	1626,2	4473,0
Direkte und sonstige Einnahmen u. Ausgaben	3735,3	1320,6
Saldo/freie Spitze	22063,6	10722,4
Gemeinden in anderen Bundesländern	Errichtung	Betrieb
Einnahmen: Steuern von Unternehmen	-4102,1	-355,8
Steuern von Verwaltungen	-4,9	-0,5
Steuern von priv. Haushalten	-302,3	-26,7
Ausgaben:		
Verwaltungsaufwand	7004,2	669,0
Zinsen (bzw. entfallene Zinsen)	-303,4	-18,3
Finanzausgleich	-1980,1	-174,3

Steuerverbund	829,2	965,0
Direkte und sonstige Einnahmen u. Ausgaben	-7937,6	-8631,5
Saldo/freie Spitze	-6757,0	-7573,0

Effekte auf den Sozialhaushalt (Änderungsgrößen in Tsd. DM)

	Bayern	*andere Bundesländer*	*Deutschland*
Errichtungsphase	92328,3	-16879,6	75448,4
Betriebsphase	9967,0	-1027,3	8939,6

Derartige volkswirtschaftliche und fiskalische Effekte bringen auch **wasserwirtschaftliche PPP-Vorhaben** mit sich. Sie fallen durchaus unterschiedlich aus je nach Standortregion und der Auslegung der PPP-Projekte. Mit Hilfe des Ansatzes typenbezogener Standortwahl und der bislang analysierten Fälle, die teilweise PPP darstellen, sind wir in der Lage, Aussagen darüber zu formulieren, welche **PPP große Effekte** erwarten lassen. Dabei handelt es sich um **Charakteristika des PPP:**.

Untersuchungen verdeutlichen dies, wo gleichartige Verwaltungen hypothetisch in unterschiedlichen Städten angesiedelt worden sind. Simulationen und Erfahrungen mit unterschiedlichen Ansiedlungsvorhaben verdeutlichen Eigenschaften eines PPP, die bei einer Neuansiedlung <u>große</u> Beschäftigungs-, Einkommen- und Produktionseffekte erwarten lassen.

- viele Beschäftigte,
- arbeitsintensive Produktion,
- hohe Vorleistungsnachfrage,
- keine crowding-out Effekte des Outputs oder anderer Investitionen,
- geringer Finanzierungsanteil der Standortgemeinde .

Folgende Eigenschaften der **Standortregion** (Friedrich, 1983) sorgen für große Effekte:

- viele Einwohner,
- hohe Arbeitslosigkeit,
- vielfältige Sektoren, Besatz mit Haushalten und Unternehmen,
- geografische Lage,
- große Hinterlandbevölkerung,
- große Gemeinde- und Hinterlandfläche.

Für die Größe der **Budgeteffekte** kommt es zusätzlich an auf:

- die Finanzierung, z.B. der private Anteileigener, die Standortgemeinde, die Finanzierungsbeteiligung anderer Träger,
- die Rechtsform des PPP,
- der Umfang finanzieller Rückflüsse an die Gemeinde, z.B. Steuerzahlungen, Zweckzuweisungen, usw.,
- die Stellung der Gemeinde im Finanzausgleich.

Bezüglich der **Effekte auf das Trägerbudget**, zeigen die erwähnten Studien, dass die direkten Effekte das Trägerbudget besonders stark betreffen. Die indirekten Effekte balancieren sich teilweise aus. Sie berühren jedoch den Trägerhaushalt, z.B. mildern sie die direkten Effekte aus der Finanzierung von Investitionen und Steuerzahlungen bis zu 40% ab. Entstehende Verluste des PPP, die von der Standortgemeinde ausgeglichen werden, tangieren den Trägerhaushalt besonders. Wie zu erwarten – sind die finanzierenden Institutionen speziell belastet. Die Sozialversicherung erfährt Budgetentlastungen und –zuwächse bei Neuansiedlungen.

Hingegen führen große PPP in mittel großen Gemeinden meist nur zu mittleren Effekten. Große Ansiedlungseffekte sind meist nur in großen Gemeinden zu erzielen. Selbst bei großen PPP sind in kleinen Gemeinden die Effekte meist absolut klein, jedoch pro Einwohner groß.

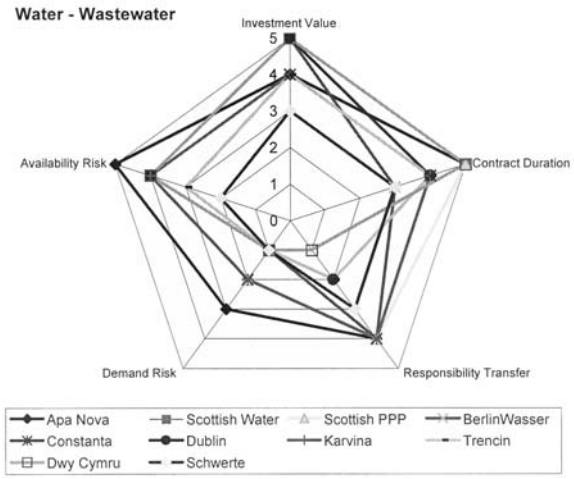
Für die Größe der Ansiedlungseffekte sind mögliche **Verdrängungseffekte** besonders wichtig. Dies verdeutlicht die alternative Behördenstandortwahl für ein Regierungspräsidium in Düsseldorf, Dortmund, Siegen und Arnsberg. In Düsseldorf wirken Verdrängungseffekte, da Arbeitskräfte knapp sind, Grundstücke knapp sind, so dass Unternehmen und Haushalte verdrängt werden, allerdings verliert die Stadt Düsseldorf weniger Finanzmittel im Finanzausgleich als Dortmund (Wonnemann, 1989).

Je nach Eigenheiten des PPP und der Standortregion resultieren sehr unterschiedliche Effekte. Deshalb sind simple Urteile über die Vorteilhaftigkeit eines wasserwirtschaftlichen PPP- Projektes nicht einfach zu fällen.

Die Beurteilung der PPP mit Hilfe der volkswirtschaftlichen Effekte

Die **Beurteilung der wasserwirtschaftlichen Projekte** kann einmal in der Weise erfolgen, dass die Effektgrößen mit erwünschten **Mindesteffektgrößen verglichen** werden, um festzulegen, ob ein PPP-Projekt volkswirtschaftlichen oder fiskalischen Mindestanforderungen genügt. Ferner könnte versucht werden darzustellen, welches PPP-Projekt die vorteilhaftesten Effekte aufweist. Dazu mag eine Sterndarstellung, wie in Abb. Nr. 9 gezeigt wird, nützlich sein. Jenes Projekt, dessen Effektverbindungslinien außerhalb jener aller anderen Projekte verlaufen, ist das günstigste Vorhaben.

Abbildung Nr. 9 (Europäische Kommission, 2004b)



In diesem Falle ist eine **Kostenwirksamkeitsanalyse** möglich, bei der Nachteile monetär – meist mittels betriebswirtschaftlicher Kosten - ausgedrückt werden, während die Vorteile in physischen Größen gemessen werden. Soweit kein PPP-Projekt existiert, das nicht alle anderen Projekte übertrifft, hat die Abwägung gemäß den Wünschen der im PPP einbezogenen Entscheidungsträger im Rahmen einer **Nutzwertanalyse** zu erfolgen (Friedreich, Tsimoupolos, 1984; Weber, 2003), wofür allerdings kein allgemein akzeptierter Bewertungsrahmen existiert. Da sich die Ziele der Ansiedlungsgemeinde von jenen des privaten Investors oder anderer privater Gruppen oder anderer Verwaltungsträger unterscheiden, resultieren differierende Ergebnisse, es sei denn ein gemeindeeigener wasserwirtschaftlicher Betrieb wird errichtet oder ausgebaut. Soweit die Ziele die erwähnten makroökonomischen volkswirtschaftlichen Ziele betreffen, wird sich bei Errichtung des PPP in der Ansiedlungsgemeinde meist ein positiver Nutzwert einstellen, soweit resultierende finanzielle Belastungen für die Gemeinde kein allzu großes gesellschaftliches Nutzwertgewicht besitzen. Allerdings sind Nutzwertanalysen mit vielen Problemen behaftet. Neben der Ermittlung der Effekte verursacht die Definition eines Zielsystems, die soziale Gewichtung und die Zuordnung der Effekte zu den Zielerreichungsgraden weitere Schwierigkeiten. Ferner existiert kein periodenbezogenes Rechnungswesen in Termini von Nutzwerten.

Auch **Nutzen-Kosten-Analysen** und auf ihnen basierende gesellschaftsbezogene Erfolgsrechnungen stoßen auf Schwierigkeiten. Die Nettozahlungsbereitschaft der Gesellschaftsmitglieder für ein wasserwirtschaftliches Projekt ist zu ermitteln. Zum einen müssen zusätzliche Effekte ermittelt werden, z.B. Auswirkungen von externen Effekten und monetäre Größen zur Bewertung, z.B. Konsumentenrenten. Zum anderen entstehen Probleme, insbesondere für eine Wohlfahrtsmessung im Sinne der Ansiedlungsgemeinde (Friedrich, Jutila; 2001). Dies gilt umso mehr für

wasserwirtschaftliche Vorhaben, die eine Samtgemeinde, Verwaltungsgemeinschaft oder mehrere Gemeinden umfassen, wo schon die Bestimmung des zu untersuchenden Projektes und der ergänzenden Ansiedlungsmaßnahmen sehr schwierig ausfällt (Friedrich, Liebel, Buckl, 1988). Aus der Sicht der Gemeinde, die eine Wasserver- und –entsorgung aufbaut, die maßgeblich von einem anderen Verwaltungsträger finanziert wird, stellen sich meist erwünschte Effekte ein. Die Absiedlungsgemeinden beurteilen im Sinne ihrer eigenen Nutzwertanalysen, die Einstellung der eigenen Wasserversorgung meist negativ.

Entwicklung eines volkswirtschaftlichen Public Sector Comparators

Ein volkswirtschaftlicher public sector comparators (vPSC) kann nicht wie ein erwerbswirtschaftlicher PSC gleichzeitig die Effektermittlung und die Bewertung umfassen, da die Nutzwertanalysen für einzelne Entscheidungsträger infolge unterschiedlicher Bewertungen differierend ausfallen. Bei **erwerbswirtschaftlich orientierter Betrachtung** ist die Bewertung einheitlich, so dass ein PSC genügt, um erwerbswirtschaftliche Rechnungen – selbst unterschiedlicher Entscheidungsträger - durchzuführen. Deshalb ist ein Rahmen zu schaffen, der eine vergleichende Effektermittlung gestattet. Nur falls der **vPSC** von einer Gemeinde oder aus der Sicht eines Bundeslandes für verschiedene Projekte einbezogen wird, bietet es sich an, gleichzeitig die Bewertung einzubeziehen.

Zunächst ist zu klären, auf welche **Organisationsform** sich der vPSC beziehen soll. Es bietet sich im System deutscher Wasserver- und –entsorgung von einem 100 igen

Gemeindeunternehmen, z.B. eines Eigenbetriebes, kommunalen Unternehmens in Bayern, oder von einer Regiebetriebslösung als kostenrechnende Einrichtung auszugehen. Ferner muss der vSPC die Eigenheiten der Standortregion einbeziehen. Für diese Ausgangssituation spricht auch, dass diese Lösung weniger mit den Unsicherheiten des EU-Rechtes behaftet ist.

Die Grundlage für ein vSPC vermag der geschilderte Ansatz **typenbezogener Standortwahl** zu bieten. Vorausgesetzt wird, dass gemäß der **ersten Abfrage** keine technischen, rechtlichen, planerischen und unüberwindbaren finanziellen Schwierigkeiten dem Projekt entgegenstehen.

Bei der **Ausarbeitung des PPP** und des Bezugsprojektes werden wegen der 100 igen kommunalen Lösung die Erträge und Aufwendungen des Wasserwerkes in den Gemeindehaushalt insofern integriert als ein Gewinn oder Verlust, der aus diesen Erträgen und Aufwendungen resultiert, in den Gemeindehaushalt eingestellt wird. Somit unterstellt der vPSC, dass ein Inhouse-Geschäft zwischen Gemeinde und Wasserbetrieb möglich ist. Weiterhin ist diese Lösung betriebswirtschaftlich zu konzipieren. Die Personal-, Investitions-, Finanzierungskosten, Abschreibungen, Steuerzahlungen, laufende Zuschüsse und alle anderen Kosten, z.B. für Vorleistungen des Wasserbetriebes, sind zu ermitteln. Dabei kann auf Betriebsvergleichsergebnisse für Betriebe mit ähnlichem Leistungsumfang hilfsweise zurückgegriffen werden. Ferner sind die Leistungsmengen sowie die

entsprechenden kostendeckenden Gebühreneinnahmen zu schätzen. Zusätzlich ist eine Bilanz eines solchen Betriebes aufzustellen, um Grundlagen für Grundstücke, Anlagenumfang, Rechte, Umlaufvermögen, Abschreibungen, Eigenkapital, Fremdkapital- und Fremdkapitalkosten zu erhalten. Für die Fremdfinanzierung sollte auf die günstige Kommunalkreditfinanzierung zurückgegriffen werden. Somit ist der erwerbswirtschaftliche Wirtschaftsplan für den Wasserbetrieb zu ermitteln.

Daneben sind **zusätzliche Maßnahmen** zu eruieren (vgl.V6 - V13 sowie G6 - G13). Dazu zählen Veränderungen an Straßen, Reinigungsmaßnahmen bei fließenden Gewässern, Flurbereinigung, verhinderte mögliche existierende Wirtschaftstätigkeit infolge von wasserwirtschaftlichen Planungen, Wassergewinnungsinvestitionen in anderen Gemeinden, z.B. Ausbau oder Rückbau, Ansiedlung von Unternehmen, die ohne wasserwirtschaftlichen Ausbau in der Gemeinde nicht zu produzieren vermögen, Umsiedlungen, Schließungen, Investitionen für die natürliche Regeneration von Gewässern, usw. Es handelt sich um Auswirkungen, deren Einnahmen und Ausgaben sich nicht im Wasserbetrieb niederschlagen, sondern im Gemeindehaushalt, in den Budgets anderer öffentlicher Träger oder bei privaten Wirtschaftseinheiten. Teilweise müssen sie in anderen Regionen Berücksichtigung finden. Für die Gemeinde interessieren auch Zweckzuweisungen, Fremdkapitalaufnahme, im Zusammenhang mit dem Wasserbetrieb, die zwar durch ihn verursacht, ihm aber nicht zugerechnet werden, Änderungen im Finanzausgleich, direkte Steuerzahlungen an die Gemeinde und der Betriebe gewerblicher Art, direkte Ausgaben für Wasser- und Baubereiche, die im Wirtschaftsplan des Wasserbetriebes nicht erscheinen.

Sodann wird auf die oben genannten **Kriterien** V13 bis V28 und G13 bis G28 Bezug genommen. Dafür sind die Eigenheiten der Gemeinde, z.B. Umsatzanteile der Branchen, Struktur des dortigen öffentlichen Sektors, Finanzausgleichs örtlicher Zinssatz, Steuersätze, Immobilienpreise, Arbeitslosenquote, und der Standortregion statistisch sowie des Umlandes, des Bundeslandes, anderer Bundesländer und Deutschlands zu erfassen. Ferner werden die erlangten Projektinformationen mittels der V- Kriterien aufgeschlüsselt, die Modellparameter bestimmt und die **Effekte** elektronisch für die **genannten Regionen** und die **oben bezeichneten Effekte** errechnet. Es kann auch ein Handbuch für eine näherungsweise Effektabschätzung – wie für Behördenansiedlungen (Friedrich, Wonnemann, 1981) – entwickelt werden.

Obwohl dieser vPSC auf Effekte ausgerichtet ist, könnte für die Bewertung ebenfalls ein **Zielbaum als Grundlage einer Nutzwertanalyse** entwickelt werden. Oberste Ziele, z. B. der Stadtentwicklung sind zu definieren, die zugehörigen mittleren und unteren Ziele sind zu bestimmen. Es wäre ein sehr ausführlicher Zielbaum zu konstruieren (Friedrich, Tsimopoulos, 1984), der für die betreffende Gemeinde mit Gewichten zu versehen ist. Ziele, die für eine Gemeinde nicht relevant sind, erhalten das Gewicht Null. Die Gewichte werden bei den verantwortlichen Gemeindebeamten abgefragt oder im Rat bestimmt. Es kann auch eine Bewertung im Sinne der Betriebsführung des Wasserbetriebes erstellt werden.

Dieser **vSPC** soll dann einer Effektermittlung für das PPP gegenübergestellt werden, um festzustellen, welche abweichenden Effekte das PPP mit sich bringt. Falls ein Zielsystem entwickelt worden ist, kann für die Effekte in der Standortgemeinde zusätzlich ein Bewertungsvergleich erfolgen.

Zusammenfassung

(1) Die volkswirtschaftlichen und fiskalischen **Effekte sind bedeutungsvoll** für wasserwirtschaftliche PPP. Die **Budgeteffekte** in der Standortgemeinde vermindern die direkten Belastungen des Gemeindebudgets, ohne diese voll zu kompensieren.
(2) Insbesondere **Einkommens-, Beschäftigungs-, Produktions- und Wanderungseffekte** lassen sich ermitteln. Die ebenfalls wichtigen fiskalischen Effekte werden ermittelt.
(3) Die **EU-Bestimmungen** über Ausschreibungen, yard-stick competition usw. erschweren die Effektermittlung.
(4) Während CGE-Modelle nicht geeignet sind, diese Effekte für einzelne PPP zu bestimmen, kann der **Ansatz typenbezogener Standortwahl** für diese Zwecke herangezogen werden.
(5) Beispiele für die Effektermittlung bei PPP existieren. Auch für wasserwirtschaftliche PPP lässt er sich einsetzen.
(6) Für **Bewertungen** ist auf **Nutzwertanalysen** zurückzugreifen.
(7) Ein Schema für einen **volkswirtschaftlichen public sector promoter** auf der Grundlage des Ansatzes typenbezogener Standortwahl haben wir entwickelt. Er stellt hauptsächlich auf die Effekte einer kommunalen Wasserver- und –entsorgung ab.

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Summary

CONSIDERATION OF ECONOMIC EFFECTS IN DECISION-MAKING ON PUBLIC PRIVATE PARTNERSHIP

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The authors determine the economic effects caused by PPP (public private partnership) especially in water resource management. We consider income effects, employment effects, production effects and migration effects. Moreover, we evolve budget effects and effects concerning social insurances. These effects concern the city of location, the hinterland, other municipalities, Bavaria, other states and the federation.

For effect identification the so-called "Taxonomic Localization Approach for Public Offices" is applied. It provides instruments of analysis for deciding whether an establishment of a PPP is feasible or not, whether development measures become necessary. It also contains a five region multi-sector model to account the effects mentioned. Further instruments are criteria and special formulas to specify the parameter values used in the model to evolve the effects. Therefore, the approach captures within the model the characteristics of a PPP project and that of the host region. The approach is demonstrated and discussed. We prove its usefulness of the methodological procedure by referring to the PPP Allianz-Arena at Munich. Direct effects are related to economic units directly involved in the project. Indirect effects concern the reaction of economic units, which are not part of the project, e.g. income change in Munich.

The defined project includes the effects of the new stadium on the already existing Olympic Stadium. For the three years construction phase and the operational phase the effects have been determined. The effects on income, employment, and production turn out considerable high. The budget effects to the city of Munich are negative, however positive for the hinterland and the social insurance. The size of the effects are influenced by the alternative uses of the Olympic stadium, the business and financial conditions of the stadium, the intergovernmental fiscal relations, the characteristics of the regional economy, number of visitors, etc.

We also evolve difficulties to identify economic effects of PPP that result from the European legislation on PPP. Evaluation problems of PPP concerning economic effects are discussed as well.

An EPSC – economic public sector comparator – based on the Taxonomic Localization Approach is defined and developed.

PERIPHERALITY IN THE EU BALTIC SEA REGION

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Formation of centres and peripheral borderlands started in the 17th century with industrial revolution, with implemented new technologies in manufacturing, higher productivity, bigger personal income and increasing wellbeing. But also with decreasing employment in primary sectors comparing with the others. Development of information society has not stopped those trends.(Polese *et al* 2002, 23-24) Urbanization or population concentration to cities or city-like territories and peripherality are two sides of the same multilevel process – we can analyse urbanization (peripherality) on European Union level, or in the Baltic Sea region, or in Estonia. The ongoing processes are most likely quite similar but with local (or regional) peculiarities.

According to conventional concepts of peripherality „...the potential for economic activity at any location is a function of both its proximity or travel time to other economic centres and its economic size“ (Copus 2001). Transport infrastructure has an effect on regions' development – regions with better access to raw materials and markets will, *ceteris paribus*, be more successful than more remote and isolated regions. (Copus 2001, Schürmann, Talaat 2002)

Conventional concepts of peripherality classify possible disadvantages into three groups (Fig 1). The main causal factors of peripherality are transport costs and weak agglomerative advantage, resulting in the high price of different services, weak influence on governance, underdeveloped research and development sector, low rate of innovation and entrepreneurship. Sparsity of population, dependence of GDP from primary sectors of economy, poorly developed local and intraregional infrastructure is associated with high peripherality. (Copus, Spiekermann 2004, 15-16; Copus 2001, 540). Regional differences can be the effect of a concrete factor or their cumulative effect. (Kaldaru, Päll 2003, 28)

Analysis of the peripherality of European Union member and candidate countries based on European peripherality index has shown that all EU regions with accessibility below the average tend to be peripheral both in terms of population and GDP. Most peripheral regions in European Union according to this study were Scandinavian countries, Scotland and Mediterranean islands. (Schürmann, Talaat 2002)

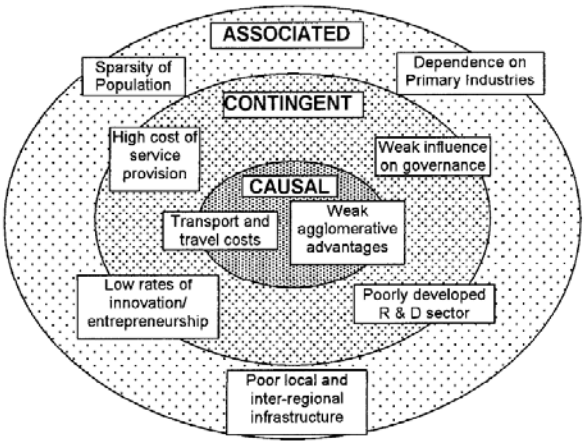

Figure 1 Elements of conventional (spatial) concepts of peripheral disadvantage (Copus 2001, 540)

The analysis of viability and possibilities for further sustainable development of local communities in Estonia has shown that the communities and towns far away from the country's main economic centre Tallinn are more likely to fall behind the average, or are characterized as less developed regions in Estonia. In the borderland regions far from the capital city local county centres or local communities close to them, are more successful. (Kaldaru 2003, Lehto 2004, Sõstra 2004, Reiljan & Ukrainski 2005)

Aspatial peripherality

Development of regions is the result of various decisions made, public and private investments and occasional coincidents. In general, traditional geographical periphery is falling behind the (local or regional) centres where total employment is higher, increase of population and workforce more intensive than in peripheral areas. Nevertheless there are also successful peripheral regions. Today both the networks (or position in the networks) for product design, manufacturing and marketing and client orientation are becoming more and more important. Behind the distance today, in globalization and integration era there are also some other extra factors influencing the success of region's development.

As the result of rapid technological evolution and structural changes in international economy (first of all the development of tertiary sectors) the content of peripherality is changing. Transition to knowledge-based economy brings new possibilities for regions. Economic success of the regions is less depending on geographical location and even more influenced by several aspatial factors (Fig. 2) – ICT infrastructure, human capital (share of educated work-force), co-operation of local enterprises (horizontal networks) and cooperation with other enterprises outside the region but

active in the same sector (vertical networks), social capital (connectedness of community), institutional networks (cooperation of different partners), local and global links (for example skills, education, adaptability of local entrepreneurs, human capital). (Copus, 2004, Copus & Spiekermann, 2004). This approach is associated with new concepts like *industrial districts*, *learning regions*, *milieux innovateur and innovation systems*. (Copus, Spiekermann 2004, Copus 2001; Murdoch 1999)

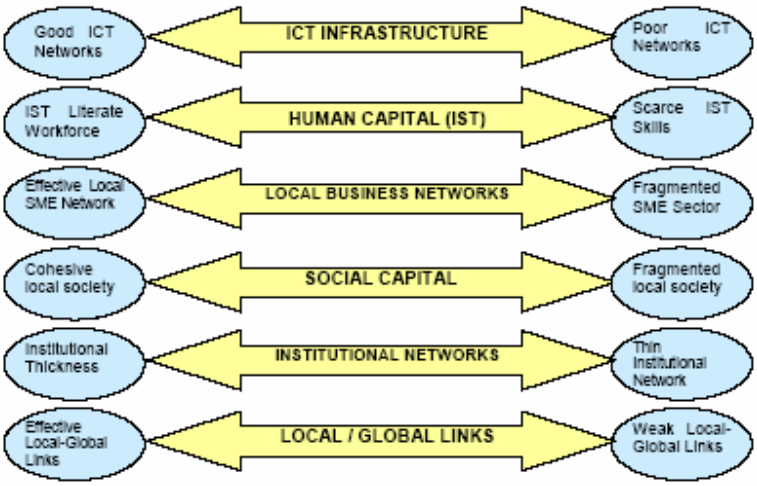

Figure 2 Key elements of aspatial peripherality (Copus & Spiekermann 2004, 32)

Investments into local human capital, knowledge systems and innovation are made in order to guarantee the regional development and to create favourable conditions for consumption of educational and health care services (Kaldaru & Päll 2003, 38), to develop possibilities for local entrepreneurs to move step by step toward higher productivity and better quality of their products and services. Developing of local competitiveness is not only the introducing and supporting of high-tech manufacturing and services. First of all it means **the exploiting of specific local advantages and continuous innovation in existing enterprises**.

Aspatial soft factors are connected with local social and cultural heritage and are not changeable or creatable in short time. (Copus 2004). Aspatial peripherality indicators are just typical for new economy of knowledge era. In this sense they characterize the local (and/or regional) „readiness“ to keep the community moving forward in rapidly changing economic environment.

Analysis of different peripheral regions indicates, that there is no direct connection between the dynamics of population numbers and income; salaries, rate of isolation, number of new jobs and migration rate are also important in regional development:

a) The hard peripherality factors are extremely significant in order to determine the success level of regions (e.g. all over Europe); yet, differences within regions on local level become evident in more detail by analysing the aspatial indicators;

b) Distance matters for regional economic developments, especially for activities dependent on logistics of raw materials, goods, people (primary economic sectors, manufacturing, tourism);

c) rural areas closer to small and/or big cities face lower risk;

d) in majority of peripheral areas there is low diversity of enterprises (especially when the local town-like centre is missing); in most cases local economy is based on traditional resource consuming sectors like agriculture, forestry etc;

e) concentrating of investments into a few big cities or „growth poles“ would trigger growth only in their immediate surrounding regions. The diameter of development zone depends on the size and influencing power of the „growth pole“. (Polese et al 2002, 76-77)

Analyses of changes in regional development in Estonia resulted in the following conclusions (Raagmaa *et al* 2003; Raus & Trasberg 2003; Kaasa 2003):

a) contra-urbanization and new re-urbanization are cyclic processes, which intensity primarily depends on the richness of the society.

b) As the result of economic development 1990s the part of the country southeast of the Aseri – Ikla line (Tartu, Valga, Võru and Põlva counties included) had rather lost from its new geopolitical position – the economic development is increasingly falling behind of country's average. The far away is the concrete region from metropolitan area of Tallinn the smaller is the income of local population. Differences in population income between different regions in Estonia are increasing.

c) Differences in socioeconomic development and in general welfare between different counties in Estonia essentially increased in the late 1990s: Rapla county had managed to keep his relative position (4.-6.) but welfare niveau in Järva county decreased essentially during this period (4th position in 1996, 10th position in 2000), Valga county was doing better then Põlva and Võru counties (from 13th position to 9th position). The situation in sustainability, especially in employment and financial independence of local population and local governments worsened during 1996–2000 in

Põlva, Võru, Valga and Järva counties. Despite of decreasing trend Rapla county had succeeded to keep its sustainable development potential.

d) Local communities are not able or they are not ready psychologically, financially etc. to learn (new skills) or to understand modern economic, social etc trend; they are closing up and in this way rejecting majority of progressive innovations. Local administrative structure, its ability, capability and willingness to realize necessary transformations (changes) will become the most important factor of local development. (Raagmaa 2001)

Innovative centres and periphery in Baltic Sea region

The Baltic Sea region is in terms of economic development quite successful. Rating the position of Estonia as a country supposes the comparison with his neighbouring countries. In the following Table 1 the characteristics of innovation in analyzed Baltic Sea countries are presented. According to the most innovation indicators two different groups of Baltic Sea countries can be distinguished: Sweden – Finland and Germany and Baltic States and Poland. Especially big are the differences in the public and private investments into research & development, in numbers of EU and/or US patents, in total employment in high technology manufacturing and services. Division of labour (roles) between the countries is starting to develop and it can possible result in deepening stratification between countries around the Baltic, firstly on the basis of general innovativeness, and as a result of general economic development and living conditions of population.

At the same time, there are different modes of innovation and not all of them are based on research and development – innovators and innovation modes can be distinguished, and really are different (2004 European Innovation Scoreboard):

1. strategic innovators – innovation is core component of their competitive strategy; they are continuously using R & D to develop novel products or processes.

2. intermittent innovators – innovation is not the core strategic activity, they are focusing on adapting new technology to their (national, local) needs.

3. technology modifiers – these countries (regions, companies) modify existing products or processes or services through non-R&D based activities, through product engineering

4. technology adapters – they primarily adapt innovations developed by other firms and/or organizations.

In the Baltic region Sweden, Finland and Germany are strongly on the course of strategic innovators, Baltic States and Poland simultaneously are still looking for their opportunities between different alternatives. At least Estonia and Latvia have good chances for that while they have educated work force and innovation-oriented

companies. Final results of the restructuring and reorientering process in those countries depend on innovation policy implemented by government and supported by public and private sectors.

Table 1. Innovation performance in countries around the Baltic Sea *anno* 2004 to EU25
(SE – Sweden, FI – Finland, EE – Estonia, LV – Latvia, LT – Lithuania, PL – Poland, DE - Germany

Innovation indicator	**SE**	**FI**	**EE**	**LV**	**LT**	**PL**	**DE**
Science & Engineering graduates/ 20-29 years	116	153	**57**	71	127	71	71
Working population with tertiary education	129	157	**144**	86	110	65	115
Participation in Lifelong learning	380	196	**69**	90	50	56	67
Employment in mid-high-tech manufacturing	107	104	**51**	28	46	--	167
Employment high-tech service	152	147	**73**	72	52	--	104
Public R & D expenditures/GDP	144	155	**82**	37	81	69	115
Business R & D expenditures/GDP	261	187	**17**	13	11	10	136
Export of high-tech patents	287	462	**10**	2	5	1	175
ESPTO high-tech patents	404	546	**12**	3	0	0	165
EPO patents	233	233	**7**	4	2	2	225
USPTO patents	313	265	**5**	0	1	1	229
SMEs innova in house	111	118	**116**	50	68	39	146
SMEs involved in in-innovative co-operation	189	282	**159**	56	173	71	130
Innovation expenditures / turnover	--	116	**66**	119	81	85	126
Non-tech change	90	96	**108**	73	63	--	133
High-tech Venture Capital	95	96	**-**	-	-	13	125
Early stage Venture Capital	322	260	**-**	0	-	28	82
New-to-market products	--	246	**76**	-	73	--	106
New-to-firm products	--	104	**32**	-	63	--	139
Internet access	146	113	**-**	39	47	68	117
ICT expenditures/GDP	131	106	**184**	162	131	123	98
Value Added high-tech manufacturing	125	196	**-**	21	64	43	94

Source: 2004 European Innovation Scoreboard – Country pages

The innovation potential (resulting in peripherality) depends on the relative amount of innovative/noninnovative enterprises and organisations (economic sectors) in the country. Most innovative sectors are electrical and optical equipment, information and communication technologies, computer and related activities, chemicals and chemical products. Least innovative sectors are transport, storage and communication; mining and quarrying; textiles and textile products; electricity, gas and water supply; trade; wood and products of wood & furniture; financial intermediation.

The structure and success of different national economies is characterized in Table 2. Within European Union in 2004, almost 66,9% of persons were employed in the service sector and only 18,7% in manufacturing.

Table 2. Total employment in manufacturing and services as a percentage of total employment, 2004 and Average Annual Growth Rate (AAGR) 1999–2004. (KIS – Knowledge Intensive services)

	Manufacturing				**Services**			
	As a % of total employment		**AAGR 1999–2004**		**As a % of total employment**		**AAGR 1999–2004**	
	Total	**low [1] tech**	**Total**	**High[2] tech**	**Total**	**KIS[3]**	**total**	**KIS**
EU–25	18,7	11,9	n.a	n.a	66,9	33,1	n.a	n.a
EU–15	18,1	11,2	-1,2	-2,0	68,9	34,6	+ 1,9	+ 2,6
Sweden	15,9	8,8	-1,9	- 8,3	75,1	47,0	+ 2,1	1,9
Finland	18,7	11,9	-1,1	- 0,6	68,7	40,3	+ 1,3	2,0
Estonia	24,2	**19,1**	+3,5	+ 10,7	59,5	27,5	+ 0,4	-0,3
Latvia	16,2	14,8	-1,0	n.a	59,4	24,6	+ 1,3	0,8
Lithuania	17,8	15,0	-1,9	+ 3,6	55,4	25,0	- 1,1	-1,7
Poland	20,3	15,4	n.a	n.a	53,2	24,3	n.a	n.a
Germany	23,1	11,9	-0,9	+ 0,8	66,4	33,4	+ 1,2	1,8

Source: Eurostat. Statistics in Focus: Science and technology, 1/2006

It is remarkable that in the Baltic countries the percent on service sector is remarkably lower (53,2–59,5%) than in „old“ EU countries like Sweden (75,1%), Finland (68,7%) or Germany (66,4%). The average annual growth rate in knowledge intensive services in Sweden–Finland–Germany is higher then in the Baltics and Poland. They are more active in developing of knowledge intensive services and not so much involved in manufacturing, especially in low-tech manufacturing: in the Baltics and Poland 14,8–19,1% of total employees in involved in low-tech manufacturing when in Sweden and Finland only 8,8–11,9%.

[1] - Low and medium low-technology manufacturing – manufacture of food products, beverages and tobacco; textiles and textile products; leather and leather products; wood and wood products; pulp, paper and paper products; publishing and printing; coke, refined petroleum products and nuclear fuel; rubber and plastic products; basic metals and fabricated metal products; other non-metallic mineral products.

[2] - High-technology manufacturing – manufacture of office machinery and computers; radio, television and communication equipment and apparatus; medical, precision and optical instruments, watches and clocks

[3] - KIS (Knowledge Intensive Services) – water transport; air transport; post and telecommunication; financial intermediation; real estate, renting and business activities; education; health and social work; recreational, cultural and sporting activities

In the high-tech manufacturing sector Finland led with a proportion of 2,0% of its total employment in this sector. It was followed by Germany and Estonia with 1,8% in both and Sweden with 1,1%, when the EU-25 average is 1,2%. Poland and Lithuania did not reach a share of at least 1% of their total employment in high tech manufacturing.

So the low-tech manufacturing is moving out from the Nordic countries to the other regions and will be replaced by high and medium-high manufacturing or as a increasing trend by knowledge intensive services based on well-educated work force and personal creativeness: in European Union the average share of knowledge intensive services (KIS) from total employment is 33%, in Finland it is about 40% and in Sweden even 47,0%. In the Baltic States and Poland the engagement in KIS is nearly two times lower (24,3–27,5%). In those countries the average growth is remarkably lower or even negative – for example in Estonia (-0,3) and especially in Lithuania (-1,7) in opposite to Sweden and Finland, where average annual growth rate in 1998–2004 was on the average 2,0%. If the existing tendencies will continue the Baltic States and Poland will face the risk to turn to the low-tech manufacturing countries, to the technological periphery of European Union. Think-tanks in Estonia had indicated to this as one possible development scenario (Tiits, Kattel, Kalvet 2005)

The relative position and short-time dynamics of concrete country in the Innovation TOP list is the results of the structure of country's economy: so according to European Innovation Scoreboard 2004 and 2005 average country trend of Estonia is – falling further behind, trend of Latvia–Lithuania–Poland – catching up and of Sweden and Finland – losing momentum. The position of the country in such lists will also be expressed on the domestic level in differences in regional development. The worsening of Estonia's relative position is related with the (Table 3) losing momentum in the relative number of workers with tertiary education, with falling further behind in number of science & engineering graduates, rates of employment in medium and high-tech manufacturing and high-tech service companies, ICT expenditures and in numbers of USPTO patents. The main reason for that trend is the dominating of low-tech subcontracting in Estonian manufacturing and service industry, decreasing educational level on local working population.

Table 3 Innovation trend performance in selected countries *anno* 2005

Innovation indicator	**SE**	**FI**	**EE**	**LV**	**LT**	**PL**	**DE**
New science/engi-neering graduates	11,2	2,5	**13,2**	9,8	10,6	16,5	0,8
Population with tertiary education	1,7	2,8	**2,5**	3,8	6,9	14,4	3,6
Broadband penetration rate	35,4	51,4	--	--	--	--	29,4
Public R & D expenditures	4,4	2,0	**3,3**	-5,5	6,4	2,0	2,7
Business R & D expenditures	-1,6	2,5	**22,5**	3,8	9,5	-20,5	1,3
University R & D expenditures finan-ced by business	7,7	1,4	**-8,2**	--	-25,2	-13,5	3,1
ICT expenditures	-0,2	1,7	**-12,8**	-6,5	-4,1	6,9	-0,5
Employment in high-tech services	-3,2	3,7	**-11,7**	2,7	-9,1	--	5,0
Exports of high-tech products	-12,0	-2,7	**-26,6**	10,0	9,5	1,9	-2,2
Employment in medium-high and high-tech manufacturing	-4,6	-3,1	**-12,3**	3,7	-2,4	-6,8	-0,2
EPO patents per million population	-2,2	1,9	**8,8**	16,5	--	12,0	4,5
USPTO patents per million population	8,6	14,6	**19,9**	-53,3	--	-13,6	8,4
Triad patents per million population	-2,0	11,0	**-11,0**	28,4	62,0	9,6	0,6
Community trade-marks per million population	11,3	-1,0	**449,9**	--	--	525,4	16,2

Source: European Innovation Scoreboard 2005

The tendency of local economy to innovation is also characterized by the trends in relative employment in high-tech and medium-tech manufacturing in selected countries. (Table 4). In all analyzed countries the employment in high and medium-tech manufacturing has been quite stable during 199–2004: Sweden ca 45%, Finland – 40%, Germany – 32%, Estonia – 28% , Latvia–Lithuania–Poland – ca 24%.

Table 4. Employment in high-tech and medium-high-tech manufacturing per 1000 of population in selected countries during 1998–2004

country	Employment per 1000s				AAGR	
	1998	2000	2002	2004	High-tech	Medium high tech[4]
Sweden	43,89	45,71	47,05	46,95	---	---
Finland	38,3	37,91	39,23	40,34	---	---
Estonia	28,05	26,88	30,86	27,49	10,7	3,8
Latvia	22,63	24,77	24,83	24,60	---	11,3
Lithuania	23,41	26,26	24,73	24,95	3,6	-11,1
Poland	---	---	---	24,30	---	---
Germany	29,23	30,37	31,80	33,36	0,8	0,2

Source: Eurostat, 8.02. 2006; Statistics in Focus –Science and technology, 1/2006

At the same time there are quite remarkable differences between analyzed countries in average annual growth rates during 1998-2004 – Estonia and Latvia are moving ahead from his close neighbours in total employment in high-tech and medium-tech manufacturing sectors and striving towards the status of technology modifier or even status of intermittent innovator in the concrete field. This tendency is also characterized by high-tech export as a share of total export (Table 5). According to this indicator Estonia is doing essentially better then other Baltic states or Poland despite the share of high-tech products in export was during 2000–2004 quite stable. At the same time it is important to point out that in the „leader“ countries, especially in Sweden and Finland, the share of high-tech export was also decreasing. The reason for that trend is the moving of manufacturing into the other countries outside the region and concentrating on initiating and developing of new products for international markets (knowledge-intensive services). Well-developed and broadband based ICT infrastructure is an obligatory prerequisite for being involved in international product development networks.

Table 5. High-tech export (products as a share of total export) in selected countries 1998–2004.

Country	1998	2000	2002	2004	trend
Sweden	16,4	18,7	13,7	13,8	↓
Finland	19,4	23,5	20,9	17,7	=
Estonia	---	25,1	9,8	9,9	=
Latvia	---	2,2	2,3	3,2	↑
Lithuania	---	2,6	2,4	2,7	=
Poland	---	2,8	2,4	2,7	=
Germany	13,2	16,1	15,2	14,8	=

Source: Eurostat, 08.02.2006

Development of knowledge-intensive economy (services) requires certain level of concentration of well-educated personnel – scientists-engineers; it also prerequisites

[4] - Medium-high-technology manufacturing – manufacture of chemicals and chemical products; machinery and equipment; electric machinery and apparatus; transport equipment

the modern broad-band based ICT infrastructure and good possibilities for edutainment and weekends. Table 1 show that Baltic States and Poland are essentially falling behind of their Baltic Sea neighbours in the number of science and engineering graduates (master's), in R & D financing both by public or private sectors. Results of such kind trend is the risk for Baltic countries and Poland to be pushed aside from modern developments in science and technology and to become the subcontractor countries of high-tech multiplying and implementing or even worse – countries of low-tech manufacturing and services in Northern Europe. The position of Baltics and Poland of course, can be totally different from all-European one.

Capital regions with high concentration of educated people and necessary infrastructure specialised in knowledge-intensive services (KIS). On the EU level in the knowledge intensive services in relative terms total number of employed in KIS per 1000) ca 50% of leading regions were capitals: Inner and Outer London, Stockholm, Oslo & Akershus, Région Bruxelles-Capitale, Ĭle de France and Berlin; four of the 15 leading regions were situated in the United Kingdom, three in Sweden (Stockholm, Övre Norrland, Sydsverige) and another three in Norway (Oslo, Trøndelag, Nord-Norge). Regions of Finland, Baltic States are not registered as leading (innovative) regions in Europe according to the employment in KIS or high tech KIS[5]. So, **only the Baltic capital city regions can have the real possibility to participate in offering KIS and/or high-tech KIS**.

The state's economic success on international markets depends also from the attitude of local population – quite often local communities are not able or are not (psychologically, financially) ready to learn (new skills) or to understand modern economic, social etc trend; they are closing and rejecting in this way progressive innovations (Raagmaa 2001). Table 6 is based on the Europe's Innobarometer 2005 and provides a measure of innovation demand to identify how citizens of different EU member states feel attracted by innovative products or services.

Table 6. Innovation mode of selected countries, %

Indicator	**SE**	**FI**	**EE**	**LV**	**LT**	**PL**	**DE**
Enthusiasts toward innovation	17	8	10	10	9	10	6
Attracted by innovation	40	34	34	29	33	27	36
Reluctant to innovation	36	46	47	45	44	47	39
Anti-innovation	7	13	9	16	14	17	19

Source: Innobarometer 2005; SE – Sweden, FI – Finland, EE – Estonia, LV – Latvia, LT – Lithuania, PL – Poland, DE – Germany

[5] - high-tech KIS (high-technology knowledge intensive services) – post and telecommunication, computer and related activities, research and development

According to Table 6 about 45% of total responses in selected countries are reluctant to innovation. The share of anti-innovation population was lower in Sweden and Estonia. At the same time, the share on anti-innovative responses was the highest in neighbouring Poland and Germany despite of different GDP and innovative success. So, attractiveness of innovative products and services (psychological readiness for innovation) do not depend on formal success in innovation of the country, country's economic success or geographical location in the heart or periphery of the European Union.

Prerequisites for local innovation I : Structure of local economy

Innovativeness and peripherality do not appear only on the European Union level in interstate comparisons. On regional or local level the ability of the region to enter and to stay in modern technological mainstream depends on the local population and local prerequisites. The ability of the region to keep up with changing time also depends on local economic prerequisites. The following Table 7 characterizes the structure of local economy in selected counties in Estonia. Rapla and Järva county they both are situated in central part of the country, Valga–Võru–Põlva represents the southern „periphery". It is important to notice that economic sectors are with different innovativeness – if the primary and secondary sector are dominating in local economy there is quite unreal to hope for high innovative potential today – region will evolutionate into low-tech oriented periphery.

Table 7. Structure of local economy (percentage of enterprises) in selected counties in Estonia (2004)

Sector	Eesti	Harju	Rapla	Järva	Valga	Võru	Põlva
Agriculture, hunting, forestry, fishery	16,8	2,9	40,1	49,4	42,0	39,0	41,2
Mining, industry	9,9	9,55	10,5	10,1	11,8	8,4	13,3
Energetic, gas and water supply	0,5	0,3	1,0	0,9	1,6	0,6	0,7
Construction	5,9	6,6	4,5	4,1	3,3	4,2	4,1
Wholesale and retail sales, hotels and restaurants, transport-logistics-communication, Finance and banking, real estate renting and business services	61,9	75,1	40,7	32,6	37,5	44,5	37,6
Government and social security, education, health and social insurance	5,0	5,5	3,7	2,9	3,8	3,3	3,1
Enterprises (N)	60882	31421	1459	1287	1075	1178	1316

In Estonia in average 16,9 % enterprises are active in primary sector (agriculture, forestry, hunting, fishing). The smallest amount of such kind of companies is registered in Harju county surrounding the capital city Tallinn (2,9%) and the biggest amount in Central Estonia, in Järva county (49,4%). In Rapla county and in the counties in South Estonia far from capital city in average 40% of registered local enterprises are active in primary sector. At the same time 61,9% of registered enterprises in Estonia are active in service sector. This share is quite close to the EU one (66,9% in 2004). In Harju county the percentage of service industry companies is about two times higher than in the others – 75,1%. The smallest amount of service sector enterprises is registered in Järva county – only 32,6%, at the same time in neighbouring Rapla county the share of service sector is more than 40%. So the distance from metropolitan area is not the only factor influencing the region's development – it is quite possible that **in the close neighbourhood of centres the peripheral, non-innovative territories can also focus on traditional manufacturing and local markets.**

Prerequisites for local innovation II: population access to ICT services

High-tech manufacturing and providing of knowledge intensive services (KIS) requires the existence and functioning of well-developed broadband based ICT infrastructure. Table 8 characterizes the availability of ICT in household as the precondition for consuming of modern services in an e-country (or – precondition for the development of corresponding economic sectors). According to 2004 data mobile phones are very common in households in Sweden, Finland and Baltic states, in Poland only 60% of households had this communication possibility. Access to Internet Baltic Sea region is quite different – digital divide is remarkable: if in 2005 in Sweden 73% of households had Internet access then in Lithuania only 16% and in Poland 30% had the same. **Estonia is loosing the former position of Baltic leader in ICT** to Latvia. Regions with wider access to Internet they had the selective advantage to become a partner in high and medium-high technology manufacturing and offering knowledge intensive services.

Table 8. Households with Internet Access in selected countries, %

Country	2002		2004		2005	
	Mobile phone	Internet	Mobile phone	Internet	Mobile phone	Internet
Sweden	89	-	109	-	n.a	73
Finland	87	44	96	51	n.a	54
Estonia	65	13,9	93	31	n.a	39
Latvia	39	3	90	15	n.a	42
Lithuania	47	4	89	12	n.a	16
Poland	36	11	60	26	n.a	30
Germany	72	46	86	60	n.a	62

Eurostat, 08.02.2006

Similar accessibility of broad-band Internet will support the sustainable and balanced development of different regions inside the country. Table 9 characterizes the situation of ICT in local household. During 2000–2004 there was a general

increasing trend in all analyzed counties both in having mobile phones and Internet connection at home. Nevertheless access to Internet in the households in the Estonian countryside is lacking behind of averages in Sweden and Finland and even Latvia - outside the capital city region (or local centres), access to the Internet is quite limited and the possibilities of local population (communities) to participate in modern economy and avoid the borderlanding process are quite restricted. It is remarkable that the lowest number of household with Internet is registered in Rapla county close to the metropolitan area and in a geographical periphery on Estonia's level in Põlva county – obviously here we are dealing with the passivity of local government, with low capability, ability and willingness of local administrative structure to initiate and realize necessary modernizations. (Raagmaa 2001). Innovative development of the region is not a stochastic selforganising process, it is necessary in active way to influence on and direct it – **innovation needs active governance.**

Table 9. ICT in local households, Estonia, 2000–2004, %

County	2000		2002		2004	
	Mobile phone	**Internet**	**Mobile phone**	**Internet**	**Mobile phone**	**Internet**
Estonia	35,5	6,9	58,4	13,9	71,0	24,0
Harju*	47,5	12,1	67,3	20,1	75,0	31,0
Rapla	33,7	5,2	59,3	10,5	73,0	18,0
Järva	28,9	4,1	56,7	11,7	67,0	22,0
Valga	28,9	2,6	50,2	11,7	59,0	n.a
Põlva	23,4	3,3	52,6	n.a	63,0	16,0
Võru	24,1	1,6	43,9	8,5	63,0	21,0

Source. Eesti Statistikaamet; * - data of Harju county do not include Tallinn

Prerequisites for local innovation III: Quality of working population

The educational level of local work force – share of working population with tertiary education – is quite high in Estonia and comparable to data from Sweden and Finland (Table 1). In Latvia and Poland the same indicator is definitely lower. The high educational level in working population will create positive prerequisites for development of knowledge intensive manufacturing and services as in the region and in Estonia particularly. At the same time Estonia's both manufacturing and industries will face the shortage of technical and engineering staff while the number of young science & engineering graduates is quite low comparing with neighbouring states.

Differences in the educational level of working population can be found out also in selected counties (Table 10)

Table 10. Educational level of local work force (percentage), 2004

	Education			Tertiary level education	
	Primary level	Secondary level	Total		university
Estonia	11,1	57,0	68,1	31,9	21,3
Harju	8,6	54,1	62,7	37,3	26,5
... Tallinn	7,1	53,4	60,5	39,4	28,1
Rapla	19,5	56,5	76,0	24,0	14,5
Järva	14,0	63,7	77,7	22,3	12,1
Põlva	15,2	54,3	69,5	30,5	15,9
Valga	19,1	54,6	73,7	26,3	12,2
Võru	10,6	65,9	73,5	23,5	13,4

The shortage of workers with university level education will damage the preconditions of successful development in peripheral regions. Having the critical mass of well-educated work force is in fact the key to innovative society.

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Kokkuvõte

PERIFEERSUS EUROOPA LIIDU LÄÄNEMEREMAADES

Jaanus Kiili, Merli Mäger
Tallinna Tehnikaülikool

Perifeersete alade kujunemine algas Euroopas juba 17. sajandil koos tööstus-revolutsiooniga, mis tõi kaasa uue tehnoloogia rakendamise tootmises ja põllu-majanduses ning tööviljakuse tõusu.

Piirkonna areng on erineval tasemel tehtud otsuste, avaliku ja erasektori investeeringute ning paljuski juhuslike kokkusattumuste tulemus. Kiire tehno-loogiline areng ning struktuursed muutused rahvusvahelises majanduses (eelkõige teenindussektori areng ning tootmise geograafiline ümberpaiknemine) on muutnud perifeersuse sisu. Piirkonna edukus sõltub üha enam nn mitteruumilistest teguritest – IKT infrastruktuurist, inimkapitalist, kohalike ettevõtete koostöövõrgustikest, koostööst regiooniväliste ettevõtetega, kogukonna sotsiaalsest kapitalist, seotusest rahvusvahelise majandusega. Kohaliku konkurentsivõime arendamine selles

kontekstis tähendab kohalike eelduste oskuslikku kasutamist ning olemasolevate ettevõtete pidevat uuendamist.

Artiklis analüüsitakse innovatsiooni ja mitteruumilist perifeersust iseloomustavaid näitajaid Balti mere äärsetes valitud riikides ning Eesti maakondades. Analüüsi tulemusena selgus, et:

1. paljudes kõrgtehnoloogilise tootmise ja teeninduse harudes on Eesti kaotamas oma endist positsiooni ning taandumas allhankemaaks Põhja-Euroopas.
2. ainult Balti riikide pealinnadel on potentsiaalne võimalus osaleda; teadmusmahukate teenuste pakkumisel vastavate rahvusvaheliste võrgustike liikmena, potentsiaali realiseerimine eeldab erinevate sektorite tulemuslikku koostööd;
3. Kohalike keskuste lähedased piirkonnad on spetsialiseerumas traditsioonilisele tootmisele kohaliku turu vajadustest johtuvalt;
4. Eesti on kaotamas oma IKT liidri positsiooni Baltikumis tingituna Interneti ebapiisavast kättesaadavusest eriti maapiirkondades ning pidurdunud IKT investeeringutest.

THE ECONOMIC IMPACT OF THE EU ENLARGEMENT AND FORTHCOMING CHANGE IN LEGISLATION OF THE SPECIAL ECONOMIC ZONE UPON THE KALININGRAD REGION[1]

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1. The main objectives of the study

The rapid economic transition of the Baltic States and Poland along with their recent EU memberships raises the question, has the Kaliningrad region[2] benefited from the EU coming to its borders or has the region suffered from the EU enlargement? In this short report, the author aims at answering the question, what is the socio-economic impact of the EU's latest enlargement upon the Kaliningrad region?

The study focuses on analysing change in the region's foreign trade and foreign investment, due to the fact that the region's external economic relations are likely to experience changes earlier than the rest of the economy. Here, one should keep in mind that major changes in economic behaviour do not occur overnight, and hence, one is only able to analyse the immediate impact of the Union's expansion on Kaliningrad. One should not forget that some immediate reactions to the enlargement are probably only temporary ones. Furthermore, it is extremely important to keep in mind that just a year has passed since the enlargement occurred, and therefore, all the necessary statistical data is not available yet.

Secondly, one may ask what are the possible economic consequences of the legislative change concerning the special economic zone to the Kaliningrad economy? In time of writing this article, only the first reading of the act on the Kaliningrad special economic zone (SEZ)[3] has taken place in the State Duma.

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[1] This article has been produced, while the author acted as a short-term expert for the Russian-European Centre for Economic Policy (RECEP). The author gratefully acknowledges the contribution of the interviews, discussions and meetings, which took place during the expert period. The author wishes to thank all the persons involved in the research process. Special thanks go to Marina Cherkovets (RECEP), Sergey Prihodko (Institute for the Economy in Transition), Christer Pursiainen (RECEP), and Vitaly Zhdanov (the Administration of the Kaliningrad region). The views expressed in the article do not necessarily represent those of the RECEP, its funding organisation or opinions of those persons, who were interviewed, discussed or met.

[2] In the report, the terms 'the Kaliningrad region' and 'Kaliningrad' are used interchangeably.

[3] The companies operating under the current SEZ may sell the imported goods to the Russian mainland without paying custom duties if 30 per cent of the product's value is added in the region plus change in the Tariff Nomenclature code's 4th digit. In electronics and household appliances, 15 per cent value added is required plus change in the Tariff Nomenclature code's 5th digit. The companies operating in the SEZ are also exempted from export tariffs.

Therefore, the analyses have to be carried out on the basis of the draft law. Major changes in the final law may invalidate the analyses made in this paper[4].

2. An overview of the Kaliningrad region's economy

2.1. The economic potential of the Kaliningrad region prior to the EU enlargement

Russia's economic slowdown in the 1990s had major consequences for Kaliningrad. By 1999, the region's industrial production fell by over 60 per cent compared with 1990, as old production and trade relations were eroded. Since then the Kaliningrad region has rapidly started to recover.

During the past three years, the Kaliningrad region has grown considerably faster than the Russian Federation as a whole. Annual GDP growth rates in Kaliningrad have exceeded 10 per cent during the period 2001-04, whereas economic growth in Russia has remained between 4-7 per cent. If the Kaliningrad region manages to maintain such a high growth rate, the region is able to meet the ambitious goal of doubling its economic size in 10 years[5]. Should the growth of the 2001-04 continue, Kaliningrad is already able to double its regional GDP by the end of this decade. However, in order to maintain such a high growth rate, the regional companies need more energy, since energy bottlenecks are already currently slowing down the economic growth (see Figure 1)[6].

Despite Kaliningrad's impressive growth, some statistics produced by the Russian statistical service (Rosstat) suggest that the living standard in Kaliningrad is lower than in Russia on average. For instance, Kaliningrad's average monetary income in June 2005 was RUR 6571 (€ 187), approximately 85 per cent of the Russian average. The passenger car intensity and meat consumption per person, however, give an opposing picture of the region's living standard. When using these material wellbeing indicators, Kaliningrad outperforms many Russian regions. Furthermore, the author's own observations in various Russian regions lead him to think that the Rosstat data is not fully able to describe the true picture of wellbeing in Kaliningrad, probably due to a large chunk of unrecorded economy, and therefore, the real living

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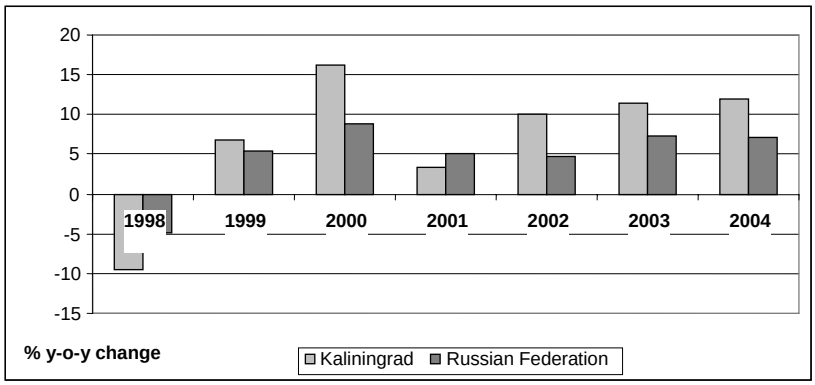
[4] The second reading is scheduled to take place in the State Duma on the 24th of November. The third reading is expected to take place before the end of 2005, thus the law could be in force already in the beginning of 2006.

[5] Note: an annual growth rate of 7.2% is required to double the GDP in 10 years.

[6] The planned North European Gas Pipeline may aid the energy shortage of Kaliningrad. The planned capacity of the two-string pipeline is 55 bn cubic metres per year, and the first 27.5 bn cubic metre string is to be commissioned in 2010. The over 1200 km long pipe will cost approximately USD 4 billion. Offshoots might be built to link the pipeline with Kaliningrad. The timetable of the plan seems ambitious, though not unrealistic. Even prior to the accomplishment of the planned pipe, the growing energy needs of the Kaliningrad companies must be met in one way or another. Here one should stress that the energy producing units of Kaliningrad should not export energy if it results in energy shortages in the region.

standard in Kaliningrad is most likely higher than in Russia on average (Liuhto et al., 2004; 2005).

Figure 1. Annual GDP change in Kaliningrad and Russia, % y-o-y



Source: Pan-European Institute (2002-2005a)

Kaliningrad ranks as the 37th among 89 Russian regions[7] in terms of its investment potential. The region's infrastructure, its transport infrastructure in particular, is highly developed by Russian standards. For example, Kaliningrad has Russia's only ice-free ports on the Baltic Sea shore. In addition, the Pan-European Transport Corridors 1A and 9D go through the region. Therefore, it is not surprising that Kaliningrad ranks 3rd after St. Petersburg and Moscow in terms of its infrastructure potential. On the other hand, the region's labour, financial, production, innovation, and consumption potentials are somewhat lower than the Russian average (see Table 1).

Table 1. The investment potential of Kaliningrad among Russia's 89 regions

Investment potential 2003-2004	37
Change from previous year	-2
(a deterioration of 2 positions)	
Infrastructure potential	3
Institutional potential	29
Natural resource potential	40
Labour potential	52
Financial potential	52
Production potential	53
Innovation potential	54
Consumption potential	58
Investment risk 2003-2004	22

Source: Expert 2004

[7] The number of the regions in Russia has been reduced since this ranking was conducted.

Relatively low investment potential is one of the reasons why the amount of foreign investment in Kaliningrad is relatively modest. The region accounts for not more than 0.2 per cent of the foreign investment stock of the Russian Federation. The aforementioned stake is even lower that Kaliningrad's share in the Russian GDP, 0.4 per cent. This indicator suggests that Kaliningrad does not perform as well as the country as a whole in attracting foreign investment. This implies that Kaliningrad has not succeeded in putting to full use its geographical proximity to the EU or the SEZ to attract foreign investments there.

Kaliningrad's accumulative foreign investment inflow amounted to nearly USD 300 million by the end of 2003. In 2003, Cyprus, with a 45-per cent share, was the largest investor in the region, indicating that the major part of 'foreign' investment originates from Russia. If one excludes 'Cyp-Rus' investment from the foreign investment stock, the major foreign investors come from Germany, Poland and the Netherlands. The active presence of Cyprus, Germany and the Netherlands in Kaliningrad is not a surprise, since they are also among the leading investors in the Russian Federation as a whole (Pelto et al., 2004). Similarly, Poland's presence in Kaliningrad is anything but unexpected due to her geographical proximity. Lithuania's absence from the list of the main investors in Kaliningrad indicates that Lithuanian firms have concentrated more on less-capital intensive business operations, mainly on trade and services, rather than on industrial production, as the number of Lithuanian firms in Kaliningrad is noteworthy. Here, one has to remember that companies based in the neighbouring countries may utilise the opportunities of the target region without investing there, which may also explain the modest investments of Lithuanian firms in Kaliningrad (see Table 2).

Table 2. Foreign investment inflow to Kaliningrad in 2003 by country

Country	Share of foreign investment inflow to Kaliningrad in 2003
Cyprus	45 %
Germany	11 %
Poland	9 %
The Netherlands	8 %
Switzerland	6 %
USA	5 %
Others	16 %

Source: Pan-European Institute 2005a.

Here, one should not forget that Lithuania and Poland are not major capital-exporting countries. Their combined outward foreign direct investment stock is less than USD 2 billion, i.e. Lithuanian firms have invested abroad only USD 0.1 billion and their Polish counterparts USD 1.8 billion. The outward investments of Lithuania and Poland are clearly smaller than those of the Nordic countries. Denmark, Finland and Sweden have invested USD 77 billion abroad, USD 69 billion and USD 189 billion respectively. Russia's own investments abroad amount to over USD 50 billion (UNCTAD, 2004; Vahtra & Liuhto, 2004).

Kaliningrad's foreign trade has developed extremely positively. In 1992, Kaliningrad's foreign trade amounted to not more than USD 0.14 billion. In 2003, their turnover has become nearly 20 times larger. In 2003, the region's imports were valued at USD 2.1 billion and the exports USD 0.6 billion. The sales of Kaliningrad to the Russian mainland amounted to USD 1.1 billion. Then, Kaliningrad's sales to the Russian mainland were over a half, compared with the region's imports. The aforementioned ratio stresses the great importance of the SEZ in boosting Kaliningrad's sales to the Russian mainland[8]. The region's import structure and the list of the main importers confirm the above conclusion (see Table 3).

Table 3. The largest importers of the Kaliningrad region in 2003

Rank	Company	Field of operation	Share of region's total imports
1.	Telebalt	Electronics	5.9%
2.	Avtotor	Automobiles	5.2%
3.	Promexportimport	Household appliances	2.6%
4.	Interfood	Foodstuffs	2.4%
5.	Lukoil-Kaliningradmorneft[9]	Oil business	2.3%
6.	Agerratum	Foodstuffs	1.7%
7.	Stella Plus	Electronics	1.4%
8.	Sodruzhestvo Kargo	Material for fodder	1.3%
9.	Podonit Plus	Black metallurgy	1.1%
10.	Produkty Pitanya	Foodstuffs	1.0%
Total of 10 major importers			**24.9%**

Source: Liuhto et al. 2005

Kaliningrad plays an important role in the Russian Federation's foreign trade, especially in the country's imports. The region accounts for 4 per cent of the country's total imports, though the population of the region covers only less than 1 per cent of the federation's population and less than a half percentage of the country's GDP.

It is natural that the foreign trade intensity of a small economy, especially when it is geographically located apart from the mainland, becomes high[10]. However, Kaliningrad's current SEZ, based on customs privileges, is a more important factor than its exclave[11] position or small economic size in explaining the region's high import intensity[12]. The aforementioned argument can easily be explained by

[8] One of the peculiarities of the Kaliningrad SEZ is the imposition of regional import quotas. Beginning in 1998, about 35 categories of goods are subjected to import quotas (Vinokurov, 2004a).

[9] Lukoil is at the moment Russia's largest oil producer. In August 2005, it produced 1.76 million barrels per day. The volume of Lukoil-Kaliningradmorneft's oil production constitutes 0.7-0.75 million tonnes per year. Most of its production is exported.

[10] The ratio of Kaliningrad's foreign trade over its GDP was 160% already in 2003 (Usanov et al., 2005).

[11] Kaliningrad is a semi-enclave of the EU as it is not fully surrounded by the Union because Kaliningrad has access to the Baltic Sea.

[12] The non-CIS imports per person are clearly higher in Kaliningrad than in any other Russian region (Liuhto et al., 2004).

comparing the region's proportion of the Russian Federation's total imports and exports.

The region accounts for 4.0 per cent of the Russian Federation's imports, whilst merely 0.4 per cent of the country's exports. Such a high import share cannot only be explained by the exclave position or the small size of the regional market. Correspondingly, the region's export share corresponds to its GDP share, suggesting that Kaliningrad is not a particularly export intensive region. The low export intensity refers to the relatively weak competitiveness of Kaliningrad-based goods abroad. Here, one should not forget that improving the external competitiveness of goods via the SEZ is a much more demanding task than that of improving their internal competitiveness, i.e. the competitiveness of Kaliningrad-produced goods inside Russia (see Table 4).

Table 4. The Kaliningrad region in the Russian economy

	Kaliningrad's share of the Russian total
Basic facts	
Area	0.1%
Population	0.6%
Economy	
Gross domestic product	0.4%
Industrial production	0.5%
Retail trade	0.5%
Enterprise population	0.9%
External economic relations	
Exports	0.4%
Imports	4.0%
Foreign investment	0.2%
Number of companies with a status of "a firm with foreign capital"	2.0%

Source: Rosstat 2004

3. Kaliningrad's new challenges

3.1. The external economic relations of Kaliningrad after the EU enlargement

In 2004, the trade between the EU and Russia increased substantially. Particularly the EU15 managed to increase its trade turnover with Russia by approximately USD 25.3 billion. The new members' trade growth was more modest, some USD 5.5 billion. The trade growth can mainly be explained by the high prices of natural resources and increasing consumption in Russia, which has kept Russia's imports going up since 1999. In 1999, Russian imports amounted to only USD 40 billion, whereas 5 years later they were almost 2.5 times higher. During 1999-2004, the country's exports have jumped from USD 75 billion to close to USD 185 billion.

The volume growth in the EU-Russian trade and the structural change in trade have been much less impressive.

Even today fuel and metals cover over three quarters of Russia's exports. Machinery and equipment represent less than 5 per cent of the total exports. Correspondingly, consumer goods continue to dominate Russia's imports. Machinery and equipment already account for over 40 per cent of the total imports. Unfortunately, much of the machinery is not investment goods but consumer products, such as passenger cars and cellular phones. In fact, in the first quarter of 2005, the fastest growth was registered in car imports; the number of foreign cars imported into Russia jumped by almost 70 per cent.

In addition to an increase in the prices of natural resources, the enlargement per se has also had a direct impact on EU-Russian trade. The EU's share of Russian foreign trade jumped by more than 10 percentage points, as a result of their 10 new members. Last year, the EU covered approximately half of the country's foreign trade (see Table 5).

Table 5. Russia's foreign trade before and after the EU's enlargement in 2004

	Share before enlargement (% - 1-4/2004)	Share after enlargement (% - 5-12/2004)	Change in trade (USD mn - 2003/2004)
Austria	0,9	0,7	213
Belgium	1,1	1,2	980
Cyprus	**2,8**	**2,0**	**1198**
Czech Republic	**1,3**	**1,2**	**461**
Denmark	0,4	0,5	406
Estonia	**0,7**	**0,7**	**181**
Finland	3,6	3,0	1984
France	2,9	2,9	1659
Germany	9,3	9,3	5342
Greece	0,6	0,5	339
Hungary	**1,6**	**1,5**	**543**
Ireland	0,6	0,3	-261
Italy	5,7	6,0	4354
Latvia	**0,7**	**0,6**	**325**
Lithuania	**1,4**	**1,3**	**800**
Luxemburg	0,0	0,1	99
Malta	**0,1**	**0,0**	**43**
Netherlands	6,6	6,4	6691
Poland	**3,3**	**3,1**	**1675**
Portugal	0,2	0,3	582
Slovakia	**1,0**	**1,1**	**229**

Slovenia	**0,3**	**0,2**	**58**
Spain	0,8	1,1	551
Sweden	1,2	1,3	1033
United Kingdom	2,8	3,1	1342
EU15	36,7	36,7	25315
EU25	(49,9)	48,4	30827
CIS	17,9	18,5	13471
China (excl. Taiwan)	6,5	5,7	3283
Japan	2,9	2,9	3059
USA	3,2	4,0	2605
TOTAL	100	100	66120

Source: Customs Russia 2005

Russia is the fifth largest trading partner for the Union, with a share of 7.6 per cent of the Union's imports and 4.4 per cent of exports (Karaganov, 2005). The enlargement did not cause a strategic change in the geographical division of the EU's foreign trade, since the foreign trade of the 10 new members with Russia is rather modest. Poland with her 3-per cent share in Russian foreign trade is clearly the main partner among the new members. In this context, it is necessary to mention that the share of the EU15 in Russia's foreign trade has remained unchanged after EU enlargement, but the share of the new members has diminished from 13.2 per cent to 11.7 per cent. All in all, despite the strong growth in EU-Russian foreign trade, one should not argue that an immediate strategic shift would have taken place in the trade between the EU and Russia.

The foreign trade of the Kaliningrad region developed very positively last year. Kaliningrad's foreign trade turnover reached in 2004, nearly USD 4.5 billion, a growth of over 60 per cent compared to 2003. The first half of this year shows that the strong growth continues. During the first six months of 2005, the foreign trade turnover of Kaliningrad has increased by nearly 60 per cent. Particularly, Kaliningrad's exports have skyrocketed. In 2004, they doubled and extremely fast growth seems to continue. Imports are growing at a lower pace. In the first half of 2005, they increased by some 35 per cent (see Table 6)

Table 6. The trade flows of the Kaliningrad region, USD million

	2000	2001	2002	2003	2004	1H/2005
Exports of goods (A)	475	455	471	574	1264	884
Imports of goods (B)	875	1047	1610	2142	3198	1710
Sales of Kaliningrad goods to the Russian mainland (C)	424	619	759	1118	1802	1048
Ratio A/C	1.12	0.74	0.62	0.51	0.70	0.84
Ratio B/A	1.84	2.30	3.42	3.73	2.53	1.93
Ratio C/B	0.48	0.59	0.47	0.52	0.56	0.61

Sources: Pan-European Institute 2005a, Kaliningrad Statistics 2005

The high peak in exports is not directly linked with the EU enlargement. The growth in exports in 2004 was mainly due to the large increase in the export of oil and oil products (by 2.8 times) and machinery (by 2.2 times). This was chiefly due to companies from other regions in Russia channelling their exports through Kaliningrad so that they were registered as Kaliningrad's exports. The proportion of Kaliningrad's own firms in the value of exports was approximately 50 per cent. One should keep in mind that energy and machinery account for over 60 per cent of the region's exports[13].

The use of the Kaliningrad region in minimising export taxes and duties casts some shadow over the new SEZ, as it suggests that the artificial exploitation of tax breaks may continue, if the SEZ is not controlled carefully. On the other hand, the impressive growth in machinery exports is a very encouraging fact, as Kaliningrad may show the rest of the Russian Federation a way how to decrease the natural resource dependency in exports.

In 2004, Kaliningrad's imports increased by USD 1 billion, a growth of nearly 50 per cent. Such a tremendous jump is not a novelty in the Kaliningrad region, since the annual growth of imports has remained between 20 and 54 per cent during the whole decade. The EU enlargement has not changed the structure of the region's imports. In 2004, materials linked with machine building and foodstuffs accounted for two thirds of the region's total imports. The structure was practically the same a year earlier.

Last year, Kaliningrad's sales to the Russian mainland reached the record high, USD 1.8 billion, being almost over 60 per cent higher than a year earlier. The sales to the mainland are very concentrated. Three products – TV's, meat and fish products – account for 40 per cent of these sales. It is important to notice that sales to the mainland have increased faster than imports to the region. Therefore, the ratio between the mainland sales and the region's imports reached a record high in the

[13] A further study on the development of Kaliningrad's machinery exports should be carried out, since it might reveal, how some Kaliningrad-based companies have succeeded in upgrading their exports, while the Russian exports as a whole suffers from the overwhelming dependency on the exports of natural resources. Kaliningrad's success could be copied also elsewhere in Russia

first half of 2005. The aforementioned ratio illustrates the 'old' SEZ is not only a transit region to the Russian mainland, but an increasing amount of value adding takes place in the region.

One should also notice that the region's imports were double the exports in the first half of 2005. In 2003, imports exceeded exports by almost four times. In other words, Kaliningrad's external trade has become more export-oriented. In addition, one should notice that the exports have rapidly caught up with that of sales to the Russian mainland. The ratio between their real exports and 'the mainland exports' is over 80 per cent. This is a great achievement, since in 2003 this ratio was barely over 50 per cent. Though the 'old' SEZ has contributed positively to the increase in the region's exports (e.g. subcontracting with foreign firms in electronics), the SEZ is not the major explanatory variable for increasing exports but rather the increase in energy prices.

Kaliningrad's foreign trade is understandably more orientated to the EU than that of the Russian Federation. Clearly over two thirds of Kaliningrad's foreign trade is conducted with the EU, whereas the EU covers a half of the foreign trade of whole Russia. The geography of Kaliningrad's foreign trade has not significantly changed when one compares the years 2003 and 2004. The leading troika have kept their places, i.e. Germany, Poland and Lithuania were still the region's main trading partners in 2004. Together they formed 37 per cent of the region's foreign trade. A year earlier, their combined stake was three percentage points higher. Last year, France became Kaliningrad's fourth largest trading partner, as its trade with Kaliningrad increased by an impressive 500 per cent. Kaliningrad's trade with the Netherlands, the region's 5th largest trade partner, almost tripled, probably due to high oil prices. Despite the EU enlargement, the Kaliningrad region's foreign trade with Belarus jumped from USD 120 million to nearly 150 million, making Belarus the 6th largest trade partner for Kaliningrad. Sweden's trade with Kaliningrad collapsed in 2004 when compared to 2003, from USD 140 million to USD 60 million respectively. The collapse has probably nothing to do with the enlargement per se. The trade value of the 8th largest trade partner (nearly USD 50 mn), Denmark, remained practically unchanged in 2004, compared to a year earlier.

Non-legal foreign trade activity across the Kaliningrad border, i.e. shuttle trading, was vivid prior to the enlargement. Vinokurov (2004a, 15) wrote prior to the enlargement as follows: "*since Polish and Lithuanian borders have become external borders of the Union, stricter customs regimes will most probably cause lower volumes of black and grey trade on the borders. Certainly, as long as heavy price imbalances exist, this kind of border trade (cigarettes, vodka, spirit, gasoline) will not vanish entirely, but their volume must shrink considerably. In the long run this may be judged to be a positive phenomenon, but in the short and medium term, it will create enormous difficulties for an estimated 20,000 to 40,000 families in the region that currently make a living on shuttle trading. This would create an extremely serious structural problem at the regional level because a disproportionate part of these families live in smaller border towns where other employment possibilities are severely limited.*"

Even if no statistics on shuttle trading exist, it seems obvious that the shuttle trading has decreased after the enlargement due to new regulations and stricter control at the borders[14]. However, it is difficult to believe that the socio-economic impact of decreasing shuttle trading would have been as dramatic as has been indicated by Vinokurov, since the estimation that 20,000 to 40,000 families, i.e. 50,000 to 100,000 Kaliningrad citizens, would have been dependent on shuttle trading prior to the enlargement is indisputably too high. The aforementioned estimate would have meant that 5-10 per cent of the Kaliningrad population would have been involved in this non-legal trading. If this would have been the case, the unemployment rates of Kaliningrad would have skyrocketed after the enlargement. This has not happened, quite on the contrary, Kaliningrad's unemployment rate at the end of 2003 was 9.1 per cent, whereas a year later it was 6.2 per cent measured by the ILO standards.

Foreign investments in Kaliningrad increased over 90 per cent in 2002, by nearly 20 per cent in 2003, but only 10 per cent in 2004. The 2004 development indicates clearly that the EU enlargement has not started a foreign investment boom in Kaliningrad. The explanation for such a 'low' growth rate in 2004 is not the saturation of the Kaliningrad market, as foreign investments in the region are still extremely modest. The total foreign investment stock in the end of 2004 was less than USD 350 million.

During the year 2004, the Kaliningrad region was able to attract foreign investment of just some USD 60 million. In the first half of 2005, foreign investment inflow has been notably low, only USD 18 million. The slow growth of foreign investments in 2004 and in 2005 is due to the fact that some foreign companies, mainly the 'Cyp-Rus' ones, wait for the new SEZ law to be adopted. The adoption of the new SEZ will probably cause a temporary foreign investment boom in Kaliningrad, as it releases those investments which have been postponed (see Table 7).

Table 7. Annual foreign investment inflow into Kaliningrad, in USD million

	1994-99	**2000**	**2001**	**2002**	**2003**	**2004**	**1H/2005**
Total foreign investment	**114**	**19.1**	**24.6**	**47.7**	**56.2**	**61.9**	**18.3**
of which							
Direct investment	n.d.	6.6	3.2	5.9	14.0	22.4	8.2
Portfolio investment	n.d.	-	-	-	-	4.9	1.3
Other investments	n.d.	12.5	21.3	41.8	42.2	34.6	8.7
- trade credits and loans							

Sources: Pan-European Institute 2005a, Kaliningrad Statistics 2005

[14] In mid-September, Itar-Tass (2005) reported that as of the beginning of the year, Kaliningrad frontier-guards have confiscated more than 200,000 packets of cigarettes to the total sum of two million roubles. The main part of them was to be smuggled into neighbouring Lithuania.

In January-September 2004, some 40 per cent of the foreign investment in Kaliningrad ended up in trade, nearly 20 per cent in communications, over 30 per cent in the paper industry, fuel industry and foodstuffs[15]. Presumably, the foreign investment structure and its geographical composition have not changed considerably due to the EU enlargement. The main change in the geographical division might be the lower share from Cyprus in the foreign investment statistics of 2004, since many of the Cypriot firms have postponed their investments as they await new SEZ legislation to take place. One must bear in mind that the majority of the Cypriot investment in Kaliningrad is Russian in origin. For these 'Cyp-Rus' investors, the enlargement has not been as an important motive to invest in Kaliningrad as the SEZ.

Due to a small amount of foreign investments, one cannot argue that foreign investments are the main driving force in Kaliningrad's economic development, but an important addition to the overall investment activity. The share of all foreign investments from the total investments into the fixed capital in the region was nearly 10 per cent in 2004. It is highly likely that the foreign investment inflow would grow and the role of foreign firms would become much more important in the regional development, when the implementation of the Common European Space begins.

Even if the EU enlargement has not resulted in major change in foreign investment flows into the Kaliningrad region, it has officially made the EU the main foreign investor in the Kaliningrad region due to the fact that Cyprus joined the Union.

Besides investments from the countries belonging into the EU, one should not forget the China phenomenon may be taking place in the Baltic Sea region. In other words, it is highly likely that Chinese companies will become more interested in investing in Russia and particularly in a new Kaliningrad SEZ. Those Chinese firms, whose business idea requires proximity to the European market, but nevertheless, which wish to maintain low cost levels, may find Kaliningrad an attractive investment place. Several company managers in Kaliningrad interviewed for this research expressed that the interest of Chinese companies has significantly grown towards the Kaliningrad region during the past 12 months.

Attracting more foreign investments into the region requires a more active investment promotion of the Kaliningrad region, since the possibilities provided by the Kaliningrad region are not familiar to the majority of foreign investors. Therefore, the activities of the Kaliningrad Regional Development Agency should be further supported or a separate unit, the Kaliningrad Investment Promotion ('KalinInPro') should be established sooner rather than later[16].

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[15] Kaliningrad's foreign investment division by sector is not dramatically different from that of the whole country. Trade accounted for 32%, industry (incl. fuel industry) 50%, and transport & communication 5% of Russia's all foreign investments gained in 2004 (Finpro, 2005a).

[16] In mid-June 2005, the Foreign Investor Association of the Kaliningrad region was founded. This association may have a positive impact on aiding new foreign companies to adapt to the regional business culture.

Despite the high importance of a foreign investment promotion agency for the Kaliningrad region, one has to keep in mind that larger foreign corporations may find Kaliningrad's labour potential too narrow to make major investments there. At this juncture, one should not forget the fact that in some industrial fields, foreign corporations have already encountered difficulties in finding a qualified labour force in the Baltic States[17]. As Kaliningrad possesses an even smaller labour reserve than her Baltic neighbours, any labour bottlenecks will be reached surprisingly quickly. The narrow labour potential of the region would also create extra pressures to raise salaries at a faster tempo in Kaliningrad than in mainland Russia. Here, one should remember that the unemployment rate of Kaliningrad is already low at the moment, i.e. their unemployed persons do not create an extra labour reserve for industrial companies. In addition, one should keep in mind that the ageing of population and low birth rate negatively affect the future labour reserves of Kaliningrad. Therefore, it can be argued that the Kaliningrad region is able to accommodate only a limited number of major industrial producers.

In this context, one should bear in mind that the Kaliningrad companies, naturally, may use the labour force of close-by countries, such as Lithuania, Poland, Belarus and Ukraine. Even more distant alternatives can be considered. In fact, some of the Kaliningrad companies already at the moment use inexpensive and work-concentrated workers from China. However, their total number is presumably rather modest.

In order to produce a more detailed picture about change in the economic behaviour of Kaliningrad firms after the latest EU enlargement, one should conduct an empirical study among the companies in the region. Special emphasis should be placed on analysing changes in investment behaviour, and in particular, one should analyse whether new investments are linked with the mainland's growing potential or with their expansion aims abroad.

Even if the author does not have statistics on the Kaliningrad companies' investments abroad, one may proffer an educated guess that the investment flows from Kaliningrad abroad are rather modest, as the capital accumulation in the region is not particularly notable[18]. As a whole, one cannot completely exclude the possibility that some outflows of the Russian capital also take place via Kaliningrad. The EU enlargement per se has very little to do with these outflows, though a great part of these flows have traditionally ended up in Cyprus, now belonging to the EU (Vahtra & Liuhto, 2004).

Tourism is an important source of receiving foreign revenues in many neighbouring countries. The number of foreign tourists visiting Kaliningrad was just 70,000 in

[17] The Estonian Investment Agency stopped trying to attract manufacturers years ago, favouring service-based investors instead (Sherwood, 2005).
[18] Forbes (2005a/b) has named 27 billionaires in Russia. None of them lived in Kaliningrad. In fact, none of Russia's 100 richest persons was a citizen of Kaliningrad.

2004, whereas the tourist flow into Estonia, with a comparable population size, is substantially higher. Approximately 960,000 foreign visitors were accommodated in the hotels of Tallinn alone. If one adds to the aforementioned figure one-day tourists from Finland, the total amount of tourists in Estonia can be measured in millions. Therefore, tourism and the shopping related to it contribute a significant stake for the Estonian GDP. This is not the case in today's Kaliningrad.

The development of tourism in Kaliningrad indicates that the number of Russian visitors has doubled in the period 1997-2004. During the same period, the amount of foreign tourists has increased from 50,000 to today's 70,000. On the basis of their tourism development, one cannot argue that foreign tourism, or even domestic tourism, would have significantly suffered from the EU enlargement. On the other hand, one cannot argue that the Kaliningrad region has managed to fully exploit the possibilities provided by its unique nature, history and geographical position.

Various issues slow down the building of the tourism industry in the region, such as undeveloped international transport connections, the small number of Western-standard hotels and visa requirements between the EU and Russia. Kaliningrad in particular would benefit from the visa-free zone between the EU and Russia[19]. As the building of the visa-free zone belongs to the road maps between the EU and Russia, their rapid implementation would support regional development in Kaliningrad (see Table 8).

Table 8. Tourism and border crossings in the Kaliningrad region

	1997	1998	1999	2000	2001	2002	2003	2004
Tourism (thousands)								
Foreign tourists	53	65	65	59	60	63	67	71
Russian visitors	112	117	144	164	182	212	224	240
Border crossings (millions) (entry plus exit)								
Persons	n.d.	n.d.	8.6	8.9	9.0	9.1	7.9	7.0
Vehicles	n.d.	n.d.	2.9	3.1	3.1	3.1	3.3	2.9

Source: Kaliningrad Statistics 2005

[19] According to Vinokurov (2004b, 1 and 11), "*it is feasible for Russia to introduce visa-free regime for the EU citizens in Kaliningrad Region. On the EU side, visa regime for Kaliningrad may be kept intact, if multi-entry Schengen visas with longer validity will be made available to the residents of Kaliningrad and visa procedures will be eased up. … Opening Kaliningrad for Europeans, even if originally a unilateral move, would greatly facilitate doing business in Kaliningrad. It would provide tourism and hospitability business with numerous advantages, on the other hand, and provide investors with powerful incentives to come to the KO [Kaliningrad Oblast i.e. Kaliningrad region], on the other hand.*" Here one should note that only about a quarter of Kaliningrad residents had the external passport in 2004.

Though one should not explain the positive development in Kaliningrad's external economic relations by the enlargement per se, one can easily conclude that enlargement has not brought those negative consequences to Kaliningrad's economy which some researchers proposed prior to enlargement, i.e. Kaliningrad has not been economically trapped within the EU.

3.2. Kaliningrad and the expected new law on the special economic zone

Some views on the impact of the legislative change have been presented even earlier. In June 2005, the Pan-European Institute's monitoring report on the Kaliningrad region (2005a, 1) suggested that "customs privileges of the regional Special Economic Zone (SEZ) continued to play a determining role in shaping the economic specialization of the region and in supporting its economic growth, which is based, first and foremost, on import substitution production. The Russian Government, after several years of discussions, approved a new draft law on the Kaliningrad SEZ and submitted it to the State Duma, where it is expected to be quickly adopted. The main idea of the new draft is gradually to replace the existing customs benefits, which are planned to remain intact for existing companies for the next 10 years, with tax breaks for large investors. The existence of the new draft creates some uncertainty regarding the new rules of play in the region, especially for investors who have already undertaken projects in the province. However, this uncertainty is not having a visible effect on the positive dynamics of the main macroeconomic indicators. On the contrary, many companies are seeking to establish a presence in the region in order to capitalize on customs privileges before the new law is enacted."

In July 2005, **Sergei Yastrzhembsky**, the Russian presidential envoy to the European Union, stated as follows: "*investments in the Kaliningrad region has been insufficient in volume. This has to do with prospects for a Kaliningrad special economic zone that have been unclear until recently. One would expect that, with the adoption of the new law on the special economic zone, the problems that have in the past been slowing down the inflow of foreign investment into the region would be eliminated automatically. Both Russian and foreign investors will be much more active*." (Interfax, 2005).

To conclude, the Kaliningrad special economic zone has been and will be an important engine for the economic development of the Kaliningrad region. However, any possible delay of the new SEZ law should be avoided, since many local companies have postponed their investments whilst they wait for the new legislation to come into a force. If the new law will not be in force by January 2006, the Kaliningrad region will lose at least one year before the law can be put in place, due to Russia's taxation system. Should this happen, Kaliningrad's economic growth would definitely suffer from the postponement. Therefore, it is of the utmost importance to put this law into place already by the beginning of next year.

Conclusions

The majority of the economic indicators suggest that the EU enlargement of 2004 has not caused a negative impact on the economy of the Kaliningrad region.

Though the region's foreign trade has developed extremely positively after the enlargement, one should not argue that the enlargement per se has caused the positive development. The main explanation for growing imports in 2004 is the increase in sales to the Russian mainland (*the transit effect towards the Russian mainland*). Correspondingly, the main explanation for growing exports is the increase in oil and machinery exports, which is, to a large extent, due to companies from other Russian regions channelling their exports through the Kaliningrad province (*the transit effect from the Russian mainland*). It is important to note that no dramatic change has occurred in terms of Kaliningrad's foreign trade structure or its geographical scope, though the EU's share has increased significantly, particularly due to the EU membership of Lithuania and Poland.

Despite no precise statistics existing, one may assume that the shuttle trading has considerably decreased between the Kaliningrad region and its surrounding countries after the EU enlargement. Even if the decrease in the shuttle trading has had a negative socio-economic impact on hundreds of families (not on tens of thousands of families) living in Kaliningrad, one should not forget that the abolishment of grey and black cross-border activities is beneficial to the regional budget. Furthermore, the abolishment of non-legal foreign trade activities between Kaliningrad and its neighbours supports legal competition in Kaliningrad, i.e. it supports market reform in the region, which is needed to build up the sustainable competitiveness of firms.

The enlargement's immediate effect to the foreign investment inflow to Kaliningrad is modest. In 2004, the foreign investment inflow to Kaliningrad grew 'only' by 10 per cent. The growth rate of 2004 is lower than in 2002 and 2003. After the adoption of the new SEZ law, it is probable that the foreign investment inflow to Kaliningrad will pick up, as some existing foreign-owned companies release their investments, which they have postponed throughout the past 18 months. This naturally does not mean that the enlargement would be the major explanatory variable for increasing foreign investment inflow to Kaliningrad but rather the adoption of the new SEZ.

The EU became the major investor in Kaliningrad due to the EU membership of Cyprus. In reality, the investments from the aforementioned country could be re-spelt as Cyp-Rus, since the overwhelming part of the capital arriving from there is Russian in origin. One could not observe any strategic shift in foreign investment inflow or its industrial division, which could be exclusively explained by the enlargement. Also the country division of Kaliningrad's foreign investment stock has not changed significantly, since the inflow of foreign investment in 2004 was not more than USD 60 million. In the first half of 2005, less than USD 20 million has floated as foreign investment into the Kaliningrad region, indicating that the foreign investment inflow in 2005 will be lower than a year earlier.

It is beneficial to bear in mind that the development of the investment climate in Kaliningrad and in Russia as a whole is a more important factor affecting foreign investment flows than the enlargement per se. Secondly, one should not forget that the role of the foreign investments in the overall investment activity of the region will become more important in the future. The enlargement and the intensifying relations between the EU and Russia, for instance via the Common Economic Space[20], will most probably increase the movement of factors of production to and from Kaliningrad. Thirdly, the Kaliningrad administration should be more active in attracting foreign investments into the region, for instance by establishing a special unit – 'the Kaliningrad Investment Promotion' – to carry out this task.

The new special economic zone in Kaliningrad will probably increase investment flows from other regions of Russia to Kaliningrad already in the short run. It is difficult to predict the extent of the investment inflows from other Russian regions, but nevertheless, these new investments will definitely aid the Kaliningrad region to develop its regional economy. There is less ground for optimism that the new SEZ would attract a great amount of new foreign investment (apart from those, which have been postponed throughout the past 18 months) or intensify the return of Russian capital from abroad into the region, at least not in the short term.

It is important for both the regional and federal governments that the new SEZ will not be used for tax evasion. This puts extra pressures upon control measures. Furthermore, it is essential that the new SEZ does not relocate the production already inside Russia but instead expands production, as otherwise the federal government and particularly other regions, from where the companies move to Kaliningrad, would lose budget income.

The possible postponement of the new law would definitely slow down the investment activity of all companies, as they would further postpone their investments. Naturally, such investment behaviour would slow down the economic growth of the whole region. Therefore, it is of the utmost importance that the new law will be adopted prior to the beginning of the next year. The new SEZ and the gradual abolishment of the 'old' one will create a dual system, which may cause extra pressures for authorities to control it. It may also create surprising legislative loopholes, which some firms may try to misuse.

Lowering the income tax break after the 6th year of business operations may create the artificial termination of these companies after the 6th year and the shift of their operations to a new company owned by the same people or interest groups. This part of the new SEZ law seems extremely open to abuse. In addition, one should not

[20] Vinokurov (2004c/d) deals in his articles with the concept of the Common Economic Space in great detail.

forget that the policy discriminating against old firms over new ones does not encourage long-term investment.

In order to avoid the likely misuse, the author strongly recommends that the SEZ will be organised as follows: a full tax break for the first 10 years (2006-2015) for all firms investing RUR 150 million or more, and thereafter, a 50-per cent reduction of corporate income tax until 2030. Such a system would be administratively much clearer and push the companies to invest as soon as possible to be able to use the tax benefit in full.

Even if the new SEZ gives privileges to larger investors, and hence, theoretically discriminates against smaller ones, this will not be a major obstacle for the development of small and medium-sized enterprises in the region. By supporting larger investors the new SEZ simultaneously promotes industrial production, not the development of the service sector. As the future of the Kaliningrad region cannot solemnly rely on industrial production, services, particularly those related to health tourism, should be supported in the region's economic policies.

In the long run, the SEZ arrangements should be abolished in Russia and elsewhere in the world since they are chiefly based on administrative privileges, not on natural competitiveness. Though the SEZ arrangement may aid in building new competitiveness, they may also distort the creation of sustainable competitiveness. Furthermore, the regional policy based on administrative privileges discriminates against other Russian regions, which do not possess such a privilege, and hence, it breaks the economic unity of the Russian market. On the other hand, the special economic zones may prove to be useful provided that they help some Russian regions to become regional growth centres.

Summa summarum, the immediate economic impact of the EU enlargement on Kaliningrad is relatively modest, though still a positive one. The new special economic zone will play an important role in the future development of the Kaliningrad economy. Similarly, the Kaliningrad region will play a special role in the future development of EU-Russian relations. It has been said that St. Petersburg is Russia's window towards Europe. Similarly, one may conclude that Kaliningrad is Europe's window toward Russia. Open windows are needed for creating a true partnership between Russia and the EU.

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Background interviews, discussions and meetings in chronological order

1. **Sergey Prihodko**, Executive Member of Board of Directors, Institute for the Economy in Transition, Kaliningrad 22.8.2005.
2. **Vladimir Mau**, Rector, Academy of National Economy, Kaliningrad 22.8.2005.
3. **Elena Chernetskaya**, President, Telebalt, Kaliningrad 23.8.2005.

4. **Yuri Zdanov**, Director, The Federal Agency of Special Economic Zones of the Russian Federation, Kaliningrad 24.8.2005.

5. **Marina Ovsyannikova**, Adviser to the Minister, Ministry of Economic Development and Trade, Kaliningrad 24.8.2005.
6. **Vladimir Egorov**, Governov, The Kaliningrad Region, Kaliningrad 24.8.2005.
7. **Mikhail Tsikel**, Vice-Governor, The Kaliningrad Region, Kaliningrad 24.8.2005.
8. **Stefan Valhovits**, President, Produkty Pitanye, Kaliningrad 24.8.2005.
9. **Daimir Imamovits**, Vice-President, Produkty Pitanye, Kaliningrad 24.8.2005.
10. **Mikhail Pluykhin**, Managing Director, Produkty Pitanye, Kaliningrad 24.8.2005.
11. **Elena Chernetskaya**, President, Telebalt, Kaliningrad 24.8.2005.
12. **Vitaly Zdanov**, Head, Department of Economic Development and Trade, The Kaliningrad Region, Kaliningrad 24.8.2005.
13. **Oleg Danovsky**, Deputy Head, Department of Economic Development and Trade, The Kaliningrad Region, Kaliningrad 25.8.2005.
14. **Igor Kolosnitsyn**, Vice-Director, Bureau of Economic Analysis, Moscow 12.9.2005.
15. **Vadim Nestrov**, Head, Publications office, Rosstat, Moscow 13.9.2005.
16. **Andrey Jakovlev**, Vice-Rector, Higher School of Economics, Moscow 13.9.2005
17. **Natalia Popova**, Ministry of Economic Development and Trade, Moscow 14.9.2005.
18. **Vladimir Sokolin**, President, Rosstat, Moscow 15.9.2005.
19. **Alexander Surinov**, Vice-President, Rosstat, Moscow 15.9.2005.
20. **Ruben Saakyan**, Head, Analytical Department, Federal Taxation Service of the Russian Federation, Moscow 15.9.2005.
21. **Leonid Gokhberg**, Vice-Rector, Higher School of Economics, Moscow 15.9.2005.
22. **Reino Paasilinna**, Member of European Parliament, Brussels 20.9.2005.

Kokkuvõte

EUROOPA LIIDU LAIENEMISE JA SEADUSANDLUSE MUUDATUSTE MAJANDUSLIK MÕJU KALININGRADI ERIMAJANDUSPIIRKONNALE

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Kiired majandusreformid Balti riikides ja Poolas seoses nende hiljutise Euroopa Liidu (EL) liikmelisusega tõstatab küsimuse, kuidas on see mõjutanud EL väliste siirderiikide majanduskeskkonda. Käesolevas artiklis analüüsib autor milline on EL lainenemise sotsiaal-majanduslik mõju Kaliningradi erimajanduspiirkonnalle.

Artiklis analüüsitakse EL lainemise mõju Kaliningradi väliskaubandusele ja välisinvesteeringutele. Autor rõhutab, et eelkõige tuuakse esile kohesed liitumisjärgsed efektid, mis võivad olla lühiajalised. Samuti polnud arvestades laienenud EL väga lühikest ajalugu alati võimalik kätte saada kogu vajalikku statistilist informatsiooni.

Autor jõudis järeldusele, et põhimajandusnäitajate osas ei saa täheldada EL laienemise negatiivset mõju Kaliningradile. Kaubavahetuse regionaalses struktuuris pole liitumisjärgselt väga olulisi muutusi toimunud, siiski on märgatavalt kasvanud EL osa Kaliningradi kaubavahetuses, seda eelkõige seoses Leedu ja Poola EL liikmelisusega. EL lainenemise mõju otseste välisinvesteeringute voole Kaliningradi on olnud tagasihoidlik. 2004 aastal kasvasid otsesed välisinvesteeringud Kaliningradi 10%, mis on väiksem kasv võrreldes 2002 ja 2003 aastaga. EL lainenemisega seoses tõusis riikide arvestuses tähtsaimaks välisinvestoriks Küpros, kuid autori hinnangul on suurem osa Küprose välisinvesteeringutest Kaliningradi tegelikkuses Venemaa päritoluga.

Artiklis uuritakse ka erimajanduspiirkonna seadusandliku regulatsiooni muutuste mõju Kaliningradi piirkonnale. Antud analüüsi läbiviimise ajal toimus vastava seaduseelnõu esimene lugemine Vene Riigiduumas. Autor soovitab vastava seaduse rakendada hiljemalt 2006 aastal. Uue erimajanduspiirkonna seadusega vähendataks suuremahulistele välisinvesteeringutele maksukoormust, mis meelitaks rohkem ligi välisinvesteeringuid.

Kokkuvõttes leiab autor, et EL laienemine on omanud Kaliningradi piirkonnale lühiajaliselt tagasihoidlikku kuid positiivset majanduslikku mõju. Kaliningradi roll EL ja Venemaa majandussuhetes saab olema tulevikus erimajanduspiirkonnana märkimisväärne, suurendades koostööd ja olles Venemaa „aknaks” Euroopasse.

CONVENTIONAL AND ASPATIAL PERIPHERALITY: THE CASE OF SETOMAA[1]

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The shift in population from peripheral areas to more centrally located areas began with the industrial revolution and scientific (knowledge) revolution, which generated technological change, higher productivity and ever increasing levels of welfare. (Polese *et al* 2002, 23-24)

Something making an area peripheral in conventional terms can, under a different approach, be its strength and an advantage to be used to improve the conditions in the area. The present article describes the initial findings of a more exhaustive study of development factors influencing Setomaa. The purpose of the article is to give an overview of conventional (spatial) and aspatial indicators of peripherality, and analyse peripherality of Setomaa. Setomaa[2] is a good example of geographical peripherality – an area situated far away from the capital city and county centres without any large centres. At the same time, it is a frontier region with two large border points. This should make it a strategically important area for the state sustainability of which has to be guaranteed.

The regional problems of Estonia have been analysed from various aspects (e.g. Reiljan&Ukrainski 2005). In 2002, the situation and development potential of urban regions were studied (Jauhiainen 2002). The Estonian regional policy has not managed to even out regional differences (Raagmaa 2005). Despite efforts differences between regions have rather increased than decreased. The development of an area in many cases depends on local decisions; above all, the negative expectations of citizens should be changed since development of the area is impossible, if human capital disappears (Kaldaru&Päll 2003; Raus&Transberg 2003)

Conventional (Spatial) Concepts

According to conventional concepts of peripherality „the potential for economic activity at any location is a function of both its proximity or travel time to other economic centres and its economic size“. Transport infrastructure has an affect on regions' development because regions with better access to input materials and markets will, *ceteris paribus*, be more successful than more remote and isolated regions. But this has been difficult to verify empirically, because in countries with

[1] Setomaa is a historical territory near the Estonian-Russian border with its own distinctive culture, language, local costumes, music and religion. Setos are a small ethic group who have preserved their traditional culture despite never-ending influence of their neighbours. Setomaa has during the last centuries been historical borderland territory between Estonia and Russia.
[2] With the purposes of this article Setomaa is an area consisting of four rural municipalities – Meremäe, Mikitamäe, Misso and Värska. The rural municipalities of Mikitamäe and Värska are situated in the Põlva county while Meremäe and Misso are in the Võru county.

an already highly developed transport infrastructure further transport network improvements bring only marginal effects. (Copus 2001, Schürmann, Talaat 2002)

Conventional concepts of peripherality generally classify disadvantage into three broad groups: causal, contingent and associated disadvantages (Fig 1). There are two **causal** elements: a) increased travel and transport cost resulting from remoteness relative to the main centres of population and economic activity; b) the absence of agglomerative advantages. The second group of elements are **contingent** upon the first, and include for example, the high cost of service provision, and low rates of entrepreneurship and innovation. The third group of elements is **associated** with peripherality and includes e.g sparsity of population, a dependence on primary industries. (Copus, Spiekermann 2004, 15-16; Copus 2001, 540)

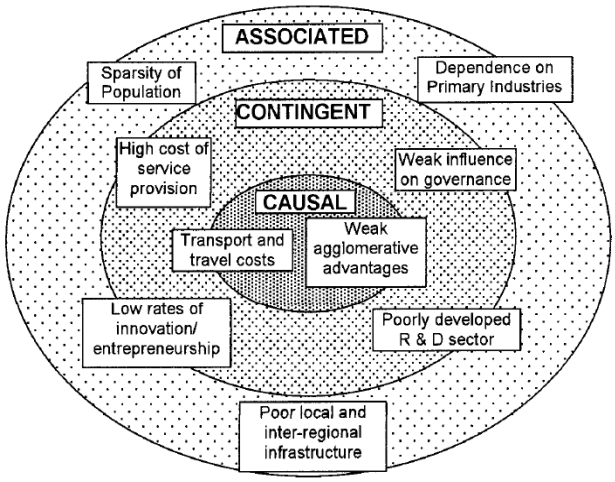


Figure 1 Elements of conventional (spatial) concepts of peripheral disadvantage (Copus 2001, 540)

The European peripherality index was calculated for 15 EU member states and 12 candidate countries (in 2002) based on the distance from centres and accessibility of the regions. The results indicated that all the regions with accessibility below the average tend to be peripheral both in terms of population and the GDP. The study shows that the most peripheral European regions are the Scandinavian countries, Scotland and the islands in the Mediterranean Sea. Peripherality with respect to the GDP is more polarised than with respect to population. (Schürmann, Talaat 2002)

Also upon analysing the development and vitality of Estonian local governments, the conclusion is drawn that the rural municipalities and cities situated at a distance from Tallinn, the busiest economic centre in Estonia, are more likely to be backward (or less developed) regions. More successful among the regions situated at a distance form the capital city are county centres and local authorities situated close to them. (Lehto 2004, Sõstra 2004) Several other authors have also shown in their

sustainability analyses that the areas situated farther away from Tallinn and other main centres of population and economic activity are at a disadvantage (see also the works by Reiljan&Ukrainski (edit.) 2005 and Kaldaru (edit.) 2003).

Aspatial peripherality

The relationship between the transport infrastructure and economic development has become very complex. Although geographically peripheral areas fall behind the centres of population and economic activity (jobs move to the centres, the growth of population and labour force is slower in peripheral areas), there are successful areas among the peripheral regions. It indicates that there are other factors beside distance influencing their development.

Rapid technological change, improvements in transport and communication infrastructure and structural changes (e.g. expansion on the service sector) play an important role in changing the concept of peripherality (Copus&Spiekermann 2004). Transfer to knowledge-based economy[3] creates new opportunities for regions but also poses more serious challenges to them. The balance is shifting towards human capital, quality of workforce, information and experiences. (Polese *et al* 2002)

These challenges offer peripheral areas new opportunities. In changing economic conditions economic potential of all regions is less closely related to location and increasingly influenced by a variety of aspatial characteristics. (Copus, Spiekermann 2004) Geographical constraints become (at least potentially) weaker, other „softer" or aspatial characteristics begin to have more and more influence on the opportunities the regions have. (Copus 2004)

[3] The expression *knowledge-based economy* describes an economy in which „knowledge" is used as production input in its broadest sense (Polese *et al* 2002, p 40).

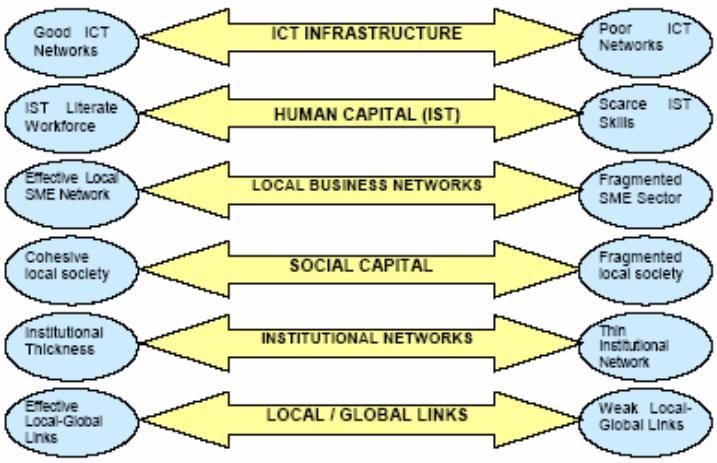


Figure 2 Key elements of aspatial peripherality (Copus&Spiekermann 2004, 32).

Key elements of aspatial peripherality (Fig 2) are information and communication technology (ICT) infrastructure, human capital (the proportion of educated labour force), local business networks (horizontal co-operation networks) and co-operation with businesses in the same sector located outside the area (vertical networks), social capital (cohesive community), institutional networks (co-operation of various parties), and local as well as global co-operation. This approach is associated with concepts such as *industrial districts*, *learning regions*, *milieux innovateur* and *innovation systems*. (Copus&Spiekermann 2004, Copus 2001; Murdoch 1999)

„Soft“ factors tend to be less mobile, they are related to historical social and cultural factors and they are not easily relocated or recreated (Copus 2004, 6). Neither should the influence of ICT be overrated since it is not all-powerful, although the development of ICT has reduced transport costs. (Copus 2004, Grimes 2003, Polese *et al* 2002) It shows that peripherality of a region is a very complex phenomenon and it cannot be analysed based on just one factor. It is important to address both the geographical distance and aspatial indicators.

The following assertions are made on the basis of the study of peripheral regions:

a) The “hard” factors are extremely significant in order to determine the success level of regions (e.g. all over Europe); yet, differences within regions become evident in more detail by means of analysing aspatial indicators;
b) Distance matters for economic development: especially for activities dependent on the transport of goods and people (manufacturing, tourism, primary production);
c) The rural areas closer to cities face lower risks;
d) The majority of peripheral areas have not managed to diversify their economies (especially if there are no local centres in the area); in most cases, peripheral

economies have remained highly dependent on traditional (resource-based) sectors;

e) investments targeted at a few large centres („Growth Poles") would trigger growth only in surrounding regions[4] (Polese *et al* 2002; Linder *et al* 2004)

The analyses of both the peripheral areas of Canada and the regions of Europe show that distance still plays a role in peripherality of areas but upon estimating their potential for success, a number of so-called "soft" factors have to be taken into consideration.

Methods

In a situation where relative location can explain only part of regional economic performance, non-spatial issues and soft location factors come into play. Within the AsPIRE project (coordinated by the Scottish Agricultural College) these factors are called aspatial peripherality (AsP) factors as they seem not to vary systematically across space (Linder *et al* 2004, 223).

The analysis supports the idea of the continuing importance of geographical location for economic development, but the importance of AsP factors will increase together with transport improvement and wider ICT diffusion. The true role of soft/aspatial factors may only be appreciated when they are examined collectively. (Copus&MacLeod 2004) In terms of AsP – rural regions are more heterogeneous than urban regions (Linder *et al* 2004, 223). It means that AsP factors are important in order to explain why certain rural areas are much more successful than others.

The indicators of conventional peripherality are accessibility of centres (by means of road, railway or air transport) and the influence of the centre. The economic structure of the area, population density and its changes, population composition by age and education were also analysed in several studies (e.g. Lückenkötter *et al* 2004, Woodhouse 2005, Muilu, Rusanen 2003).

In the AsPIRE project they analysed the indicators for the five AsPIRE themes: information and communication technology (ICT), business networks, social capital, governance and tourism. The analysis shows that the use and infrastructure of ICT is clearly positively related to wealth of all regions. ICT factors are the only group of indicators strongly related to wealth of all regions. The other four groups of factors are only related with economic success or failure of rural areas compared to other rural areas. (Lückenkötter 2004)

The AsPIRE project showed that many factors influence peripherality; it is not easy to measure all of them; the effect of some factors can remain unproven. There are indicators predicting the differences of all the regions of Europe better than others but many indicators can be significant in order to explain the success or failure of various rural areas compared to the territories in other geographically similar areas.

[4] For example, about 100-150 km in Canada

The authors of the present analysis have used the public databases of the Statistical Office, various web pages, the interviews with Aare Hõrn (member of the management board of the Association of Setomaa Rural Municipalities) and Ebe Zeerus (Chair of Misso Rural Municipality Council), and the results of the interview conducted by the Association of Setomaa Rural Municipalities in 2005. The anonymous and optional interview was conducted among the citizens of the rural municipalities of Meremäe, Mikitamäe, Misso and Värska as well as among the citizens of two rural municipalities bordering with Setomaa (Orava and Vastseliina) from 1 September to 15 October, 2005. One person of each household in those municipalities was interviewed. Since the purpose of the interview was to determine sustainability of the area, 15-64-year-olds were interviewed if possible. The total of 90% of the households in the above six rural municipalities participated in the interview; 1,803 people in the rural municipalities of Setomaa were interviewed.

Setomaa as a whole and peripherality of its rural municipalities have been compared to the average indicators of the Põlva and Võru counties and rest of the country. All the indicators and descriptions are presented as of available in January 2006. The indicators are grouped as follows:

„Hard" location factors

1 **Accessibility**
- Access to county centres
- Distance from cities
- Availability of services

2 **Endowment**
- Population density
- Structure by age groups
- Proportion of people with higher education

3 **Economic development**
- The structure of sectors of the economy and activity areas of businesses
- Tax revenue, natural person income tax and grants per citizen accrued to local budgets

AsP indicators

4 **Information and communication technology**
- ICT infrastructure
- Homepages of rural municipalities
- Proportion of electronically cast votes at local elections
- Range of ADSL networks
- Public Internet Access Points
- Range of Wifi

5 **Business networks**

6 **Social capital**
- Elected village elders
- Number of non-profit organisations and foundations
- Attachment to the region
- Willingness to co-operate

7 **Governance**
- Political stability
- Proportion of voters at the 2003 parliamentary (Riigikogu) election of those eligible to vote
- Proportion of voters at the 2005 municipal election of those eligible to vote

Analysis of peripherality

The authors analyse below the various groups of factors of peripherality characteristics of the rural municipalities in Setomaa. We begin with conventional "hard" factors.

„Hard" factors of peripherality

Access

The centres of rural municipalities of Setomaa are situated 24-40 km from their respective county centres; the average distance from Tartu, the major city in South Estonia, is 100 km, and from Tallinn almost 300 km (Table 1). The historical centre of East and West Setomaa[5], Petseri, is on the Russian side of the Estonian– Russian border. The analysis of the development of Estonian urban regions shows that the rural municipalities in Setomaa are not in the sphere of influence of any local or/and regional centre (Jauhiainen 2002). Setomaa as a whole lacks a principal gravitation centre under the present administrative-territorial division.

Table 1. The distance of small towns of Värska and Misso from the closest centres and the population of these centres

	Distance (km)		
	From Värska	**From Misso**	**Population**
Põlva	41	69	6,500
Võru	48	44	14,600
Tartu	84	115	210,000
Petseri	21	45	12,000
Pihkva	75	78	210,000

Source: Regio teedeatlas

Due to the border between Estonia and Russia, the radial road network based on Petseri does not work. The roads connecting rural municipalities are in bad condition and quite irrationally located. The roads leading to county centres are in better condition. The county centres (Võru and Põlva) are accessible from the rural municipality centres by public transport. Tallinn – Pihkva railway used for carrying goods passes through Värska and Orava. Once a day, carriage of passengers takes place between Tartu and Orava. There is a basic school, a doctor's practice and a shop (mostly at rural municipality centres) in each of Setomaa rural municipalities but the municipalities are large and access to the centre from far away villages can be a problem. There is no dentist's practice in every rural municipality; specialised medical care is available mostly in the county centres where there are also better shopping opportunities. (Mäger 2005)

[5] East of Setomaa is a part of the Russian territory; the current analyses deals with the West of Setomaa.

Setomaa is, no doubt, a peripheral area in terms of access and distances, and there are no significant differences between the rural municipalities.

Endowment

The soil in Setomaa is not rich; there is virtually no industry; the centres are far away. The less favourable the physical environment, the more human resources affect the development of the area.

The Setomaa rural municipalities are sparsely populated (Table 2). The population is evenly distributed all over the territory of the municipalities, except in Värska. Setomaa is more sparsely populated than the average Estonian rural municipalities (10.5 people per km^2), and twice as sparsely as the counties of Põlva and Võru on average.

Table 2 The area and population density of Estonia, the counties of Põlva and Võru, and the rural municipalities of Setomaa as of 2005

	Area (km²)	**Population density (People per km²)**
Estonia	43,432.3	31.0
Põlva county	2,164.8	14.7
….Mikitamäe	104.4	10.2
….Värska	187.8	7.6
Võru county	2,305.4	16.8
….Meremäe	132.0	9.1
….Misso	189.4	4.4
Setomaa	613.6	7.4

Source: www.stat.ee/statistika (8/1/2006)

The age structure of the local population is significant for calculating the potential number of employees and dependants and, thus determining social sustainability of the area. Since the year 2000, the population of Setomaa has been decreasing on average by 14 people per 1,000 citizens a year; the respective variable for the whole country has been decreasing 3.5 times slower – four people per 1,000 citizens a year (Mäger 2005).

Compared to 1989, the age composition of the population has changed less in Setomaa than in Estonia on average since low number of working-age population and a large number of seniors were characteristic of Setomaa already then. There are 15% less working-age population in Setomaa than in Estonia on average; the proportion of working-age population in Setomaa is smaller than the average of the Põlva and Võru counties.

Table 3 The age distribution of the population in the counties of Võru and Põlva and in the rural municipalities of Setomaa in 1989 and 2003 (%)

	0-19 yrs		**20-39 yrs**		**40-59 yrs**		**60 yrs and older**	
Area	**1989**	**2003**	**1989**	**2003**	**1989**	**2003**	**1989**	**2003**
Estonia	29.4	24.5	29.3	27.6	24.5	26.2	16.8	21.8
Põlva county	29.2	26.9	26.6	23.2	23.0	25.8	21.3	24.1
Võru county	29.6	26.6	25.1	24.1	23.8	24.7	21.6	24.6

Setomaa	22.8	23.8	22.4	19.3	23.6	24.8	31.3	32.0
….Meremäe	24.8	23.6	20.9	20.1	21.6	24.1	32.7	32.2
….Mikitamäe	19.3	20.5	20.1	16.1	25.8	26.4	34.8	37.0
….Misso	21.8	23.4	21.2	19.1	23.2	24.0	33.8	33.5
….Värska	24.2	26.8	26.3	21.3	23.8	24.6	25.6	27.3

Source: www.stat.ee/statistika (15/2/2005)

A relatively small number of 20-39-year-olds is the most serious problem for Setomaa (Table 3). In 1989 already, the number of 20-39-year-olds in Setomaa was lower than the average in Estonia, and in the counties of Võru and Põlva. By 2003, the number had decreased, and decreased much more quickly than in the country as a whole and in the Põlva and Võru counties. By 2003, the number of people in the said age group was ¾ of the country's average; the situation in Mikitamäe was the worst. But people of the said age group should be the most enterprising, the most active and of the appropriate age to start a family.

Setomaa is below the average in comparison with the rest of the country and the above two counties in terms of average education of the population (Table 4). Only ¼ of the population in Setomaa has a vocational or professional education; one of the reasons is certainly a relatively high percentage of senior citizens. Among the rural municipalities of Setomaa, Misso and Värska have the highest number of people with vocational and professional education; the amount of natural person income tax per citizen is the highest in the budgets of these rural municipalities.

Table 4 Population distribution of the 15-year-old and older citizens of Estonia, the counties of Võru and Põlva and of Setomaa and its rural municipalities in terms of education in 2001 (%)

Area	Without primary education	Primary and general basic education	General secondary education	Vocational education	Vocational secondary education	Higher education
Estonia	6.7	31.1	21.9	7.9	17.4	15.0
Põlva county	8.1	43.6	17.5	6.4	16.5	7.8
Võru county	7.3	40.9	19.0	6.3	18.4	8.0
Setomaa	7.3	51.4	16.5	6.0	13.0	5.7
….Meremäe	6.3	53.0	18.3	7.3	10.6	4.4
….Mikitamäe	6.4	57.0	14.9	5.6	10.1	5.9
….Misso	7.0	51.0	14.1	5.3	16.5	6.1
….Värska	9.1	45.8	17.7	5.5	15.4	6.4

Source: www.stat.ee/statistika (15.02.2005)

The rural municipalities of Setomaa are relatively peripheral also in terms of human resources. The most peripheral of them is Mikitamäe; the rural municipality of Värska is in a slightly better position.

Economic development

Economic development of the area is characterised by the number of operators and the areas of activity. The existence or non-existence of certain economic sectors indicates "innovation".

Table 5 The total number of businesses[6] per 1,000 citizens in 2004

	Total no of businesses
Estonia	45.1
Põlva county	33.6
….Mikitamäe	39.4
….Värska	44.7
Võru county	53.1
….Meremäe	33.8
….Misso	48.1
Setomaa	32

Source: www.stat.ee/statistika (26/1/2006)

In Setomaa, there are 32 businesses per 1,000 citizens, and this is considerably less than in the country on average (45.1); the number is also lower than the average of the Võru and Põlva Counties (Table 5). The number of businesses in Värska and Misso exceeds the average of the Võru and Põlva counties. Although there are relatively many businesses in Estonia employing less than ten people (87%), the corresponding number in Setomaa is even higher (96% of the businesses) (Statistical Office). The low number of permanent residents and sparse population offers opportunities, above all, for small businesses.

Setomaa has historically been an agricultural region (Eichenbaum 1998, 40). In 2002, ¾ of the businesses in Setomaa were active in the primary sector (Mäger 2005); by 2004, the number had somewhat decreased, although agriculture, hunting and forestry remain the prevailing areas of local economy (Table 6). The proportion of industry is almost as high as the country's average but each operator can strongly influence the overall distribution of areas of activity since the total number of businesses in the region is low and the majority of them are micro- and small scale enterprises. Such areas of activity as construction, real estate development and financial intermediation are not represented in Setomaa at all, while 25.2% of the businesses in Estonia on average are engaged in these activities.

Table 6 Operators by areas of activity in 2004 (%)

Area of activity	**Estonia as a whole**	**Põlva county**	**Võru county**	**Setomaa**
Agriculture, hunting and forestry	14.8	40	40.9	65.5
Fishing	1.9	2	0.2	3.9
Mining	0.1	0	0.2	0
Manufacturing	9.8	11.9	13.1	8.7

[6] The data on economically active self-employed persons entered in the commercial register, except the data on self-employed persons entered in the register of taxable persons. Operator's legal address determines the administrative unit it is officially considered to be located in.

Electricity, gas and water supply	0.5	1.6	0.7	1.5
Construction	5.9	3.3	4.1	0
Wholesale and retail trade; repair of motor vehicles etc.	29.4	17.9	21.3	10.2
Hotels and restaurants	3.3	3.1	4.7	2.4
Transport, storage and communication	9.9	7.4	4.8	2.9
Financial intermediation	0.9	0.6	0.2	0
Real estate, renting and business activities	18.4	8.2	6.7	1.9
Education	0.8	0.4	0.2	0
Health and social work	1.7	2.1	1.7	1.5
Other community, social and personal service activities	2.6	1.5	1.2	1.5
Economic activities total	100	100	100	100

Source: www.stat.ee/statistika (26/1/2006)

(Nature) tourism, exploiting the same "raw material", in a different way, offers an alternative to classical agriculture and helps diversify economy. However, innovative potential in this field of activity is not so great either since it is rather an alternative way of consumption of resources than creating something new.

Although the tourism sector in Setomaa has been developing considerably since the mid-1990s, it has not achieved the status of a significant field of activity (Table 6). There are no important and well-known tourist attractions in Setomaa; neither are there many mass caterers and establishments providing accommodation in the area. According to the data on the homepage of the Association of Setomaa Rural Municipalities (www.setomaa.ee (24/1/2006)), the highest number of mass caterers and establishments offering accommodation can be found in Värska, including the only all-the-year-round open place in the area offering meals without the need to notify the owners in advance.

Domination of the traditional primary sector with salaries that are among the lowest in the country has an effect on the municipal tax revenue (Table 7). Natural person income tax accrued to the local budget can be an indicator for analysing prosperity of rural municipalities and estimating the income of their citizens. The structure of taxes in different municipalities is indicated in the following table.

Table 7 Total municipal revenue, natural person income tax accrued to the local budget and grants per citizen; the arithmetic mean of 2003 and 2004

Area	**Total,** EEK per capita	**Personal income tax**	**Grants**
		Percentage of total	
Estonia	8,419	45.9	40.5
Põlva county	8,922	28.4	65.4
....Mikitamäe	7,169	23.2	75.4
....Värska	10,534	20.5	71.3

Võru county	8,589	29.8	63.0
....Meremäe	7,156	20.1	87.4
….Misso	9,551	22.3	74.9
Setomaa	8,623	21.4	76.7
Source: www.stat.ee/statistika (26/1/2006)			

Incomes in Setomaa are smaller than in Estonia on average and also tax revenue of Setomaa rural municipalities is, on average, 1.7 times smaller than in rest of Estonia because of high share of primary sector in local economy. Although the number of taxpayers in Värska is the highest among the rural municipalities of Setomaa (according to the data on 2004) and there are less people receiving subsistence benefits (per 1,000 citizens), the amount of natural person income tax accrued to the municipal budget does not significantly exceed the tax revenue in other rural municipalities of the area. The analysis of various indirect factors shows that the issue is lower salaries in Värska compared to other rural municipalities (the average of the rural municipality). While the average income of the citizens of Mikitamäe is the highest among the rural municipalities of Setomaa, the number of taxpayers in Mikitamäe is relatively smaller and, thus, the revenue per person natural person income tax yields there is among the smallest in Setomaa (Mäger 2005).

On average, natural person income tax yields almost a half of municipal revenue in Estonia; in Setomaa, however, it yields 20 % of municipal revenue (Table 7). The average proportion of grants in budgets of local municipalities is twice above the country's average. Could it be an indication of the central government policy or the rural municipalities' capability to raise additional resources, or can it limit the basic rights of local authorities since rural municipalities receive state grants and are, in essence, incapable of economic sustainability?

Table 7 Municipal revenue generated from grants and the grant resources allocated to social protection; the arithmetic mean in 2003 and 2004

	Grants	**Social protection resources** [7]	
Area	EEK per capita	EEK per capita	% of grants
Estonia	3,407	784	23.0
Põlva county	5,831	769	13.2
....Mikitamäe	5,403	1,728	32.0
....Värska	7,514	631	8.4
Võru county	5,407	826	15.3
....Meremäe	6,257	823	13.2
….Misso	7,158	828	11.6
Setomaa	6,611	978	14.8

Source: www.stat.ee/statistika (26/1/2006)

On average, the resources for social protection constitute in Estonia 23% of the grants allocated to local authorities. In Setomaa, social protection resources constitute less than 20% of the grants but, for example, in Värska, social protection

[7] Social protection of and subsistence benefits for the disabled, the elderly, the unemployed

resources make up less than 10% of all the grants. It must be pointed out that the proportion of subsistence benefits of all the social protection resources in Setomaa equals the average of the Võru and Põlva counties but exceeds average of Estonia by 1/3. Neither is there in the area any significant difference between the allocated resources of social protection per person (Mikitamäe is the exception). Thus, these are financial resources the citizens do not have direct access to, and their expedient usage largely depends on the leaders of the rural municipality.

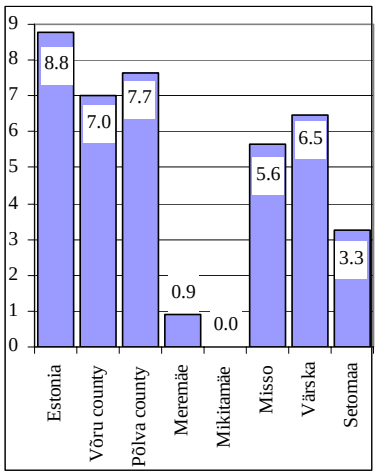
The rural municipalities of Setomaa are not economically prosperous areas; the key to their success or failure can lie in their ability to skilfully exploit the investments made in their area by outside investors.

Aspatial indicators

ICT indicators

We begin the analysis of the AsP indicators by describing the situation of ICT since several studies indicate that, among "soft" indicators, ICT has the most profound influence on development of regions.

ICT has not been developing rapidly in the area. Access to digital voice telephony is limited in Setomaa. Mostly analogue telephones are used; this in its turn sets limits to the Internet access. Neither is the area completely covered with mobile telephone networks. The centres of the rural municipalities in Setomaa and a few big villages have broadband Internet access (Mäger 2005; www.elion.ee (23/1/2006))



Only two out of 36 Wifi areas in the Võru and Põlva counties are in Setomaa and both of them are in the small town of Värska (www.wifi.ee (23.01.2006)). All four Setomaa rural municipality centres have Public Internet Access Points (PIAPs). Also, there are PIAPs in two villages of the Meremäe and Mikitamäe rural municipalities (the total number of PIAPs in the Võru and Põlva counties is 49) (www.delfi.ee (12/1/2006)).

E-elections to a certain extent characterise the Estonians' possibilities and habits of using information and communication technology.

Figure 3 Electronic votes cast per 1,000 voters at the 2005 local election (www.vvk.ee (28/12/2005))

Figure 3 shows that, in Setomaa, 2.5 times less people per 1,000 voters compared to rest of the country used the opportunity to cast their vote electronically; the average number of voters in the Võru and Põlva counties casting their vote electronically amounted but to 80% of the country's average. Yet, the numbers in various rural municipalities differ: no voters in Mikitamäe cast their vote electronically; also in Meremäe the number was low; in Misso and Värska, however, the number of people per 1,000 voters casting their vote electronically was but slightly below the country's average.

The Internet homepages of rural municipalities also characterise their openness towards rest of world and ability to apply new technologies. As of January 2006, the rural municipality of Misso does not have a homepage, and the homepage of Mikitamäe had been temporarily closed. The rural municipalities of Meremäe and Värska have homepages that contain quite a lot of information. The homepage of Värska is also available in English and Finnish.

To estimate the usage of the Internet, the schools participating in the e-school project were analysed. 78 schools, most of them in Tallinn, were listed as members of the e-school project as of 30/1/2006 (www.ekool.ee). No schools in the Võru or Põlva counties participate in the project.

There are no ICT companies (or companies active in related areas) among the best 50 businesses of the Võru and Põlva counties according to the list published in the weekly business newspaper Äripäev in 2005. Table 8 illustrates two areas of activity out of 16 represented in the classification of economic areas of activity (EMTAK) 2003.

Table 8 shows that the number of businesses active in transport, storage and communication per 1,000 citizens is relatively low in Setomaa. Only in Värska the number is higher than the average of the Võru and Põlva counties.

There are even less operators in Setomaa active in the areas of real estate, renting and business (including hardware and software related activities (incl. software development), management and consulting – services that require more knowledge than small craft skills) than operators in transport and logistics. Also the analysis of the sectors of economy in 2000-2002 shows that there are very few service enterprises in Setomaa (according to the Statistical Office, only about 20% of businesses in Setomaa are service enterprises; the country's average was 65%, and the average percentage in the Võru and Põlva counties was 40) (Mäger 2005). The analysis does not give any reason to believe that there are many ICT businesses in the area.

In brief, it can be asserted that in terms of ICT indicators, Setomaa is a peripheral area compared to rest of the country and the counties of Võru and Põlva. There are no significant differences between the rural municipalities.

Table 8 Businesses per 1,000 people in the areas of transport, storage and communication, and real estate, renting and business activities[8] in 2004

	Transport, storage and communi-cation [9]	**Real estate, renting and business activities** [10]
Estonia	4.4	8.3
Põlva county	2.5	2.8
Võru county	1.6	2.3
….Meremäe	0	0.8
….Mikitamäe	0.9	0
….Misso	1.2	1.2
….Värska	2.8	1.4
Setomaa	1.3	0.9

Source: www.stat.ee/statistika (11/1/2006)

Business networks

Such geographically remote areas where operators of the area actively co-operate (horizontal networks) and actively participate in vertical networks are often more successful (Lückenkötter 2004).

There are no business support institutions such as centres for development in Setomaa; neither are any support services, e.g. consultancy services, provided locally. According to the Võru and Põlva county centres for development, operators relatively seldom go to them for help. Their production capacity and often their quality are too low to compete at distant markets; no common production and/or marketing systems have been established. Co-operation between operators and with other sectors, for example with non-profit organisations, is poor, only tourist companies co-operate informally (Mäger 2005; Setomaa ettevõtluse … 2004).

Thus, there is a lot of possibilities for improvement as far as business networks in Setomaa are concerned. Due to unavailability of factual data, no differences between the rural municipalities can be outlined here.

Social capital

Human resources and their quality become increasingly important at the time when the development of technologies offers an opportunity to diminish physical distances. Important factors facilitating the development of the area are the willingness and skills of the local people to act for the sake of the development of their community.

The number of non-profit organisations and foundations per 1,000 citizens as well as the village elders' movement characterise voluntary activity and community activeness.

[8] The data of economically active sole proprietors registered in the Commercial Register are included but the data of economically active sole proprietors registered only in the Register of Taxable Persons are excluded. Registration is based on the operator's official address.
[9] Including telecommunication.
[10] Including computers and computer related activities, research and development, legal aid, accounting, auditing, taxation related consultation services, public opinion polls, business and management consultations etc.

The average number of non-profit organisations and foundations in the rural municipalities of Setomaa (1.0) is also lower than the country's average (1.6 non-profit organisations and foundations per 1,000 citizens) (Fig 4) but this number is not as low as many other indicators.
The number of non-profit organisations and foundations per 1,000 residents in Värska equals the average of the Võru County – it is close to the county's average and exceeds the average of the Põlva County.

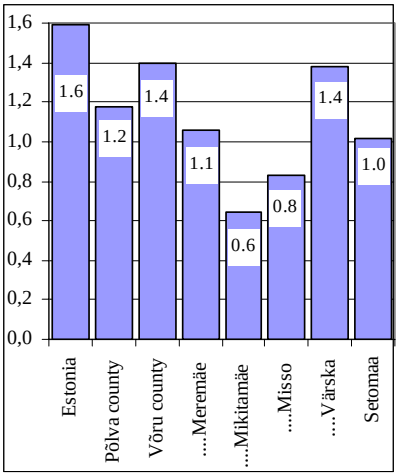


Figure 4 The number of non-profit organisations and foundations per 1,000 citizens in 2004 (www.stat.ee/statistika (3/6/2006))

According to the homepage of the Movement of Estonian Villages and Small Towns there are more village elders[11] in the Põlva County than in the Võru County. Mostly the villages of Mikitamäe and Värska rural municipalities have village elders. There are no official village elders in Misso, although a number of active people have completed training courses and now organise events in their communities. Several villages in Meremäe have village elders and the rural municipality intends to take it up more seriously (Mäger 2005, www.kodukant.ee (12.01.2006), Zeerus 2006, Hõrn 2006).

[11] Active villages may elect by themselves their own representative

Table 9 Answers to the question "Are you willing to move because of an employment opportunity?" in the rural municipalities of Setomaa, 2004 (%)

	Yes, certainly	**Rather yes**	**Rather no**	**No**
No relatives have ever lived in Setomaa	30.6	12.9	17.6	38.8
Roots are in Setomaa	22.8	12.7	26.8	37.7
Average	24.7	12.7	24.7	38.0

Source: Meremäe … 2005

Attachment to the region is an indicator of social capital that can be measured by the willingness of people to move. The table 9 shows that the majority of the people who do not originate Setomaa are ready to leave the area for an employment opportunity. Almost 65% of the people with their roots in Setomaa are not ready to move for a job. The older the people the less willing they are to move. The youth is more open to changes – half of the 20-39 year old residents of Setomaa are willing to move for a job. Thus, maintaining the permanent population can be achieved only with the help of the people with their roots in the area.

The study made by the Association of Setomaa Rural Municipalities shows that slightly more than half of the people willing to move (54%) would like to continue living in the countryside and the rest would prefer moving to town, while the majority of the first generation residents of Setomaa (over 60%) would like to stay in the countryside. Should the people with roots in Setomaa move, half of them would prefer living in the country and half of them would choose to live in town.

Peripherality of the area is also influenced by the people's openness to change and willingness to co-operate. The above study contained the following multiple-choice question: "What would you be willing to do to find a more suitable, better job or to go into business for yourself?" The choices ranged from taking courses to mortgaging[12]. 14 people out of 1,803 interviewees were willing to try anything and 351 were willing to do nothing.

Table 10 Answers to the question "Are you willing to co-operate in order to find a more suitable, better employment opportunity or to go into business for yourself?" in Setomaa as a whole and each of its rural municipalities in 2005 (average proportion)

	Meremäe	**Mikitamäe**	**Misso**	**Värska**	**Setomaa**
Certainly	13.4	23.0	10.4	19.7	17.1
Rather yes	38.0	26.8	33.8	29.6	32.1
Rather no	10.2	8.4	2.7	9.6	8.3
Certainly not	16.1	27.4	36.1	24.0	24.5
Cannot tell	22.3	14.4	17.1	17.2	18.0
Total	100	100	100	100	100

Source: Meremäe … 2005

[12] Upon interpreting the results, it has to be taken into cosideration that 1/3 of the interviewees were older than 64.

The majority of the interviewees (50%) are willing to co-operate with others. The next popular choice was taking courses (45% of the interviewees). Almost 1/5 of the interviewees were definitely not ready for co-operation (Table 10). As presumed, younger people are more willing to co-operate than the older ones. The most liable to co-operate are the 20-39 year olds; 85% of them are ready to co-operate. The younger people, mostly the age group of 20-39 year olds is more open to other changes as well (Meremäe …. 2005).

The high number of people who agreed to be interviewed by the Association of Setomaa Rural Municipalities indicates that people of Setomaa are willing to participate in developing their area. Only about 10% of those approached refused which, according to the acting head of methods department at the Statistical Office, is a very good result.

The indicators characterising social capital lead us to believe that there are active people in the area who want to act and who are able to lead others. Social capital with the level close to the average of Estonian counties is certainly one of the less peripheral factors in Setomaa.

Governance

The factors characterising (local) governance have two important aspects. Firstly, whether and how much people trust those elected to represent them. Secondly, how actively people are willing to participate in organising the local life and how actively they actually do that.

Table 11 The voting rate at the 2003 parliamentary and the 2005 municipal elections

Area	Voting rate at municipal election (2005)	Voting rate at parliamentary election (2003)
Estonia	47.4	58.24
Võru county	53.7	59.08
Põlva county	55.5	56.45
….Meremäe	51.9	54.0
….Mikitamäe	73.0	64.1
….Misso	62.7	61.2
….Värska	75.5	65.5

Source: www.vvk.ee (7/1/2006)

Voting rate is among the most important indicators (Table 11). The voting rate in Setomaa at the 2005 municipal election was above the Estonian average reaching in a few rural municipalities as high as 75% of those eligible to vote. The voting rate at the municipal election in the rural municipalities of Setomaa was higher than at the previous parliamentary election (the voting rates in the country in general, and in the counties of Võru and Põlva have been decreasing). While, on average, the voters in the Põlva and Võru counties have been more or less as active as the voters in Estonia in general (around 50%), the voters in Setomaa are more active and, thus, have better opportunities to influence local policies.

The two latest terms of office of local councils (1999-2002 and 2002-2005) have been relatively stable in three rural municipalities of Setomaa in terms of municipal

management. The same people have been holding the position of the mayor in the rural municipalities of Meremäe, Misso and Värska. In Misso and Värska, the same people continued in the position of the mayor after the 2005 election; the former mayor of Meremäe no longer stood for the office. In Mikitamäe, the same person held the office of the mayor from the moment the rural municipality was re-established until 2004 when she resigned between elections. The motion of censure on the next mayor's activities was passed some time before the 2005 local elections. Yet a new person is holding the office since the election.

The residents of the rural municipalities in Setomaa are willing to make their contribution to advancing their communities as the factors of social capital indicate. The rural municipalities are also politically quite stable.

Summary

Due to the changing structure of the economy and development of technology, distance is not the only factor influencing peripherality of an area; aspatial indicators such as usage of ICT, social capital, business networks, governance etc constantly gain in significance. The aspatial factors can deepen conventional geographical peripherality or provide new opportunities for geographically disadvantageous areas.

The authors studied Setomaa as an example of a peripheral area far away from any centres. The most significant findings are listed below:

- Setomaa is located so far away from big centres that it is not influenced by any local or regional centres. There are few people with a vocational and professional education. The number of working-age population has decreased rapidly over the last 15 years. Agriculture is still the foundation of the economy in Setomaa. Grants yield ¾ of the municipal revenue per citizen while natural person income tax yields only 1/5 of the municipal revenue per citizen. All this is an indication of a peripheral area in terms of conventional factors.
- In Setomaa, most businesses operate in the primary sector; business networks have not developed well. The Internet access and PIAPs are usually available only in the centres of the rural municipalities. Thus, the development of ICT has not decreased peripherality of Setomaa but increased it.
- Social capital is relatively better developed compared to other AsP factors. The village elders' movement is active, people actively work for the sake of their community and many residents with roots in Setomaa are not willing to move even for a better employment opportunity. The residents are active voters both at general and municipal elections.

The analysis shows that Setomaa is a peripheral area both in terms of conventional (spatial) and aspatial factors compared to the average of the country. There are no significant differences between the rural municipalities; yet, Värska, the rural municipality of the most versatile economy of the four, is slightly less peripheral than the others in terms of many factors and could become the real centre of the area. Setomaa is also less developed than the counties of Põlva and Võru in terms of

average indicators, although the discrepancy between the indicators on Setomaa and the average of the counties is not as wide as between Setomaa and the county's average.

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Kokkuvõte

TRADITSIOONILINE JA MITTERUUMILINE PERIFEERSUS SETOMAA NÄITEL

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Käesolev töö on osa suuremast Setomaa arengutegureid hõlmavast uuringust ja kajastab esialgseid tulemusi. Artikli eesmärk on anda ülevaade traditsioonilise (spatial) and mitteruumilise (*aspatial)* perifeersuse indikaatoritest ja analüüsides näitena Setomaa perifeersust.

Traditsiooniliste käsitluste järgipõhjustavad perifeersust suured transpordikulud ja kaugus suurtest keskustest ning koos sellega ka keskustele omaste eeliste puudumine. Tulenevalt muutunud majandusstruktuurist ja tehnoloogia arengust mõjutavad piirkonna perifeersust ühe enam ka mitteruumilised tegurid (nt IKT kastutamine, social capital, business networks, governance etc). Aspatial faktorid võivad tugevdada traditsioonilise geograafilise perifeersuse sügavust või anda geograafiliselt halvas asukohas olevatele piirkondadele uued võimalused.

Analüüsimaks ühe suurtest keskustest kauge piirkonna perifeersust kasutasid autorid näitena Setomaad. Analüüsi olulisemad järeldused on:

- Setomaa on suurematest keskustest nii kaugel, et kohalike ja regionaalsete keskuste mõju temani ei ulatu. Piirkonnas on vähe kutse ja erialaga inimesi ning

tööealisi elanikke, kelle vähenemine on hoogustunud viimase 15-aasta jooksul. Setomaa majandus tugineb endiselt põllumajandusel ning valdade tuludest elaniku kohta moodustavad ¾ toetused ja ainult 1/5 üksikisiku tulumaks. See kõik viitab sellele, et tegemist on traditsiooniliste näitajate järgi perifeerse piirkonnaga.

- Setomaal on tegemist peamiselt primaarsektoris tegutsevate üksikettevõtjatega, kelle vahel ei ole koostöövõrgustikke tekkinud. Internetipüsiühendust ja avalikke internetipunkte on elanikel võimalik kasutada enamasti vaid vallakeskustes. Seega ei ole IKT areng vähendanud, vaid on pigem suurendanud Setomaa perifeersust.
- Suhteliselt enam on arenenud (võrreldes teiste AsP indikaatoritega) sotsiaalne kapital. Arenenud on külavanemate liikumine, elanikud tegutsevad aktiivselt oma kogukonna nimel ning paljud, kellel ka esivanemad on Setomaal elanud, ei taha isegi töö pärast kodukohast lahkuda. Elanikud osalevad aktiivselt üleriigilistel ja kohalikel valimistel.

Analüüs näitas, et Setomaa on võrreldes Eesti keskmisega perifeerne piirkond nii ruumiliste kui aspatial näitajate järgi. Samuti on piirkond mahajäänum kui Põlva ja Võru maakondade keskmised näitajad, kuigi maakonna keskmistega ei ole vahed nii suured kui Eesti keskmisega.

ÜBER WIRTSCHAFTSPOLITISCHE LAGE UND ENTWICKLUNG DES lÄNDLICHEN LEBENS IN ESTLAND

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Einleitung

Die Problematik des ländlichen Lebens (und entsprechende Wirtschaftspolitik und häufig die Schwäche dieser Politik) steht oft in Estland an der Tagesordnung, weil sich in den Jahren nach der Wiederherstellung der Selbständigkeit die Anzahl der Arbeitsplätze im ländlichen Raum bedeutend reduziert hat. Deshalb hat sich auch die Landbevölkerung wesentlich verringert, viele Bauernhöfe und andere Wohnhäuserwohnungen sind ohne Einwohner und eine große Menge vom bestellbaren Boden ist nutzlos geblieben. Eines der bedeutenden Ziele und eine der wichtigen Aufgaben der Regionalpolitik Estlands ist die Wiederbestellung der Bodens und die Erhaltung von Interesse am Leben auf dem Lande.

Dieser Beitrag setzt sich ein Ziel, ländliches Leben und dessen Lage, Entwicklungsprobleme und Entwicklungstrends in Estland in der Zeitspanne beim Übergang von der Kommandowirtschaft auf die Marktwirtschaft zu behandeln und dies besonders unter den heutigen neuen Bedingungen in Estland als in einem Mitgliedstaat der Europäischen Union.

Der Autor hat sich die Aufgaben gesetzt, über folgendes zu forschen und zu berichten:

- Funktionen der staatlichen Institutionen Estlands (darunter auch die des ländlichen Lebens bezogenen), die sowohl durch regionale als auch kommunale Politik ihre Anwendung finden sollten;
- Traditionelle Praxis der Behandlung des ländlichen Lebens in Estland;
- Der reale Bedarf nach der Behandlung des ländlichen Lebens in Estland;
- Forstwirtschaft als eine bedeutende Komponente des ländlichen Lebens in Estland;
- Entwicklung von Gewerbe im ländlichen Raum als ein Entwicklungsfaktor des ländlichen Lebens;
- Kommunen in Estland und ihre Rolle bei der Förderung der Entwicklung des ländlichen Lebens.

Da der Themenkreis, der in dem Artikel behandelt wird, umfangreich ist, wird nicht allem genügend Aufmerksamkeit gelenkt. Zu gleicher Zeit hat man bestrebt, einen Überblick über die Problematik zu geben, damit Leser auch selber mitdenken, auswerten und Prognosen über mögliche Entwicklungen -Lösungswege machen könnten.

Strukturell gliedert sich der Beitrag in zwei Teile: im ersten Teil werden wirtschaftspolitische Institutionen, ihre Tätigkeitsbereiche behandelt und einige

Einschätzungen über die Lage des ländlichen Lebens gegeben. Im zweiten Teil werden Fragen der Regionalpolitik und der Entwicklung von Gewerbe aus der Sicht der Förderung des ländlichen Lebens erörtert.

1. Institutionen, Bereiche des ländlichen Lebens und allgemeine Lage in Estland

1.1. Regional- und kommunalpolitische sowie ländliches Leben bezogene Institutionen

Das ländliche Leben ist eine komplexe Erscheinung, so ist es auch bestimmt in Estland. Das ländliche Leben ist auch eng mit der Wirtschaftspolitik eines Staates verbunden, besonders aber mit Regional- sowie Kommunalpolitik (vor allem in Gemeinden und in gemeindeinneren Kleinstädten). Das ländliche Leben kann beeinflusst werden sowohl durch

- Regionalpolitik (d.h. durch sog. vertikale Lenkung oder verschiedene Branchenministerien) sowie auch
- Kommunalpolitik (d.h. horizontale Lenkung oder durch kommunale Selbstverwaltungsorgane – in Estland durch Gemeinde - Stadtverwaltungen und –räte.

Nach den Angaben des Statistischen Amtes Estlands lebten, Stand 7. Dezember 2005, von 1 347 510 Einwohnern Estlands 898 136 Einwohner (66,7%) in den Städten (d.h. in den Städten mit Selbstverwaltungsrecht, gemeindeinneren Städten und Flecken) und 449 374 Personen (33,3%) sozusagen auf dem Lande oder in den Gemeinden (d.h. ländliche Siedlungen sind Ortschaften und Dörfer). [*] (Eesti Statistikaamet. Regionaalarengu andmebaas 2006). Verglichen zur Lage z.B. Stand 01.01.2003, dann - in der angegeben Zeitspanne (knapp binnen 3 Jahre) hat sich die Einwohnerzahl Estlands um 8535 Personen reduziert. Der Anteil an Stadtbevölkerung ist in derselben Zeit um 0,1% gestiegen und der Anteil der ländlichen Bevölkerung - um 0,1% gesunken.(Eesti piirkondlik statistika 2002:39).

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[*] Bemerkung: Der Inhalt von Begriffen "städtische Siedlungen" und "ländliche Siedlungen" wird in Estland nicht gleicherwese verstanden. Nämlich: a) Das Ministerium für Innere Angelegenheiten (stützt sich auf das Gesetzt über Gebietskörperschaften In Estland) behandelt im Internet auf seiner Heimseite unter Besiedlungsaufteilung "Asustusjaotus" (www.sisemin.gov.ee) die Begriffe folgendermaßen: *Ortschaft, Flecken und Stadt sind städtische Siedlungen; ein Dorf ist eine Steusiedlung oder in der Regel eine ländliche dichbesiedelte Siedlung mit einer Einwohnerzahl unter 300 Einwohnern.*
b) In der Datenbank für regionale Entwicklung des Statistischen Amtes Estlands (Die Angaben über die Bevölkerung ihre Zusammensetzung) ist unter dem Eintrag "Gebietskörperschaft und Art der Gebietskörperschaft" aber die folgende Erklärung: *städtische Siedlungen sind Städte, gemeindeinnere Städte und Flecken; ländliche Siedlungen sind Ortschaften und Dörfer.* (www.stat.ee) Damit: laut Gesetz gehören Flecken zu den städtischen Siedlungen, das statistische Amt zählt Flecken aber zu den ländlichen Siedlungen.

Von 11 Ministerien[1] Estlands üben offensichtlich zwei Ministerien einen bedeutenderen wirtschaftspolitischen Einfluss auf das ländliche Leben (den vor allem durch die Regelung der Bodennutzung, meistens von Forst- und landwirtschaftlicher Nutzfläche, aber auch durch die Unterhaltung von Gewässern). Diese Funktionen und Tätigkeitsbereiche haben:

- das Umweltministerium (Umweltgestaltung und Naturschutz, Boden und Wasser, darunter Führung des Liegenschafts- und Wasserkatasters, Unterhaltung von Bodenschätzen, Entsorgung der Abfälle, nachhaltige Entwicklung, Umweltaufsicht, Forstwirtschaft, Jagd, Fischerei oder anders gesagt – Führung und Koordinierung der Umweltpolitik) und
- das Ministerium für die Landwirtschaft (Erzeugnisse der Pflanzen- und Viezucht; Fischerei, Handel und Märkte, Nahrungsmittelindustrie, Alkohol, Meliorationswesen, Beschlüsse über Fördermittel).

Neben der Verbundenheit der Forst- und landwirtschaftlichen Nutzfläche mit dem ländlichen Leben wird das ländliche Leben durch Tätigkeitsbereiche verschiedener Ministerien mittels der Bodennutzung sachbezogener Gebäude und Einrichtungen ergänzt (am meisten wohl – das Wirtschafts- und Kommunikationsministerium).

Sicher wird das ländliche Leben noch neben den obengenannten Ministerien durch

- das Ministerium für Bildung und Wissenschaft beeinflusst (Grund-, allgemeine, Berufs- und Hochschulbildung, Erwachsenenbildung, Lehrkräftebezogenes, Neumigranten, zweisprachige Ausbildung, Darlehen für Lehre und Studium; Finanzierung der Wissenschaft, Forschungsstipendien, Einrichtungen für Forschung und Entwicklung und entsprechende Bibliotheken, internationale Zusammenarbeit, Wettbewerbe);
- das Ministerium für Wirtschaft und Kommunikation (Förderung von Gewerbe, Innovation, Binnenmarkt, Außenhandel, Bauwesen und Unterhaltung von Wohnflächen, Energetik, Verkehr und Straßennetz, Fernmeldewesen, Infotechnologie-bezogenes);
- das Ministerium für Inneres – hier sind in Estland zwei Minister tätig – der Minister für Inneres und der Regionalminister:

  der Minister für Inneres ist zuständig für Tätigkeitsfelder: Führung des Ministeriums, Gewährleistung der inneren Sicherheit und Schutz der öffentlichen Ordnung, Überwachung und Schutz der Staatsgrenze und Gewährleistung des Grenzregimes, Krisenregelung, Regelung der Staatsreserve sowie der Feuerwehr und Rettungsarbeiten und der Angelegenheiten der Staatsbürgerschaft und Migration;

  Der Regionalminister ist zuständig für die Tätigkeitsbereiche: Planung und Koordinierung der kommunalen Selbstverwaltung

[1] Die Liste der Tätigkeitsbereiche aller Ministerien ist nach den Angaben der ersten Seite der Heimseite des jeweiligen Ministeriums im Internet aufgestellt.

und der Regionalverwaltung und –entwicklung, inclusive Koordinierung der Erstellung und Verwirklichung der regionalen Pläne; Einwohnermeldeamtliche Anliegen und Regelung der Angelegenheiten, die mit Kirchen und Gemeinden im Zusammenhang stehen;

- das Sozialministerium (Sozialfürsorge, Volksgesundheit, Gesundheitswesen, Arbeitsmarkt, Arbeitsleben, Sozialversicherung, Gleichstellung der Geschlechter).

Etwas weniger geht es um das ländiche Leben im:

- Kultusministerium (Kulturwerte-bezogenes, bildende Künste, Medien, Urheberrecht, Sportfragen);
- Ministerium für Finanzen (Staatshaushalt, Makroekonomie, Staatshilfe, Staatsvergabe, Steuerwesen, Staatsgebühren, öffentliche Verwaltung, Statistik, Staatskasse, Eurointegration, Außenfinanzierung, Kontrolle).

Weniger als andere Ministerien beschäftigt man sich offensichtlich mit Fragen des ländlichen Lebens im

- Justizministerium (Strafpolitik, Rechtspolitik, internationale Beziehungen, Staatsanwaltschaft, Gerichte, Gefängnisse, gerichtmedizinische Gutachten, Rechtssprache, Grundbuch- und Registerfragen, Erbschaftsbuch, Gerichtsvollzieher, Konkursverwalter, Notare, Rechtsanwälte);
- Verteidigungsministerium (Planung und Verwirklichung der äußeren Sicherheit und Verteidigungspolitik des Staates);
- Außenministerium (Außenpolitik, Diplomatie, Außenwirtschaft und Zusammenarbeit bei Entwicklung, Angelegenheiten der Europäischen Union, juristische und konsularische Angelegenheiten).

Von zwei Ministern ohne Portefeuille hat der Regionalminister bestimmt mehr und direkte Kontakte mit dem ländlichen Leben (tätig im Bestand des Innenministeriums) und etwas weniger - der Bevölkerungsminister (Bevölkerungspolitik).

Mit Sicherheit ist die Aufgabengliederung detaillierter und oft zwischen verschiedenen Ministerien auch eng verflochten. Ferner kann man hier noch die Institution des Landkreisrates hinzufügen (Landkreisverwaltungen in den Landkreiszentren) als staatliche Vertretung im Landkreis und manchmal auch in der Rolle des Koordinators der Tätigkeiten im Landkreis.

Nach den Kommunalwahlen am 16.Oktober 2005 gibt es in Estland 227 Gebietskörperschaften (Gemeinden, Städte und einen Flecken statt früher - 241 Gebietskörperschaften), weil ein Teil der Gebietskörperschaften sich zusammengeschlossen hat. Z.B statt 39 städtischen Kommunen gibt es nun 33

Gebietskörperschaften als Städte, d.h. 6 Städte haben sich mit Gemeinden zusammengeschlosssen und stellen jetzt neue Gemeindezentren dar. Da müssen die Gemeindeverwaltungen und Gemeinderäte, die sich in den Städten befinden, auch sich sowohl mit der Stadtproblematik als auch der des ländlichen Lebens befassen. Sicher können die Stadtverwaltungen und –räte die Probleme nicht vermeiden, weil das Hinterland der Städte der ländliche Raum, der sie umgibt, ist.

1.2.Über die Behandlung des ländlichen Lebens in Estland

Auf dem Hintergrund der gängigen Praxis kann man behaupten, dass unter ländliches Leben und Landarbeit (d.h. Einwohner und Haushalte und die Tätigkeit außerhalb der Städte) vor allem die landwirtschaftliche Tätigkeit verstanden und behandelt wird. Dazu gehören meistens Ackerbau (darunter sowohl Getreide-, Gemüse-, Kartoffelanbau sowie Anbau technischer und Futterkulturen) und Viehzucht und Obst- und Beerenzucht. Meistens hat man so einen wesentlichen Bereich des ländlichen Lebens wie Forstwirtschaft zur Seite gelassen. Zu gleicher Zeit wissen wir, dass von der Fläche Estlands 47% mit Wald bestanden ist und 17,7% landwirtschaftliche Nutzfläche (11,6% Ackerland) ist. (Eesti Statistika ... 2004: 23, 313 und die Berechnungen des Autors). Zu gleicher Zeit ist der Anteil der nichtgenutzten Landwirtschaftsfläche gestiegen (z. B. im Jahr 2000 waren 48,4% der Fläche Estlands mit Wald bestanden und 21,2% machte landwirtschaftliche Nutzfläche (18,1% Ackerland) aus. (*Ibid*)

Der Anteil der Waldfläche hat sich im Resultat des Holzschlages verringert, wobei die Aufforstung auch nicht genügend stattgefunden hat, die landwirdschaftliche Nutzfläche wird einfach im großen Umfang nicht bestellt. Der Grund dafür ist die Tatsache, dass viele Leute es mit der landwirtschaftlichen Tätigkeit aufgehört haben, dh. sie

- sind entweder umgezogen (häufig in die Städte oder städtische Siedlungen), wo sie oft einen neuen Arbeitsplatz und Tätigkeit gefunden haben;
- leben wohl in einer ländlichen Gegend, aber haben auf die landwirtschafliche Tätigkeit verzichtet und arbeiten anderswo;
- leben wohl in der ländlichen Gegend, aber waren gezwungen, auf die landwirtschaftliche Tätigkeit zu verzichten (z.B. beim Übergang auf die Marktwirtschaft wurde die Arbeit vieler landwirtschaflichen Betriebe eingestellt) und sind jetzt arbeitslos;
- manche andere Varianten (z.B. sind sie alt geworden, krank geworden u.s.w.).

Bei Verzicht auf die Landarbeit gibt es Fälle, bei denen eigenes Ackerland an andere Leute (oder Unternehmungen – juristische Personen) verkauft wurde, aber neue Inhaber mit der Tätigkeit noch nicht begonnen haben. Dabei ist es passend zu merken, dass sowohl bei landwirtschaftlicher Nutzfläche als auch der Forstfläche haben Eigentümer, Landbesitzer, die erst nach der Wende Estlands Eigentümer geworden sind (durch Zurückerstattung der gesetzwidrig enteigneten Landbesitze

oder im Ergebnis der Privatisierung), in den darauffoldenden Jahren (d.h. in den 10-15 Jahren der Selbständigkeit) ihre Landbesitze weiterveräußert. Leider dauert dieser Prozess auch gegenwärtig an. Häufig ist der Grund dafür die Tatsache, dass man weit von ihrem Landbesitz wohnt (oft in der Stadt) und man ist in ganz anderen Bereichen tätig als die Beschäftigung mit Boden (Acker, Forst) vorausetzen würde. So wählt man den leichteren Weg (das auch verständlich ist) und zusätzliche Arbeit und Vepflichtungen werden nicht wahrgenommen. Der Verkauf der Landbesitze ermöglicht einem, seine Wohnlage einigermaßen (häufig wesentlich, aber manchmal auch zeitweilig) zu verbessern.

Das Ministerium für die Landwirtschaft behandelt das ländliche Leben vor allem als landwirtschaftliche Tätigkeit. Das wird durch die entsprechende Analyse der Aufteilung der Fördermittel bekräftigt, die gezeigt hat, dass verschiedene Fördermittel für die Förderung vor allem für die landwirtschaftlich geprägte Tätigkeit bestimmt sind und alles mit Forst verbundene hat ma als Nebenbeschäfigung betrachtet und wird als die zu der Pflanzen- und Viehzucht beitragende Tätigkeit gesehen. (Raudjärv 1999: 226-227; Raudjärv 2000: 143-145). Auch andere Bereiche des ländlichen Lebens außerhalb der Städte sind oft von geringerer Bedeutung, weil Ministerien keine genügende Aufmerksamkeit auf die Aktivitätenfelder lenken (oft kann man seitens der Politiker und Beamten folgende Standpunkte hören: in Estland ist die liberale Marktwirtschaft und jeder soll selber zurechtkommen!). Dazu trägt offensichtlich auch die Tatsache bei, dass die Regelung der Forstwirtschaft zum Zuständigkeitsbereich des Umweltministeriums gehört. Auch die Fischerei ist so ein Bereich, der zwischen zwei Ministerien aufgeteilt wird: zum Zuständigkeitsbereich des Umweltministeriums gehören Unterhaltung der Fischvorräte, Aufsicht des Fischfanges, Reproduktion der Fischvorräte und entsprechende Forschungsarbeit; zum Zuständigkeitsbereich des Ministeriums für Landwirtschaft gehören Austellen der Fischfangquoten/Genehmigungen an Berufsfischer und Datenbank der Fischerei. (Maaelu heaks...2005:1)

Der Fischfang als ein wichtiger Bereich des ländlichen Lebens in Estland ist eng mit Häfen verbunden.[2] Viele Häfen sind unter den Bedingungen der Kommandowirtschaft ruiniert und stehen heute im schlechten Zustand, d.h. sie sind rekonstruktionsbedürftig oder sogar müssen neue Hafenanlagen gebaut werden. In Estland gibt es fast 200 Kleinhäfen, von denen die meisten bis zur äußersten Grenze verfallen sind und bräuchten schnell Investitionen (das Anlegen eines neuen Hafens kostet mindestens 3 Millionen estnische Kronen, darunter Umweltforschung für 200 000 Kronen). Offiziell gibt es gegenwärtig in Estland 61 Häfen.

[2] Estland liegt an der Westsee- (auf Deutsch : Ostsee) küste und auf Inseln. Die Länge der Küstenlinie beträgt 3794 km, davon macht 1242 km die Küstenlinie des Festlandes und 2552 km der Inseln und Eilande (ENE … 1987: 258); in Estland gibt es ca 1200 seen und Stauseen mit Fläche über 1 ha (*Ibid*.: 278) sowie 1521 Inseln. Die größten Seen Estlands sind Peipsi (3555 km2), Võrtsjärv (271 km2) und Narva Stausee (191 km2), die größten Inseln sind Saaremaa (2671 km2), Hiiumaa (989 km2) und Muhu (198 km2). (Eesti statistika … 2004: 7). Die Fläche Estlands ist 45 227 km2. (*Ibid*.: 7)

Fischempfangspunkte oder potentielle Häfen haben wir 145, davon am Meer 133 und an Binnenseen 12 Häfen. (Niitra 2006: 12-13).

Probleme hat man auch mit anderen Bereichen (die wichtigsten Bereiche des ländlichen Lebens werden im nächsten Teil hervorgehoben). Im einzelnen werden diese vom Autor in diesem Artikel nicht analysiert. Hoffnungsvoll kann man dabei merken (wenn es eingesetzt wird), dass man in Estland dabei ist, die Strategie für ländliches Leben zu erarbeiten. Die Ministerin für Landwirtschaft hat behauptet:" Zur Zeit wird der neue Masterplan und die Strategie für die Jahre 2007-2013 erarbeitet. Vor der Niederschrift des Masterplans und der endgültigen Verfassung und Billigung der Strategie ist es notwendig, Vereinbarungen zwischen der einzelnen Interessentengruppen von Landbesitzern zu treffen, die den Interessen der Landbevölkerung und der Gesellschaft dienen würden. Beim Aufstellen des neuen Masterplans und der Strategie müssen wir uns vor Einscheibung kurzfristiger politischer Ziele hüten und auf der Statistik und Wirkungsanalysen beruhen."(Tuiksoo 2005:8)

Die Strategie des ländlichen Lebens umfasst die Zeitspanne 2007 – 2013. Die nachhaltige Entwicklung des ländlichen Raumes berücksichtigend konzentriert sich die Strategie auf die Ziele der in der EU anerkannten Konkurrenzfähigkeit der Landwirtschaft und Forstwirtschaft, Bodenbestellung und Umwelt, Lebensqualität und Variabilität der Aktivitäten, dabei unter Berücksichtigung der Eigenart und Vielfältigkeit des ländlichen Lebens in Estland. Als Mitgliedstaat der Europäischen Union hat Estland die Möglichkeit, sich an der Politik des ländlichen Lebens zu beteiligen und an dem Budget der Europäischen Union für die Förderung der Entwicklung des ländlichen Lebens teilzuhaben. Die Strategie ist als stützender Rahmen bei der Aufstellung des Masterplans für das ländliche Leben in Estland 2007 - 2013 (Eesti maaelu arengu strateegia 2007-2013).

1.3. Ländliches Leben charakterisierende Faktoren-Bereiche oder die Möglichkeit der Entwicklung des Lebens im ländlichen Raum Estlands

Ländliches Leben ist ganz bestimmt komplex zu betrachten und vor allem im Kontext von Bauernhöfen und privaten Haushalten. Ausgegangen von Bauernhöfen wird ersichtlich, dass man in einem Bauernhof in meisten Fällen mit vielen Tätigkeitsfeldern complex handelt. Man beschäftigt sich (wenn es sich nicht um große spezialisierte Bauernhöfe handelt, die es in der Mehrzahl in Estland nicht gibt) mit folgenden Tätigkeitsbereichen (wobei die Aktivitäten auf den Verkauf der Produktion ausgerichtet sein können, um Einkünfte für eigene Familie zu beschaffen und eigene Familie mit entsprechenden Waren zu versorgen):

- Pflanzenzucht (Anbau von Getreide, Kartoffeln, Gemüse, technischen und Futtermitteln, Obst und Beeren);
- Vieh- und Geflügelzucht;
- Verarbeitung von Tier- Geflügel- und Planzenzuchterzeugnissen und (oder) Verkauf;

- Forstwirtschaft (Holzbeschaffung, Verarbeitung und Verkauf; Aufforstung);
- Fischerei (Fischfang, Reproduktion der Fischvorräte, denkbar generell bei den Bauerhöfen, die am Wasser oder in dessen Nähe liegen);
- Tourismus im ländlichen Raum;
- Andere Aktivitäten (ob unterstützende oder andere Tätigkeit).

Wenn man ländliches Leben aus weiterer Perspektive betrachtet als nur Bauernhöfe und private Haushalte, muss man die Mannigfaltikeit dessen berücksichtigen. Ländliches Leben umfasst in Estland folgende Bereiche:

- Landwirtschaft;
- Forstwirtschaft;
- Fischerei;
- Jagd;
- Imkerei;
- Bildung (Schulen, andere Bildungs- und Kindereinrichtungen);
- Gewerbe (Verarbeitung der landwirtschaftlichen Produkte sowie von Holz und anderer Walderzeugnisse und auch andere gewerbliche Tätigkeit);
- Handel;
- Gesundheitswesen;
- Sozialfürsorge;
- Post- und Fernmeldewesen;
- Bankdienstleistungen;
- Öffentliche Verwaltung (Kommunen und die mit ihren Funktionen beauftragte Betriebe);
- Kultureinrichtungen (Kultur- und Vereinshäuser, Bibliotheken usw.);
- Tourismus auf dem Lande;
- Manche andere Bereiche (darunter die Dorfbewegung und andere Aktivitäten, die mit Gesellschaftleben auf dem Dorfe verbunden sind).

Wenn wir die reale Behandlung des ländlichen Lebens durch staatliche Institutionen (und oft auch durch Organe der kommunalen Selbstverwaltung) betrachten, so muss man mit Bedauern feststellen, dass man sich oft gegenüber dem ländlichen Leben vor allem als der landwirtschaftlichen Produktionsstätte und der Tätigkeit, die verbunden mit der Verarbeitung des entsprechenden Rohstoffes, verhält. Man verhält sich gegenüber anderer Tätigkeiten episodenhaft und sogar oberflächlich und gelegentlich. Zum Beispiel lautet der Titel der vom Landwirtschaftsministerium regelmäßig veröffentlichten Übersicht über die Entwicklung des ländliches Lebens (der letzte: Põllumajandus ja ...2005: 1-164) wohl hoffnungsvoll, aber im Überblick selber hat man hauptsächlich über landwirtschaftliche Produktion und Verarbeitung des entsprechenden Rohstoffes geschrieben. Sehr flüchtig (aber deutlich ungenügend) verweilt man im Überblick bei Fischerei, ländlichem Gewerbe, Tourismus, Eigeninitiative der Bevölkerung, Privatforstwirtschaft, landwirtschaftlicher Bildung und Forschung und manchem anderen Bereich. Wesentlich mangelt es an der Komplexität. Das widerspiegelt sich auch in der

realen Entwicklung des ländlichen Lebens in Estland, die deutlich einseitig ist – d.h. vor allem auf die landwirtschaftliche Produktion fokussiert. Dabei ist zu betonen, dass die Verarbeitung der landwirtschaftlichen Produkte in meisten Fällen in Städten - in Landkreiszentren oder in kleineren Städten -Siedlungen konzentriert ist, d.h. in Orten, wo die Verarbeitung nicht durch ländliches sondern durch städtisches Leben umgeben ist.

1.4 Forstwirtschaft als ein wesentlicher Bereich des ländlichen Lebens

Seit der Wiedererlangung der Selbständigkeit im Jahre 1991 und dem Beginn der Bodenreform bis heute sind 60% von Forstfläche im Privatbesitz. Nach Einschätzung gibt es in Estland ca 60 000 Privatforsteigentümer, von denen ein großer Anteil (60-70%) von seinem Eigentum weit entfernt wohnt oder die über keine Kenntnisse und Erfahrungen in der Unterhaltung des Forstes verfügen. Obwohl ein durchschnittlicher Privatforstbesitz 12 ha beträgt, muss betont werden, dass in der Mehrzahl es Katastereinheiten sind, wo die Forsstfläche 1 bis 4,9 ha ist und 80% der Katastereinheiten haben Forst weniger als 10 ha. Große Privatforstbesitzer, die 100 ha und mehr Forst innehaben, gibt es in Estland wenig – unter 1%. (Lublo 2005:108)

Unter Berücksichtigung des obengenannten ist es unter estnischen Bedingungen wichtig, dass Forstinhaber gemeinschaftlich handeln würden. Im entgegengesetzten Fall ist es nicht möglich, Privatforst rationell und effektiv zu bewirtschaften und Erträge zu erhalten. Offensichtlich kann man Prognose machen, dass Eigentümer sehr kleiner Forstflächen ihren Forst an andere Eigentümer (teils an Nachbarn, größere Fortstinhaber und Landwirte) binnen 8-10 Jahren verkaufen werden (aber verkauft wird an Unternehmungen, die gegenwärtig relativ aktiv in Estland Forstflächen mit wachsendem Wald aufkaufen). Aus der Analyse der Forsteinrichtungszentrale Estlands wird ersichtlich, dass in 8 Jahren 60 % des Privatforstes den Eigentümer gewechselt haben. Im Mittel wechselt im Jahr 6% des im Grundbuch eingetragenen Forstes den Inhaber, in einigen Landkreisen sogar 10%.(Lemming 2005:23)

Konkrete Angaben über die Bewirtschaftung des Privatforstes kann man schwer anschaffen, weil in Estland die offizielle Statistik über Privatforst nicht vorhanden ist. In der staatlichen Statistik werden beide Formen gemeinsam behandelt. Zu gleicher Zeit ist es möglich einige Angaben über Privatforst zu besorgen, wenn man als Basis die Bescheide über Forst von Einwohnern oder offiziell durgeführte Inventuren (zugleich verfügt man diese Angaben nicht über die letzten Jahre) nimmt. Hierbei kann man folgende den Privatforst charakterisierende Kennziffern hervorheben (Lublo 2005:110-111):

- Im Privatforst wird intensiver Holz gefällt als im Staatsforst: im Jahre 2000 wurden im Staatsforst 3,52 und im Privatforst 6,09 Millionen Festmeter Holz gefällt;
- Aufforstung wird durch juristische Personen mehr gemacht als durch natürliche Personen; dabei fallen juristische Personen mehr (auch

Abtransporte gibt es pro ha mehr – mächtigere Technik, bessere Fähigkeiten und Erfahrungen), deshalb machen pro 1000 Festmeter Holzschlag sowohl natürliche als auch juristische Personen als Forsteigentümer ebensoviel Aufforstungsarbeiten;

- Probleme der Aufforstung sind bezogen auf die Aufforstung in den fruchtbareren Bodentypen, weil ein großer Anteil des Forstes nur der natürlichen Erneuerung ausgesetzt wird. Diese Kahlschlagfächen haben sich nicht erneuert oder sind durch minderwertige Baumarten verwachsen;
- Von Jahr zu Jahr verringert sich der Anteil an Nadelbäumen: ihre Fläche hat sich um 39% reduziert und in erster Linie gibt es Probleme mit der Verringerung der Fichtenhaine;
- Aus Privatforst erhaltenes Holz stammt zu 70% aus Privatforst natürlicher Personen und 30% juristischer Personen;
- Das meiste Holz, 73%, erhält man durch Erneuerungsholzschläge, den Rest - hauptsächlich durch Ausholzung und Pflegehiebe;
- Waldwege hat man gebaut und Entwässerungsarbeiten gemacht in sehr wenigen privaten Haushalten, was wegen der hohen Kosten für die Arbeiten und der relativ niedrigen Wirtschaftslage der Privatforsteigentümer verständlich ist und die staatliche Hilfe für die Investitionen wäre notwendig;
- Die hauptsächlichen Forstbeschädigungen sind durch die Tätigkeit oder durch Fahrlässigkeit der Menschen und durch geringe Bewusstheit der Fortstinhaber bedingt. Notwendig ist die effizientere Schulung der Forstinhaber;
- Forst und Forstprodukte sind vor allem für den Forstinhaber von wirtschaftlicher Bedeutung (Brennholz für eigenen Bedarf, für den Verkauf, als Sicherheiten). Weniger Aufmerksamkeit wird leider auf Jagd und Rekreation gelenkt.

Privatforstinhaber haben viele Probleme, von denen die folgenden am wichtigsten wären (*Ibid*.:113):

- Ein ungerechtes Besteuerungssystem, das aus der hohen Besteuerung der Forstfläche besteht (verglichen zum Ackerland, um das Doppelte) und bei der Besteuerung wird die Forstspezifik nicht beachtet. Einem Forstinhaber ist es nicht möglich, alle Kosten, die mit der Erneuerung des Forstes verbunden sind, von seinem für die Besteuerung vorgelegten Ertrag abzuziehen, ungeachtet der Zeit, wann die Arbeiten gemacht worden sind;
- Die große Anzahl von naturschutzbezogenen Einschränkungen und Abwesenheit derer Vergütungsmöglichkeit, die einen Forstinhaber motivieren würde, freiwillig seine Wälder nach Bestimmungen des Umweltschutzes zu erhalten und zu unterhalten;
- Geringe Informationen über die Möglichkeiten der Erhaltung von Fördermitteln und Vergütungen;
- Schwierigkeiten bei Unterhaltung und Bewirtschaftung des Privatforstes, die sich aus dem Mangel an staatlichen Mitteln resultieren (z.B.

Aufstellung der Bewirtschaftungspläne, verschiedene mit Forstwirtschaft verbundene Fördermittel);

- Schwierigkeiten gibt es auch bei Vermarktung der Holzerzeugnisse und Verkauf von Schlagrechten, dessen Ursache sich in kleinen Mengen Holz steckt und mangelnde juristische und forstwirtschaftliche Sachkenntnisse der Verkäufer, sowie unehrliche Aufkäufer.

Alles obengenannte ist direkt auch auf Regelung des ländlichen Lebens und Zurechtfinden der Leute auf dem Lande bezogen. Oft ist das obengenannte durch bisherig einseitiges Verhalten, Regelung und Unkenntnis seitens des Staates (teils auch seitens der kommunalen Selbstverwaltung) bedingt. Da der Verfasser des Beitrags auch selbst ein in der Stadt wohnender mittlerer Forstinhaber ist, so sind diese Probleme (besonders forstwirtschaftsbezogene aber auch allgemein ländliches Leben bezogene Probleme) ihm sehr bekannt, weil er seinen Forst zu bewirtschaften und dabei auch enge Kontakte zur Bevölkerung auf dem Lande hat.

Man kann doch auf die Änderungen in der Lage der Forstwirtschaft hoffen, da der Masterplan für Privatforst für die Jahre 2006 –2009 aufgestellt worden ist. Der Masterplan umfasst vier Hauptbereiche (Eesti erametsanduse arengukava 2006-2009):

- *Wirtschaft*, in dem Ziele und Mittel für die Steigerung der Produktivität und Erträge behandelt werden;
- *Umwelt*, wo Ziele und Mittel mit Erhaltung der Umwelt des Forstes und Verminderung der schadenden Tätigkeit verbunden sind;
- *Kultur*, hier konzentriert man auf die Erhaltung von Kulturerbe und die Erhöhung der Bewusstheit;
- *Sozialbereich*, in dem Ziele und Mittel der Beschäftigung und Gestaltung von Image der Privatforstwirtschaft behandelt werden.

Mit Sicherheit braucht man den Masterplan, aber wichtig ist, dass der Plan realistisch wäre und Estland in der Forstwirtschaft auch Anwendung findet.

2.Die möglichen Lösungen der Probleme: Regionalpolitik und Gewerbe

2.1. Einige Probleme des regionalen Gewerbe

Wenn man die Relation Stadt und Land betrachtet (im Sinne des städtischen Lebens und des ländlichen Lebens), wissen wir, dass es in Estland 47 Städte-[3] und 194 ländliche Regionen gibt (auf den Territorien der letztgenannten, hauptsächlich auf dem Territorium der Gemeinden befinden sich 14 gemeindeinnere Städte und Flecken, Ortschaften und Dörfer). Wenn man daneben die Begriffe behandelt wie "Gewerbe" und "Handelsgesellschaften", so kann man behaupten, dass Handelsgesellschaften (weiterhin auch "Unternehmen", "Firmen") summarisch mehr in den Städten als in den Gemeinden sind (in diesem Fall behandeln wir die Gemeinden bedingt als ländliche Regionen, incl auch schon erwähnte 14

[3] Hier meint man alle Städte Estlands.

gemeindeinnere Städte). Im absoluten Sinne wird es auch durch die Tatsache bestätigt, dass von der Bevölkerung Estlands ca 2/3 in den Städten wohnt (66,7%) und 1/3 auf dem Lande (33,3%). (Siehe auch oben 1.1).

Leider stellt unsere Statistik keine getrennte Angaben über Handelsgesellschaften (Unternehmen, Firmen) in der Stadt und in den Gemeinden (darunter in ländlichen Siedlungen). Ungeachtet dessen kann man aber behaupten, dass es in Städten (besonders in den größeren Städten Estlands und vor allem in Tallinn, aber auch in Tartu und Pärnu) es Unternehmen wesentlich mehr gibt als auf dem Lande (im ländlichen Raum). Z.B. gab es nach Angaben des Handelsregisters im Jahre 2006 (01.02.2006) in Estland insgesamt 96 786 Handelsgesellschaften, Einzelunternehmer und Filialen ausländischer Handelsgesellschaften. Davon 43 966 od. 45,4% befanden sich in Tallinn. Von 74 726 Handelsgesellschaften desselben Registers befanden sich 40 563 od. 54,3% in Tallinn (Äriregister 2006) (Dazu muss man rechnen, dass ein Teil der Handelsgesellschaften anderswo, als im eingetragenen Ort, operiert. Leider ist ihre Anzahl nicht bekannt). Damit kann man die nächste allgemein bekannte Behauptung machen: In den ländlichen Siedlungen Estlands ist eingetragenes Gewerbe wesentlich bescheidener entwickelt als in Städten. Welche ist die Ursache dafür?

Die Forschungen sowohl der Unterzeichneten als auch Forschungen und Umfragen vieler anderer Autoren (darunter viele systematische und langjährige Beobachtungen) gestatten zu schließen: ländliches Gewerbe ist im Vergleich zur Städtischem Gewerbe wesentlich bescheidener entwickelt aus dem Grunde, dass auf dem Lande für Gewerbetreibende viel schlechtere Bedingungen herrschen. Diese sind hauptsächlich:

- Lage der Infrastruktur;
- Vorhandensein (weniger) aktiver Arbeitskräfte und mit entsprechenden Fähigkeiten (Qualifikation).

Dazu wird der Mangel an Geldmitteln gezählt. Auf dem Hintergrund kann man auch die Unterbrechung einer normalen sozialwirtschaftlichen Entwicklung durch Okkupationsmächte in den früheren Jahrzehnten und durch Entwicklungsfehlrichtungen entstandene Folgen nennen. Ebenso im Resultat des Umbruchs der Wirtschaftsordnung in Estland fand die Einstellung von Betrieben oder Abbau der Produktion statt und viele Arbeitsplätze wurden abgebaut.

Bei der Infrastruktur sollte man folgende Mängel (Probleme) im ländlichen Raum nennen:*

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* Bemerkung: hier muss berücksichtigt werden, dass die Dörfer Estlands vorwiegend Streusiedlungen sind, d.h. Bauernhöfe befinden sich von einander relativ weit entfernt, zwischen den Bauernhöfen gibt es oft mehrere hundert Meter Land, oft 1-2 oder mehr Kilometer. Sehr selten befinden sich Bauernhöfe auf den estnischen Dörfern nebeneinander. Nur in Flecken und Ortschaften, wo Gebäude städtischen Typs stehen, handelt sich um dichtbesiedelte Gebiete (Gebäude stehen nebeneinander an den Straßen).

- In vielen Dörfern fehlen Kommunikationen und Internet (obwohl der estnische Staat sich als e-Staat nennt);
- Die Straßen sind schlecht (oft löcherlich und stäubig);
- Schlechte, oft fehlender Bus- und Bahnverkehr (zum Beispiel ist es möglich in manchen Orten an einem Tag zum Zentrum zu fahren und erst in einigen Tagen von dort zum Wohnort zurückzufahren);
- Abwesenheit der Schulen oder ihre Schließungsgefahr (Auflösung der Schule führt im Laufe der Zeit zum Aussterben von Dörfern und verwandelt unternehmerische Aktivitäten in konkreter Siedlung sinnlos);
- Oft ist auch die Ausstattung mit Energie und Kommunikationen mangelhaft (vor allem mit Wasserleitung, Kanalisation und Klärung der Abwässer);
- Schwache Gesundheitsversicherung und wenige Kultureinrichtungen (-möglichkeiten).

Als ein wenig bedeutungsloseres Beispiel wäre hierbei angegeben, das zur Entwicklung von Gewerbe und des ländlichen Lebens die Tatsache bestimmt nicht beiträgt, dass von 202 Gemeinden Estlands (die Umfrage wurde vor den Kommunalwahlen 2005 durchgeführt) sogar in 124 Gemeinden (dh 61,4%) es keine Bargeldautomaten gab (da wohnten aber fast 200 000 Personen, die auch sich gewünscht hätten, mit Geld zu operieren).[4] Offensichtlich bietet hier als Situationslösung das weitgehende Entstehen der Spar- und Kreditgenossenschaften, die Konkurrenz den Banken anbieten können. Man benötigt aber Gesetzesänderungen, damit die Spar- und Kreditgenossenschaften Bankdienstleistungen in vollem Umfang anbieten können. Dabei ist es angemessen zu merken, dass in den Staaten der Europäischen Union Spar- und Kreditgenossenschaften eine Alternative für Banken im ländlichen Raum darstellen.

Im Dezember 2005 wurde eine gewisse Milderung auf dem Gebiet erreicht, weil die Hansapank (die größte Geschäftsbank Estlands) den beweglichen Bank-Omnibus (Bank-Bus) einsetzte. Der Bank-Bus fährt nach dem bestimmten Fahrplan (zweimal im Monat) bestimmte Routen (9 Routen, 36 Haltestellen) durch die Regionen, in denen die Hansapank keine Bankfiliale hat. Er ermöglicht, alle meistverbreiteten Bankgeschäfte zu erledigen: Bankberatung, man kann sich eine Kreditkarte ausgeben lassen, einen Kleinkredit nehmen und einen Buchkredit (Giralkredit) einräumen lassen, Bargeld abheben und einzahlen (im Bank-Bus gibt es zwei Geldautomaten), es ist möglich in der Internetbank die Rechnungen zu begleichen, dabei gilt die übliche Preisliste der Hansabank. Im Bank-Bus sind zwei Kundendienstmitarbeiter und Fahrer-Sicherheitsbeamter tätig, Satellitenverbindung, die Möglichkeit GPRS, den Computer und andere Technik zu benutzen. Das ist wohl eine Erleichterung für Landbevölkerung, befriedigt aber bei weitem nicht alle Bedürfnisse (ist aber sicher der Fortschritt). Da die Besuchspausen wohl lange

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[4] Angaben der Landwirtschaftskammer-Handelskammer (vor Kommunalwahlen am 16.10.2005).

dauern, ist es den Leuten nicht immer möglich, auf den Bank-Bus so lange zu warten (Bedarf an Bargeld, Zahlungstermine u.a.m.). (Hansapank 2005: uudised)

Bezogen auf die Arbeitskräfte, die das Gewerbe benötigt, kann man als wesentliche Probleme folgendes hervorheben:

- Bei einem Teil der Dörfer handelt es sich um ihre einseitige demografische Struktur (Abwesenheit der Jugend, dominieren Senioren und Auswurf der Gesellschaft);
- Oft finden auf dem Lande wirkende Gewerbetreibende für die Arbeiten in ihren Betrieben (darunter auf ihren Bauernhöfen) keine disziplinierten vertrauenswerten Abeitskräfte mit entsprechender Qualifikation, Fertigkeiten und Verantwortungsfefühl (und das sowohl für den Bedarf an fester als auch freier Beschäftigung).

Darüber hinaus müsste man das ungenügenden Niveau der Kenntnisse von Gewerbetreibenden hinzufügen, Mangel an Innovation, weniges Marktwissen und sich daraus resultirende niedrige Konkurrenzfähigkeit. Erbärmliches Gewerbe im ländlichen Raum ist mit Sicherheit einer der Hauptgründe für regionale Unterschiede und Unausgeglichenheit.

2.2. Über Wirtschaftspolitik beim Ausgleich von regionalem Gewerbe

Wenn man die Situation aus der Sicht der wirtschaftspolitischen Institutionen betrachtet, dann solche Einwirkungsinstitutionen wie politische Parteien (die relativ deutlicher auch über Regionalpolitik geäußert haben), vertreten im Riigikogu Estlands (im Parlament) laut ihren Programmen folgende Standpunkte [5]:

1) *Volksbund Estlands:"* Die Sicherung des Lebens und der Konkurrenzfähigkeit der ländlichen Regionen halten wir für Priorität des estnischen Staates./.../ Im ländlichen Raum muss mit staatlichen Mitteln das Netz von Straßen und Kommunikationen angelegt werden und Energieversorgung, für Kinder die Schulungsmöglichkeit und allen Erreichbarkeit medizinischer Hilfe gesichert werden".
2) *Reformpartei:* "... halten für notwendig: /.../ die Entwicklung der Infrastrukturen (Straßen, Telekommunikationen, Energieversorgung u.s.w.) in ganz Estland."
3) *Res Publica:* "Für Gewerbe schafft man in allen Landkreisen ein positives Unternehmensklima. Für Gewerbe notwendige Staatsämter, Kommunikationen und Verkehrsmöglichkeiten sind von hoher Qualität in allen Landkreiszentren."

[5] Programme der politischen Parteien: Eestimaa Rahvaliidu programm: Maapiirkondade areng; Reformierakonna programm: Regionaalpoliitika ja maaelu; Res Publica programm: IV osa. Majandus, p. 22.

Auf das obengenannte Rücksicht nehmend soll es sich um das Gewerbe und regionale Ausgeglichenheit allseitig unterstützende Standpunkte handeln. Sicher vertreten auch andere politische Parteien ähnliche Positionen hinsichtlich der ländlichen Regionen. In unserer Wirtschaftspraxis hat die Innehaltung dieser Positionen weder die Lage verbessert noch die regionale Entwicklungsstabilität gesichert.

Rücksicht genommen auf wirtschaftspolitische Ziele Estlands, müsste man ein möglichst hohes Wohlstandsniveau anstreben. Es müsste neben allem anderem die Erlangung einer hohen Beschäftigung bedeuten, die die relative Senkung der Aufwendungen für Sozialversicherung im Staatshaushalt mit sich bringen würde. Die Sicherung von Arbeitsplätzen für möglichst viele Leute würde auch einen Beitrag zur regionalen Ausgeglichenheit (d.h. die aktivere als bisher Beschaffung der Arbeitsplätze im ländlichen Raum) bedeuten. Die letztgenannte würde auch bedeuten, dass der ländliche Raum nicht menschenleer würde und die Leute nicht aus Arbeitsmangel den Wohnort wechseln würden. Das ist in großem Teil auch das Problem von Fortbestehen und Entwicklung estnischer Dörfer. Als Hintergrund und Voraussetzung dessen kann doch nur die allseitige Entfaltung von Gewerbe im ländlichen Raum sein.

Man möchte hoffen, das die Mitgliedschaft der Europäischen Union, die wirtschaftspolitischen Entscheidungs- und Einflussgremien der Republik Estlands in der wirtschaftspolitischen Praxis wesentlich effizienter und klarer als bisher ihre gewerbebezogenen Entscheidungen, die die regionale Ausgeglichenheit sichern werden, zu treffen zwingt. Durch Aufhebung der obengenannten Mängel sowie mit zielgerichteter und zweckmäßiger Auseinandersetzung mit anstehenden Anliegen würde man in dem Punkt bestimmt einen Erfolg erzielen.

2.3. Kommunale Selbstverwaltung und ihre mögliche regionale Entwicklung

Nach den Kommunalwahlen am 16.Oktober 2005 gibt es in Estland 15 Landkreise, 33 Städte mit Selbstverwaltungsrecht, 14 gemeindeinnere Städte und 193 Gemeinden und ein Flecken mit Recht für kommunalen Selbstverwaltung /Flecken Vändra/ (damit wurden 6 Städte, die bisdahin den Status der kommunalen Selbsverwaltung hatten, aufgelöst und wurden gemeindeinnere Städte und 9 Gemeinden, d.h. es fanden viele Zusammenschlüsse der Kommunen statt). Dabei muss man auch die Verwaltungsgliederung in Estland berücksichtigen, das bedeutet die Aufteilung des Territoriums einer Gemeinde oder Stadt auf Besiedlungsgebiete:[6]

- *Gemeinde* gliedert sich in Siedlungen, die sind Dörfer, Ortschaften, Flecken, gemeindeinnere Städte[7]

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[6] Besiedlungseinheiten sind Siedlungen/Ortschaften und Stadt- oder Ortsteile

[7] Nach dem Gesetz über die territoriale Verwaltungsgliederung Estlands (RT I 1996, 42, 808, § 6) : *Dorf* ist ein Ort mit Steusiedlung oder in der Regel eine ländliche dichtbesiedelte Siedlung, wo es unter 300 Einwohner gibt; *Ortschaft, Flecken* und *Stadt* sind städtische

- *Stadt* kann sich in Stadtteile [7a] gliedern (Ausnahme: z.B., Tallinn gliedert sich in Stadtbezirke /8 Stadtbezirke/ und die ihrerrseits in Stadtbezirksteile/z.B. im Stadtbezirk Pirita – gibt es Kose, Kloostrimetsa, Maarjamäe, Merivälja, Mähe, Pirita, Varsaallika u.a.).

Rücksicht nehmend auf die vollzogenen Zusammenschlüsse kann man der Meinung sein, dass gegenwärtig dieser Prozess fortgesetzt wird, damit sich die entwicklungsfähigeren und fortbestehenden Kommunen herausbilden würden (Darauf geben Hoffnung schon stattgefundene und stattfindende Volksdiskussionen und in vielen Kommunen durgeführte Umfragen). Zugleich gibt es offenssichtlich auch solche Kommunen, die am Zusammenschluss mit anderen kein Interesse auf keiner Weise zeigen.

Z.B., als im Jahre 2001 vom Innenministerium der Vorschlag für die Änderung der territorialen Verwaltung an 232 Kommunen unterbreitet wurde, so lauteten die Antworten der Kommunen, die über Landkreisräte eingereicht wurden, folgendermaßen: einverstanden/zugestimmt haben 30 oder 13% der Kommunen, dagegen waren 117 oder 52%; unter ergänzenden Bedingungen zugestimmt haben 70 oder 31%; keine Meinung hatten 8 Kommunen oder 4% der Antwortgeber.(Siseministerium 2004)

Immer aktueller werden in Estland die Fragen der Effizienz der Kommunen. Das seinerseits ist mit Verwaltungsfähigkeit und der öffentlichen Verwaltung verbunden.[8]

Für die Steigerung der Effektivität im öffentlichen Sektor braucht man die Beschlussfassung und Verantwortung zu dezentralisieren und zugleich die Effizienz der Verwaltung zu erhöhen und Unterhaltskosten auf der lokalen Ebene zu reduzieren. Ein Merkmal, das die Lebensfähigkeit einer Kommune zeigt, ist der Verkaufs-Einkaufssaldo von Dienstleistungen. Wenn er negativ ist, muss die Kommune gestehen, dass sie in der heutigen "Marktsituation" nicht konkurrenzfähig

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Siedlungen; *gemeindeeigene Stadt* ist die Stadt, die sich mit der Gemeinde auf dem amtlich zusammengeschlossen hat und ist dadurch in eine gemeindeangehörige Siedlung geworden, die auf Wunsch ihrer Einwohner die bisherige Bezeichnung der Stadt aufbewahrt ist. /siehe auch: Siseministeerium: Asustusjaotus. 2004/

[7a] *Ibid.*

[8] Öffentliche Verwaltung auf der kommunalen Ebene bedeutet immer mehr die Fähigkeit, effektiv Einwohner ihrer Kommune bei Bestellung und Mittlung verschiedener öffentlicher Leistungen und bei Förderung und Regelung wirtschaftlicher Tätigkeit. Damit der Auftraggeber seine Rolle als örtlicher Entwicklungsträger effektiv erfüllen kann, braucht man gewisses Verwaltungsfähigkeitsniveau, das seinerseits **Vorhandensein genügender finanzieller und menschlicher Ressourcen**. (Untersteichung vom Verfasser); Siseministeerium: Haldusterritoriaalne reform. 2004.

ist und nach Möglichkeiten für einen Zusammenschluss suchen muss. (Siseministeerium 2004).

Aus der Analyse der Einkäufe und Verkäufe der Dienstleistungen zwischen den Kommunen wird ersichtlich, dass kleine Kommunen (mit der Einwohnerzahl bis 3000) zusätzliche Transaktionskosten verursachen, weil sie selber nicht im Stande sind, genügend die Bildungsleistung zu erstellen und gezwungen sind, sie einzukaufen. Darauf beruhend müsste man im Resultat der Verwaltungsreform die Kommunen zu gestalten, in denen die Einwohnerzahl mindestens 3500 beträgt. In Estland hat man als Leitbild die Kommune, in der es mindestens 3500 Einwohner gibt. Damit könnten viele zusätzliche Kosten, die mit der Kostenumlage entstehen, vermieden werden.

Im Ergebnis der Reform müsste die Rolle der Kommunen als Auswerter, örtlicher Entwicklungsplaner, Initiator der Ressourcsenanwendung, Berater, Initiator, Vorreiter und Auskunftserteiler wachsen. Diese Anforderungen kann man an größere Kommunen stellen. Heute entsprechen kaum alle Städte dieser Anforderung, geschweige denn - Gemeinden. Dienstleistungen in vollem Umfang kann in Estland eine Kommune erstellen, die 6000 und mehr Einwohner hat.(*Ibid*.)

Die Entstehung größerer Kommunen setzt bestimmt voraus, dass Verkehrsdienstleistungen besser und zuzulänglicher werden, weil viele Institutionen der Infrastruktur im Vergleich zur früheren Lage viel weiter von Einwohnern sich befinden werden.

Als Grundlage für die Erarbeitung der Vorschläge für Änderung der Verwaltungsgliederung von Kommunen hat die Regierung der Republik Estland eine Reihe Kriterien festgestellt: *(Ibid.)*

- Die Mindesteinwohnerzahl einer Verwaltungseinheit beträgt in der Regel 3500 Einwohner;
- Im städtischen Umland, wo die Bewölkerung sich in Satellitensiedlungen der Stadt zusammengezogen hat, beträgt die untere Grenze der Einwohnerzahl einer Verwaltungseinheit in der Regel 4500 Einwohner;
- Die städtische Siedlung mit einer Größe von bis 10 000 Einwohnern bildet mit ihrem nächstliegenden Umland eine Verwaltungseinheit;
- Die Verwaltungseinheit bildet auf der Basis eines Zentrums oder mehrerer Zentren, die miteinander eng verbunden sind, eine möglichst einheitliche Region;
- Die Verwaltungseinheit (unabhängig von ihrer Einwohnerzahl), derer Beziehungen einzelner Gebiete zu der benachbarten Einheiten enger gestaltet sind als innerhalb der Einheit, werden teilweise oder als ein Ganzes an entsprechenden Nachbarverwaltungseinheiten angeschlossen.

Die Nichtbeachtung der obengenannten Kriterien kann in den Fällen begründet sein, wenn es sich um eine Zusammenwirkung von mehreren untengenannten Faktoren handelt: *(Ibid.)*

- Die vorhandene oder zu bildende Verwaltungseinheit stellt ein Ganzes dar, dessen innere Verbundenheit stärker ist als Beziehungen zu Nachbarnzentren;
- Die vorhandene oder zu bildende Verwaltungseinheit stellt ein Ganzes dar in verschiedenen historischen Gebietsgrenzen (Grenzen des ehemaligen Kirchspiels u.a.m);
- Die meisten Dienstleistungen werden in der Verwaltungseinheit vor Ort oder außerhalb des Territoriums (weiter als in der benachbarten Verwaltungseinheit) erstellt und angeboten;
- Über 50% der Einwohner einer Verwaltungseinheit wohnen von Zentren der benachbarten Verwaltungseinheiten mehr als 15 km (in Verwaltungseinheiten mit 2000 –3500 Einwohnern) oder 20 km (in Verwaltungseinheiten mit Einwohnern unter 2000 Einwohnern) entfernt;
- Die Verwaltungseinheit hat ein umfangreiches Territorium und ist dünn besiedelt;
- Einzelne Gebiete der Verwaltungseinheit sind verbunden mit verschieden Zentren außerhalb der Gemeinde, aber diese gegenseitigen Beziehungen zwischen den Gebieten erschweren die Aufteilung der Gemeinde auf mehrere neue Verwaltungseinheiten.

Wie es daraus ersichtlich wird, ist der Zusammenschluss der Kommunen in großen Zügen offensichtlich unvermeidbar. Der Staat vertritt den Standpunkt, dass der Zusammenschluss der Kommunen freiwillig sein sollte und ist bereit, dazu beizutragen, und verschiedene Anreize zu benutzen. Die gegenwärtige Lage zeugt aber davon, dass ein Teil der Kommunen (und die auf ihren Territorien lebenden Menschen) keine Änderungen wünschen, obwohl diese Kommunen nicht heute und offensichtlich auch in Zukunft entwicklungsfähig sind. Diese Lage stellt aber sicher ein Hindernis für die Entwicklung des Staates als ein Ganzes dar und belastet häufig unbegründet den Staatshaushalt. Deshalb müsste man ernsthaft die staatliche Einmischung (stützend auf gründliche Analysen in jeder Kommune, um ihre Besonderheiten zu berücksichtigen) in Erwägung ziehen. Bei Bedarf sollte man auch Reformen durch Zwangszusammenschlüsse in den Kommunen, in denen objektive Möglichkeiten fehlen oder man kann (will) nicht vor Ort ihre Verwaltungsfähigkeit und Fortlebigkeit sichern, durchführen. Das Ziel wäre - möglichst jede Kommune konkurrenzfähig zu machen und dabei das lebensfähige Gewerbe zu entwickeln. Leider bleiben einige Sondersituationen bestehen, wie z.B. Kleininseln u.a.m. Zugleich muss man erwähnen, dass wir heute fast in jeder Gemeinde über Peripherie oder Grenzgebiete sprechen können. Offensichtlich verschärft sich dieses Problem durch Zusammenschlüsse der Gemeinden oft noch mehr. Mit Sicherheit können wir feststellen, dass der Zusammenschluss der Kommunen einen wesentlichen Einfluß auch auf das ländliche Leben in Estland ausübt.

2.4. Über manche mögliche Änderungen für Entwicklung von Gewerbe im ländlichen Raum

Da in der gegenwärtigen Situation viele Kommunen nicht fähig sind für Gewerbe genügend attraktiv zu sein und Unterstützung anzubieten, erweist sich als notwendig mit einheitlicher Methodik alle auszuwerten, alle Kommunen aus der Sicht der Entwicklungsmöglichkeiten für Gewerbe zu forschen. Offensichtlich würden die Kommunen im Ergebnis einer solcher Studie in 4 Gruppen aufgeteilt werden:

- Kommunen, die auch heute fähig sind, für Gewerbe attraktiv zu sein;
- Kommunen, die mit der gewissen staatlichen Unterstützung für Gewerbe attraktiv sein werden;
- Kommunen, für die sich die Attraktivität durch Vereinigung mit einer anderen benachbarten Kommune gestaltet;
- Kommunen, deren Lage, Bedingungen und Besonderheiten soweit im "Grenzbereich" liegen, dass sie eine umfangreiche staatiliche Unterstützung benötigen, damit ihre Einwohner zurechtkommen werden, und die Entwicklung von Gewerbe ist dort relativ zurückhaltend (oder erreichbar durch eine lange Entwicklungsperiode oder sogar hoffnungslos).

Daraus entsteht auch die Frage: ist es sinnvoll, jede Kommune um jeden Preis zu fördern? Die Antwort darauf kann allerdings nach allseitigen und ausführlichen Untersuchungen gegeben werden. Hat man in Estland auch Interesse und Kräfte dafür (sowohl im Sinne der Finanzen als auch dem der Forscher)?

Unvermeidlich entsteht bei Kommunen (vor allem in Gemeinden) die Frage auch über die sog. Grenzgebieten auf ihrem Territorium. Wahrscheinlich kann unvermeidlich (bis jetzt ist keine vernünftigere Lösung angeboten worden!) hier die folgende Position eingenommen werden:

- Langfristig aus eigener Kraft fortbestehende Gebiete werden für ihre Entwicklung auch vom Staat gefördert und
- bei langfristig aus eigener Kraft nichtfortbestehenden Betrieben müsste man erwägen, ob man zum Teil dazu beiträgt und sie "aussterben " (der gegebene Ausdruck ist wahrscheinlich nicht am besten gelungen!) lässt (darunter sollte man mit Unterstützung des Staates und der Kommune zur Umsiedlung der Einwohner in die nähere Siedlungen – Ortschaften, Flecken, Kleinstädte helfen).[9]

Die letztgenannte Methode würde die Menschen zusammenführen und manche Voraussetzungen für Gewerbeentwicklung in Siedlungen schaffen (in ländlichen Regionen gibt es Leute, die keine Perspektive auf der Basis ihrer Hauswirtschaft sehen, eingeschränkt oder im kleinen Maßtab sich mit landwirtschaftlicher

[9] NB! Hier vertritt der Verfasser den Standpunkt nicht wie einige Akteure des öffentlichen Lebens Estlands behauptet haben, dass "alle nach Tallinn oder ins Landkreiszentum umziehen müssten".

Produktion zu befassen, man muss aber irgendwo leben!).[10] Gewerbe braucht wohl die Infrastruktur, die die Streusiedlung auf den Dörfern in Estland heute und auch in Zukunft anzubieten nicht ermöglicht. Nur bei größeren und stärkeren Haushalten-Bauernhöfen ist es real. Natürlich kann man diesen Prozess nicht aufzwingen sondern er muss auf freiwilliger Basis erfolgen. Darauf haben auch manche ausländische Wissenschaftler hingewiesen (z.B., Professor R. Hasse aus der Universität Leipzig/Hasse 2004/), die sich auf Erfahrungen der anderer Staaten stützen. Bestimmt ist es kein schneller Prozess. Möglich, dass ein solches Vorhaben misslingt (zum Teil ist es auch ein unpopulärer Prozess!), aber Aktivitäten in dieser Richtung könnten ausprobiert werden. Als Grundlage ist ja die Freiwilligkeit, und keine zwangsweise stattfindende Umsiedlung.

Dabei ist es vielleicht auch möglich, einigermaßen auch die Lage des sog. Auswurfes, die heute in Dörfern lebt, zu verbessern (sogar in zu ihnen gehörenden Wohnhäusern)[11], aber nicht im Stande ist, ihren Haushalt in Ordnung zu halten und ihn vernünftig zu pflegen. Solche Menschen haben Probleme mit Arbeit, Einkommen, Heizung, Nahrung, Verkehr u.a.m. Aus der Sicht der Sozialfürsorge wäre es für die Gesellschaft offensichtlich nötwendig, solche Menschen zu sammeln und für sie zu sorgen und einigermaßen sie zu kontrollieren (freie Wohnfläche ist in der Mehrzahl der Siedlungen vorhanden). Durch zweckmäßige Tätigkeit seitens der Kommune würde es gelingen, so mancher vom Auswurf ins Gewerbe mitzuziehen und zum alltäglichen normalen Leben zurückzuführen. Heute ist das Leben solcher Menschen leider fast vollkommen dem Zufall ausgesetzt. Wir wissen von ihnen eigentlich nicht viel, aber durch Sozialhilfe und Kriminalität werden wir über sie von Zeit zu Zeit informiert. Auch dieses Thema ist für den Staat und Kommunen ein Anliegen, daran kann man einfach nicht vorbeischauen.

Von Zeit zu Zeit bietet man als Lösungsmittel zur Linderung des Arbeitskräftemangels, Arbeiter aus sog. billigem Ausland einzuführen. Dazu möchte der Verfasser des Artikels nicht ganz zustimmen, sondern ist der Ansicht –

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[10] Heute sind wir in der Situation, wo fast in jeder Siedlung es freie Wohnflächen gibt.

[11] Es gibt auch Fälle, wo diese Leute gemäss Bauernhofgesetz (Taluseadus) Recht auf unbegrenzte Zeit Landwirtschaftsfläche (darunter Acker- und Waldfläche) zur Nutzung haben, aber bechäftigen sich oft mit Raubholzschlag und haben Ackerland in Brachland gelassen (verallgemeinerte Beobachtungen der Verfassers des Artikels u.a. Landbesitzer; der Verfasser ist Inhaber des Landbesitzes, Mitglied der Gesellschaft der Tallinner Forstbesitzer und Gründungsmitglied von Forstgenossenschaft Ambla). Es wäre zweckmäßig, solches Land unter pflegliche Nutzung zu ziehen. Hier handelt es sich offensichtlich seitens des Staates und der Kommune um Nichtkenntnis der Lage oder Gleichgültigkeit (zusammengefasst Verantwortungslosigkeit), bestimmt auch um Lücken in der Gesetzgebung, um Mangehaftigkeit. Bei solchen Fällen wäre es zweckmäßig, Taluseadus außer Kraft zu setzen und z.B.den Nachbarnbauern das Vorkaufsrecht beim Erwerb dieser (d.h. zur Zeit zweckmäßig nichtbenutzter) Länder zu gewähren. Dies würde den sachkundigen und verantwortungsvollen und ehrlichen Bauern helfen, die Effektivität der landwirtschaftlichen und fortswirtschaftlichen Tätigkeit zu erhöhen.

wir müssten zuerst an Einwohnern unseres Landes Arbeit anbieten und im Namen dessen bestimmt mehr Aufwendungen machen als bisher und uns Mühe geben. Bis jetzt haben wir uns auch wirtschaftspolitisch offensichtlich mit dieser Problematik nicht befasst und sogar waren wir schadenfroh über die Leute und haben die, die im Zusammenhang des Übergangs von Kommandowirtschaft auf die Marktwirtschaft vom Arbeitsmarkt ausgefallen sind, unterschätzt. Folglich hat man sich nicht immer mit wirtschaftspolitischen Entscheidungen, gehörig dem eigenständigen Staat, verhalten.

Zum Abschluss

Mit der Politik des ländlichen Lebens müssten sich fast alle staatlichen Institutionen befassen. Leider ist die Behandlung des ländlichen Lebens einseitig, unterschätzt werden viele Bereiche des ländlichen Lebens (d.h. man lenkt auf sie in der Praxis unzulässig wenig Aufmerksamkeit) und deshalb ist die Entwicklung des ländlichen Lebens gehemmt. Auch dem Gewerbe im ländlichen Raum wird keine genügende Aufmerksamkeit gelenkt.

Im ländlichen Leben und in der Entwicklung von Gewerbe im ländlichen Raum konnte man mit einem liberalen wirtschaftspolitischen Verhalten keinen Erfolg erzielen. Notwendig ist gewisse zielgerichte Einmischung von der Seite des Staates. Dieser muss eine ausführliche Analyse-Inventur vorausgehen - die Auswertung des Entwicklungspotentials jeder Kommune und Region. Danach muss entschieden werden, wo, was und wieviel zu entwickeln ist und wo man darauf als auf eine unrationelle Tätikeit verzichten kann. Die sind sicher keine leichten und populären Entscheidungen, aber ohne rationales Verhalten ist es nicht möglich, das ländliche Leben schneller als bisher zu entwickeln, rationale Ausgeglichenheit und die Entwicklung des Staates als Ganzes zu erzielen. Noch mehr, wir sind in der Europäischen Union und möchten als gleichwertiger Partner für andere Staaten sein sowohl in der Entwicklung, im Wohlstand als auch in der Lebensqualität. Es ist möglich, dass im Ergebnis der Untersuchungen ersichtlich wird, dass Lösungen gegebenenfalls anstehender Anliegen nicht vernünftig und realistisch sind (z.B. entsteht ein starker Widerstand u.ä.). Zugleich sind wir heute in Unwissenheit gelassen darüber, welche Lage in Gemeinden und Siedlungen herrscht und welche Entwicklungsmöglichkeiten sind. Wir machen oft optimistische Entwicklungsvermutungen, ohne konkrete Tatsachen und Forschungsergebnisse zu haben. Als Mitglied der Europäischen Union, müssen wir nicht nur auf verschiedene Fördermittel der Union hoffen, sondern etwas auch selber unternehmen, und das letztere in erster Linie tun. Bestimmt ist es nötig, für die Veränderungen auch die Gesetzgebung zu vervollkommnen, darunter existierende Gesetze ergänzen oder ändern.

Im Gewerbe Estlands kan man mit Sicherheit viele Anliegen hervorheben, die größtenteils sowohl von der Entwicklung der Europäischen Union als auch von der Wirtschaftspolitik abhängen (darunter von der Regionalpolitik und der Kommunalpolitik). Die estnische Volkswirtschaft wird durch regionale Unausgeglichenheit und sogar derer Vergrößerungstendenz charakterisiert. In der

Europäischen Union wird großer Wert auf die regionale Ausgeglichenheit, d.h. auf die Verminderung der wirtschaftlichen, sozialen und anderen Unterschiede zwischen den Regionen gelenkt. (Euroopa Liidu ... 2000) In Estland ist mit Entwicklungsmängeln in Landkreisen zu rechnen, die weit entfernt von Tallinn (von Harjumaa) sind und in erster Linie im ländlichen Raum (in weit von größeren Städten liegenden Gemeinden und ländlichen Siedlungen und Kleinstädten) sind.

Der Verfasser weiß Bescheid, das es in diesem Artikel die anstehenden Fragen bei weitem nicht genügend behandelt worden sind, deshalb plant er sich mit anstehenden Fragen weiter zu beschäftigen.

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Kokkuvõte – Zusammenfassung – Summary (in Estnonian)

MAAELU MAJANDUSPOLIITILISEST OLUKORRAST JA ARENGUST EESTIS

Matti Raudjärv
Tartu Ülikool

Käesoleva artikli eesmärgiks oli peatuda mõnedel Eesti maaelu ja regionaalse ettevõtluse probleemidel ning tõstatada võimalikke arengusuundi regionaalse arengu tasakaalustamiseks. Selle kõrval on autor teadlikult pühendanud artiklis ruumi ka haldusterritoriaalse reformi mõnede seisukohtade esile toomisele, et lugeja, kes ei ole nende küsimustega kursis, saaks siiski mõningase üldtausta, et tõstatatud problemaatikaga kaasa mõtelda (siinjuures on eeskätt võõrkeelset lugejat silmas peetud). Seega on artikli rõhuasetus pandud Eesti maaelu poliitikale regionaal- ja kohaliku omavalitsuspoliitika taustal.

Maaelu poliitikaga peaks Eestis tegelema pea kõik riigi institutsioonid. Paraku on maaelu käsitlemine ühekülgne, alahinnatakse paljusid maaelu valdkondi (st pööratakse neile praktikas lubamatult vähe tähelepanu) ning seetõttu on maaelu areng Eestis aeglasem kui võiks olla (kohati on tegemist ehk isegi maaelu arengu pidurdumisega). Ka maa-ettevõtlusele ei pöörata piisavalt tähelepanu. Sageli võrdsustatakse maaelu ja vastav poliitika põllumajandusliku tootmisega, teised maaelu valdkonnad nagu näiteks metsandus, kalandus, haridus, infrastruktuur ja

paljud teised valdkonnad jäetakse tähelepanust kõrvale. Seega maaelu küsimustele ei läheneta Eesti majanduspoliitika praktikas komplekselt.

Maaelu ja ettevõtluse arendamiseks maapiirkondades ei ole olnud võimalik seniste liberaalsete majanduspoliitiliste käitumistega edu saavutada. Vajalik on riigi mõningane eesmärgipärane sekkumine. Sellele peaks eelnema põhjalik analüüs-inventuur, hindamaks iga kohaliku omavalitsuse ja piirkonna arengupotentsiaali. Seejärel tuleb otsustada, kus, mida ja mil määral arendada ning kus millestki loobuda kui ebaratsionaalsest tegevusest. Need ei ole kindlasti kerged ega populaarsed otsused, kuid ilma ratsionaalse käitumiseta pole võimalik regionaalset tasakaalustatust ja riigi kui terviku arengut saavutada. Seda enam, olles Euroopa Liidus ning soovides olla teistele riikidele võrdne partner nii arengus, heaolus kui elukvaliteedis.

Võimalik, et uuringute tulemusel selgub, et käesoleval juhul tõstatatud küsimuste lahendused ei ole mõistlikud ega reaalsed (näiteks, tekib tugev vastasseis vms). Siis on vaja teisi või täiendavaid võimalusi leida. Samas oleme me täna teadmatuses, milline on valdade ja asulate tegelik olukord ning arenguvõimalused kõigis Eesti piirkondades eraldi ja millised oleksid üldistused. Sageli tehakse vaid optimistlikke arengu oletusi ilma konkreetseid fakte ja uuringute tulemusi omamata. Olles Euroopa Liidu liige, ei pea me lootma vaid mitmesugustele Liidu poolsetele toetustele, vaid peame ka ise midagi ette võtma, ja viimast just eeskätt. Kindlasti on vajalik muudatuste tegemiseks ka seadusandlust täiustada, sh olemasolevaid õigusakte täiendada või muuta.

Eesti ettevõtluses võib kindlasti palju probleeme välja tuua, mis sõltuvad suuresti nii Euroopa Liidu arengust kui Eesti majanduspoliitikast (sh regionaal- ja kohaliku omavalitsuse poliitikast). Eesti rahvamajandust iseloomustab regionaalne tasakaalustamatus ning isegi selle suurenemise tendents. Euroopa Liidus on aga juba hulk aastaid oldud seisukohtadel, et oluline on just regionaalne tasakaalustatus, st regioonidevaheliste majanduslike, sotsiaalsete ja muude erinevuste vähendamine. Eestis tuleb arenguvaegustega arvestada maakondades, mis on eemal Tallinnast ja Harjumaast (eeskätt Tallinna linna ümbritsevatest valdadest) ning eeskätt teistes maakondades-maapiirkondades (suurematest linnadest kaugemal asuvates valdades ja maa-asulates ning väike-linnades).

Käesolevas artiklis pole autor küsimusi kaugeltki piisavalt käsitletud, mistõttu edaspidi on kavas paljude küsimustega edasi töötada, neid lähemalt uurida, täiendavaid hinnanguid ja järeldusi anda ning ettepanekuid teha.

REGIONAL POLICY IN THE CONTEXT OF THE MODELS OF NEW ECONOMIC GEOGRAPHY

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Introduction

Regional science has been a marginal field in economics. Only since the beginning of 1990s – since the seminal papers of Paul Krugman (1991a, b) – the interest in the theory of location of economic activities has risen. The lack of interest was largely caused by the impossibility to deal with the locational issues analytically, as circular causality – firms move to agglomerations as this enables more efficient production; as the number of firms in the agglomeration increases, additional motivation for the rest of the firms to move there is created – causes lots of complications. In explaining why cities emerge and economic activity tends to agglomerate, the existence of increasing returns has an important role. Until the model of imperfectly competitive economy by Dixit and Stiglitz (1977), it was not possible to include this aspect into the economic models explicitly.

New economic geography (NEG) follows the lines of the new trade theories and new growth theories in assuming imperfect competition, increasing returns and applying usually the structure of economy proposed by Dixit and Stiglitz (1977). The modelling framework is general equilibrium, based on the optimization decisions of individual agents. The most important outcome of the NEG models is that even regions that are initially identical in their factor endowments may end up having very different production structures.

The first NEG models were not analytically solvable (e.g. Krugman, 1991a,b; also the models presented in the book by Fujita, Krugman and Venables (1999) who show the possibilities of using the NEG approach for discussing various issues in regional, international and urban economics) – in their conclusions and results they relied on numerical examples. It was not possible to show explicitly how the regional distribution of economic activity depends on e.g. trade costs, initial distribution of economic activity or the endowments of production factors and therefore it was also not possible to carry out an explicit policy analysis. In the second half of the 1990s also analytically solvable models like the so-called footloose capital model, footloose entrepreneur model and linear models were developed (for detailed overview see e.g. Baldwin et al., 2003). Based on these models, policy implications have been analyzed. Neary (2001) has suggested that the NEG can be most useful exactly for analyzing policy implications. Nevertheless, so far the analysis in this respect has been relatively moderate.

[1] I would like to acknowledge financial support from the Estonian Science Foundation (research grant Nr. 6475).

The purpose of the paper is to discuss the policy implications of the NEG models in the context of Estonian regional policy. In the discussion, we rely on the Estonian Strategy for Regional Development as it gives a general overview of the policy objectives in the perspective of regional development and proposes ways to achieve the goals.

First we give an overview of the NEG models, introducing the logic of these models and discussing the differences of the various types of models. After that we discuss Estonian regional policy in the context of the NEG models. The final section concludes.

The models of new economic geography[2]

Traditionally regional differences in economic activity have been explained in economic theory by differences in the endowments of natural resources, factors of production, infrastructure or technology. These lead to specialization according to comparative advantage when the regions get more integrated (Puga, 2002). Nevertheless, in reality also areas with similar endowments tend to have a different extent of economic activity. This can be explained by increasing returns to scale in production – one of the fundamental assumptions in the models of new economic geography.

It has been thought long that the agglomerations appear because of a circular accumulation process (according to Krugman (1998) this was the core of the studies of Harris (1954) and Pred (1966)): firms want to move to locations with many firms, if a firm moves to a location, the location gets more attractive for other firms. This happens because each additional firm increases the market size and at the same time the prices go down, attracting thus also workers due to lower cost-of-living. The NEG models, trying to explain why economic activity tends to agglomerate, model this circular causality relying on the general equilibrium framework.

The NEG models are based on the optimization of individual agents differing as such from the traditional location theories, where it is more or less ad hoc stated that the agglomerations arise due to increasing returns in the production of industrial goods or spillover effects, without modelling explicitly the emergence of agglomeration due to these forces (Krugman, 1998). Moreover, it is assumed that trade between regions is not costless – an important fact that was long neglected in trade theories.

The regional distribution of the economic activity emerges due to the counteracting agglomeration and dispersion forces. While it is possible to find also other forces, the NEG literature relies mainly on the demand and cost linkages (also known as backward and forward linkages) as the agglomeration (or centripetal) forces and local competition (market crowding) as the dispersion (or centrifugal) force.

[2] The overview of specific models relies heavily on Baldwin et al. (2003), Chapters 2-7.

Agglomeration forces arise from the mobility of some production factors, driven by trials to profit from increasing returns and spillover effects (take advantage of agglomeration rents). The basis for dispersion forces is the assumption that there are some immobile workers whose demand has to be answered in their region of residence.

There are two types of circular causality. Demand linked circular causality comes from expenditure shifting due to production shifting, and this expenditure shifting results again in production shifting: moving production from one region to another (production shifting), some of the production factors move along and start spending their incomes in the new location (expenditure shifting). More expenditure motivates more firms to enter the enlarged market and to exit the market in the other region.

The cost-linked causality (also known as supply linkage) results from cost shifting due to production shifting, resulting in further production shifting. The production shifting results in lower prices in the enlarged market due to increased competition on the one hand and due to avoiding trade costs on the other hand (it is assumed that everybody consumes all products, independent of their location of production). The lower prices make the location attractive for mobile workers and also for firms if they use the products of other firms as inputs. This results in a further decrease in the local price index.

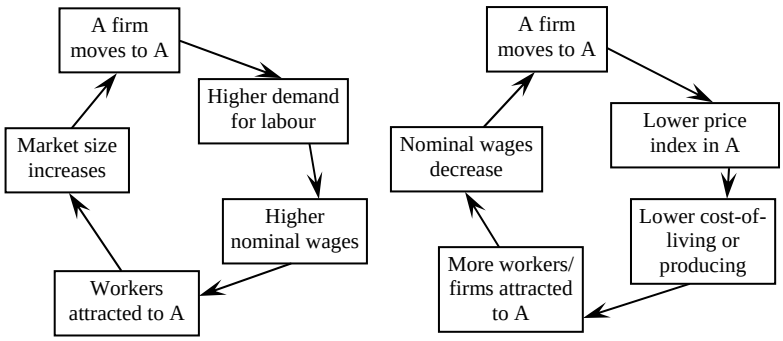

Figure 1. The demand linkage (left panel) and the cost linkage (right panel), based on the discussion in Neary (2001).

These linkages result on the one hand from the increasing returns to scale. This implies that each firm produces only in one location. On the other hand, trade is costly, so that each firm wants to be closer to the big market and serve the smaller market form distance, and the mobile factor prefers to spend its income in the location where the price index is lower – where it can avoid more trade costs.

The dispersion force is competition. The more firms are acting in a location, the less each of them can sell or they have to reduce the price-marginal cost mark-up.

Moreover, as there is pressure for higher nominal wages (competition for labour) if more firms are in a location, the production costs are higher.

The balance between dispersion and agglomeration forces is not self-evident. If agglomeration forces dominate, the spatial distribution of the economic activity will be very uneven; if the dispersion forces dominate, each region has an equal share of economic activity. In the NEG models it is tried to understand under which conditions one or the other outcome appears. This is done in the context of trade liberalization: what happens with the spatial distribution of economic activity if the trade costs decrease. It has been shown that both the agglomeration and dispersion forces weaken with decreasing trade costs, but the dispersion forces weaken faster.

The first NEG models were so-called core-periphery (CP) models (Krugman, 1991a,b) which were analytically not solvable and therefore difficult to use for welfare or policy analysis. But most of their characteristics are applied also in the other types of NEG models and. We first present the assumptions and results of the core-periphery model due to Krugman (1991b) and after that proceed to discuss the differences from the basic set up in case of some other NEG models.

In most of the NEG models it is assumed that there are two initially identical regions, i.e. they have exactly the same amount of immobile and mobile production factors. Also, the preferences of consumers and production functions of firms are the same. There two production sectors, one of which is traditional (often called agriculture), with constant returns to scale and perfect competition in the market (thus, the product of this sector is also known as the Walrasian good), and the other, the modern sector (called manufacturing or industrial sector), which has increasing returns to scale, resulting in imperfect competition. There are two production factors, one of which is mobile and the other is immobile between the regions. In the core-periphery model these are agricultural labour and manufacturing labour, the first is immobile and the other is mobile, and each sector uses only one of these factors as the input. The trade of agricultural goods is assumed to be costless, while the trade of manufactured goods incurs some costs. In the NEG models it is usually assumed that the trade cost is of so-called iceberg-type: in order to supply one unit of a variety in the other region, the producer has to ship $\tau > 1$ units of the good, where $\tau - 1$ units "melt away" during the transportation. These costs are assumed to include not only direct transport costs, but also any kind of trade impediments (which are more relevant if looking at the NEG models in the international context).

The demand side is modelled by using a Cobb-Douglas utility function for combining the agricultural good and a composite of the industrial goods. This guarantees that a fixed share of expenditures is spent for buying the industrial goods. The composite of the industrial goods takes the form of a constant elasticity of substitution (CES) utility function. This implies that consumers do not gain utility only from the amount of goods consumed, but also from the number of varieties available for consuming; therefore they consume all the goods that are produced in the whole economy.

The income of the consumers consists of the payments for the production factors (in the core-periphery model wages). The wages of the agricultural sector equalize across regions as due to the Walrasian market structure the wage equals the marginal productivity and the production technology is assumed to be identical in the two regions. However, the labour income generated in the industrial sector might differ, especially if considering real wages. This is what drives inter-regional migration: workers go from the region with lower real wages to the region with higher real wages until the real wages equalize or all the industry has agglomerated to one region.

The increasing returns to scale in the industrial sectors are modelled by assuming that production has some fixed costs. In the basic core-periphery model it is assumed that both the fixed and variable costs have to be covered by the same input, but in other NEG models the two types of costs need also different inputs.

The industrial firms are assumed to work in the Dixit-Stiglitz (1977) framework of monopolistic competition with each firm producing one good and each good being produced by one firm. Moreover, each firm is assumed to be that small that in its decisions it does not consider the effects of its actions on the aggregate variables (e.g. the price index). This results in monopolistically competitive market structure: the firms can charge a price that is the monopolistic mark-up over the marginal cost, but their profits are driven to zero due to free entry and exit. In serving the market of the other region the producer price is the same as in the domestic region, but the consumers face a price that also includes trade costs. The higher consumer price of the imported goods implies that if the two regions are different in their size (the number of varieties produced domestically differs), the price index and thus, the cost-of-living, is lower in the bigger region as the share of goods whose price also includes trade costs is lower for the larger region. This makes the large market more attractive for the mobile workers who have until then been locating in the smaller region.

Nevertheless, there are also counteracting forces on the scene. Due to the lower price index of modern goods, the relative prices of the local varieties are higher and thus, demand smaller in the location with more manufacturing than in the other location. Thus, due to market crowding the firms in the location with more economic activity might have difficulties to break even. They can reduce costs by paying lower nominal wages, but higher nominal wages in the peripheral region might motivate workers to move there. The workers' decision to move depends of course also on the price indices – workers consider in their migration decisions real, not nominal wages and thus, the final outcome results from the interplay of the agglomeration and dispersion forces.

The traditional way to investigate the NEG models is to analyze, what happens with the spatial distribution of economic activity, if the regions or countries get more integrated – if trade costs decrease, starting from a symmetric equilibrium. This can be interpreted as liberalization of trade between two countries (removing all kinds of trade barriers) or as a decrease in transport costs (also applicable if analyzing the

models in the context of one country). It can be shown that in the core-periphery model an even distribution of production is the only equilibrium if the trade costs are high, for intermediate trade costs also the extreme inequality – production of modern goods takes place only in one region – is supported, and in case of very low trade costs only the core-periphery pattern survives as the stable equilibrium. In other words, in case of high trade costs a slight change in the distribution of people or economic activity between the two regions takes the economy back to the equal distribution. For intermediate trade costs if we start from the symmetric equilibrium, the economy converges to the equal distribution, if the shock is small, but in case of a big shock (e.g. everybody expects that the core will be in a specific region when the integration process continues) the whole industrial production may end up in one of the regions. For low trade costs any disturbance to the symmetric equilibrium will drive the economy to the core-periphery pattern. With no trade costs in principle any distribution of economic activity is an equilibrium.[3]

Baldwin et al. (2003, pp. 34-36) distinguish seven key features of the core-periphery model.

- Home market effect and home market magnification: in answer to an exogenous change in the location of demand, the industry relocates more than proportionally to the enlarged region. The home market magnification means that the home market effect is the stronger the freer is trade between the regions.
- Circular causality: agglomeration forces are self-reinforcing – relocation of some industry motivates also other firms to relocate to the same region.
- Endogenous asymmetry: if the trade costs decrease progressively, the initially even distribution of economic activity (symmetric regions) will change to asymmetric distribution.
- Catastrophic agglomeration: there is a critical level of trade costs at which a very small reduction of them leads the symmetric regions to reorganize into core-periphery pattern, if a shock disturbs the symmetric equilibrium. At high trade costs such a small decrease would have no impact on the spatial distribution of industry.
- Locational hysteresis: for the intermediate trade costs where both the symmetric and agglomerated equilibriums are sustainable, if a shock induces a change in the spatial pattern of economic activity, the economy does not return to its initial equilibrium if the shock is removed – a temporary shock has permanent consequences.
- Hump-shaped agglomeration rents: if the economy is organized as a core and a periphery, the mobile factor is usually not indifferent to location, as it would lose income by moving from the core to the periphery. These agglomeration rents first rise and then fall in answer to the proceeding reduction of trade costs,

[3] This pattern of equilibriums does not hold if additional dispersion forces, e.g. congestion, are introduced into the model. In such a case for very low trade costs, the only the dispersed equilibrium is stable.

in the range of the trade costs where the full agglomeration outcome is sustainable.

- The overlap and self-fulfilling expectations: there exists a range of trade costs where both the symmetric and core-periphery outcomes are locally stable long-run equilibria. If there is a change in expectations about which equilibrium will be the outcome in the future, a jump between the symmetric outcome and a full agglomeration outcome is possible.

So far the assumptions and results of one specific model belonging to the so-called DCI (Dixit-Stiglitz, CES preferences and trade costs) family of NEG models were discussed. The main problem with the core-periphery model is that it is not analytically tractable. Some other models, like footloose capital, footloose entrepreneur and constructed capital models have been elaborated in order to overcome this problem. The demand side of the models is identical to that of the original core-periphery model, but the assumptions for the production side differ. Tractability of these models makes them more applicable for policy analysis. The distinguishing assumptions and the results are presented in Tables 1 and 2, respectively.

Table 1. Comparison of the assumptions of the DCI type NEG models

Feature	Core-periphery	Footloose capital	Footloose entrepreneur	Constructed capital
Mobile factor	Manufacturing labour	Capital (without its owners)	Human capital (with owners)	None
Inter-sectoral labour mobility	No	Yes	Yes	Yes
Input for covering fixed cost	Manufacturing labour	Physical capital	Human capital	Capital construc-ted from labour*, might depreciate
Input for covering variable cost	Manufacturing labour	Labour	Labour	Labour
Spending the income of the mobile factor	Locally	Capital income repatriated	Locally	Not relevant*

* Capital may be constructed only from the resources of the local region and has to be employed in the same region.
Source: based on Baldwin et al. (2003, Ch. 2-4, 6).

In the footloose capital (FC) model (Martin and Rogers, 1995), there is only one type of labour, which is immobile between regions but mobile between sectors. The mobile factor is physical capital, which is assumed to be necessary as the input for covering the fixed costs of the manufacturing firms. Capital can move freely between the regions, but the capital owners stay in their original region and thus, also spend their incomes there – the demand linkage is cut. This means that also the cost linkage does not work: even though the production shifting leads to lower cost-of-living in the larger region, the mobile factor really does not care about it, as the

incomes are spent at home. Thus, the capital seeks the highest nominal income and in the inner equilibrium the nominal returns to capital are equalized.

The biggest difference to the core-periphery model comes from the fact that the circular causality does not work – production shifting does not lead to expenditure shifting. Because of that, also catastrophic agglomeration and endogenous asymmetry do not arise if the regions are symmetric. Nevertheless, if the regions are exogenously asymmetric (share of capital owned by one region's residents is higher than the other's), agglomeration can occur at an almost catastrophic rate. Also the other properties like locational hysteresis and overlap do not exist due to the absence of agglomeration in the symmetric region model. If assuming asymmetric regions, the hump-shaped agglomeration rents are observed. Thus, the FC model misses several of the most interesting features of the core-periphery model, but its strength is high tractability. Several extensions of the FC model are available which are richer in the outcomes (e.g. the constructed capital model).

In the footloose entrepreneur (FE) model (Forslid and Ottaviano, 2003) it is similarly assumed as in the FC model that fixed costs have to be covered by employing capital, but here the capital owner moves with the capital (it can be interpreted as human capital or entrepreneur) and thus, spends his money in the location where the capital is employed. This restores the demand and cost linkages. Migration is motivated by differences in the real income of human capital.

The FE model displays all the key features of the CP model. As in the FE model the migrating factor is used to cover only a part of the total cost of an industrial firm, the link between production and expenditure shifting and the agglomeration forces are weaker than in the CP model.

Another model belonging to the DCI family is the constructed capital (CC) model, due to Baldwin (1999). It shares the basic assumptions of the FC model. It is as tractable as FC model, but some of the interesting results of the CP model are restored (catastrophic agglomeration, circular causality). In this model there is no mobility of factors between the regions. The relocation of industry takes place through capital construction and depreciation – a third, so called investment goods sector is introduced, which uses labour as the input. The economic agents have to decide if they want to invest and how much they want to invest, and it is assumed that investment can be made and used only at the location of residence. A higher capital stock means higher expenditures, and the demand-linked circular causality supports further capital accumulation in the attractive region.

Here, differently from the FC model, production shifting leads to expenditure shifting: as capital is not mobile across regions, only the capital owners residing in the region where production takes place get capital income. The symmetric outcome is always an equilibrium in the case of symmetric regions, but not always stable.

If also capital mobility is allowed, the circular causality is broken and catastrophes are no longer possible. In that case, the capital owners have same incentives to

invest in new capital independent of their residence as the capital flows to equalize the capital returns in both regions. This brings the model to the same outcome as the FC model: for symmetric region case, the symmetric outcome is always the stable equilibrium. From this follows that mobility of capital and the immobility of its owners across regions supports spatial stability.

The constructed capital model can be interpreted as an exogenous growth model. From this model it follows that growth can affect geography: if there are forces encouraging production in a region, they also encourage investment into capital goods in that region. Also, the geography can affect growth: if the stability of the symmetric equilibrium is broken and one region gets a bigger share of production than the other, the returns to production are higher in the former than in the other. This motivates additional capital accumulation and thus, growth. The opposite happens in the other region. Though, these are only medium-term growth effects. This also implies that even if in the progress of consecutive trade liberalization all restrictions to trade are abolished, there will be permanent income differences between the two regions.

Table 2. Comparison of the results of the DCI type NEG models

Feature	Core-periphery	Footloose capital	Footloose entrepreneur	Constructed capital
Home-market effect	Yes	Yes	Yes	Yes
Circular causality	Both linkages	No	Both linkages	Demand linkage
Endogenous asymmetry	Yes	No	Yes	Yes
Catastrophic agglomeration	Yes	No*	Yes	Yes
Locational hysteresis	Yes	No	Yes	Yes
Hump-shaped agglomeration rents	Yes	Yes**	Yes	Yes
Overlap, self-ful-filling expectations	Yes	No	Yes	No
Analytical tractability	No	Yes	Mostly yes	Yes

* No if symmetric regions, near-catastrophic agglomeration if slightly asymmetric regions
** Not applicable in case of symmetric regions, yes for asymmetric regions' case.
Source: based on Baldwin et al. (2003, Ch. 2-4, 6).

The DCI models have been blamed in relying on very specific assumptions about the demand and production structure and the form of trade costs.[4] In Table 3 the crucial assumptions of the models from the DCI family, linear models, spillovers

[4] See Neary (2001) for a critical view on the new economic geography.

models (endogenous growth models) and vertical linkages models are compared.[5] The main differences come from how the demand side and trade costs are modelled for the linear models and production side for the spillovers and vertical linkages models.

The linear models (introduced by Ottaviano, Tabuchi and Thisse (2002)) rely in their logic on the footloose capital and footloose entrepreneur models, displaying mostly the same features, as their DCI counterparts. They are even more tractable, enabling to introduce some additional features like congestion into the analysis of economic geography.

Table 3. Comparison of the assumptions of the four families of NEG models

Assumption	DCI	Linear	Spillovers	Vertical linkages
Utility function	Cobb-Douglas nested CES	Quasi-linear quadratic utility function	Cobb-Douglas nested CES	Cobb-Douglas nested CES
Intertemporal optimization	No	No	Yes	No
Resource used for trade costs	Corresponding good (iceberg)	Walrasian good, paid by sender	Corresponding good (iceberg)	Corresponding good (iceberg)
Input needed to cover fixed cost in manufacturing	Labour (CP) or capital (FC, FE, CC)	Capital	Capital	Composite of labour and all varieties of manufactured goods
Marginal productivity of labour in the investment goods sector	CC model: constant		Increases with the stock of capital	
Interpretation of capital	Physical (FC, CC) or human (FE) capital	Physical or human capital	Knowledge capital (innovations)	

Source: based on Baldwin et al. (2003, Ch. 2-7).

The differences come first from replacing the Cobb-Douglas nested CES utility function with a quasi-linear utility function. This introduces different economic logic to the model, explained by Baldwin et al. (2003) as follows. The quasi-linear utility function implies that the industrial firms face linear demand curves and thus the optimal mark-up depends now on more factors than just the CES elasticity (which is equal to the demand elasticity). Among these, one of the most important ones is the number of competitors in the local market. This induces a pro-competitive effect, strengthening the dispersion forces. Another implication of the linear models is that the relative market size depends only on the number of consumers in each region, as a consumer's spending on industrial varieties does not

[5] In fact also the spillovers models and vertical linkages models belong to the DCI family. Nevertheless, as in these models there are some important differences in modelling the production side, they are presented as different groups here.

depend on income. The latter property results in the disappearance of overlap – the range of trade costs where both the symmetric and agglomeration outcome are stable equilibria.

The second important difference in the assumptions is about trade costs. Instead of "icebergs", it is assumed that the transport of a unit of an industrial good from one region to the other needs τ units of the Walrasian good. The resources of the sending region are used to pay the trade cost.

The outcomes of the linear FC model remain unchanged as compared to the DCI counterpart, except for the fact that the linear version never displays catastrophic or near-catastrophic agglomeration. Agglomeration is possible for trade costs vanishing to zero in the symmetric case or low trade costs if the regions are intrinsically asymmetric, but it never happens in a catastrophic way: there is a range of trade costs where the stable equilibrium is somewhere between the proportional and agglomeration outcome, changing smoothly with the trade costs. For the linear FE model the only difference is that there is no overlap.

The linear models give additional information about the role of product substitutability and mark-ups in determining the spatial distribution of economic activity. Lower substitutability of goods implies that the agglomeration outcome is sustainable already for higher level of trade costs, because it reduces market crowding effect. If in case of iceberg trade costs and constant demand elasticity all the trade costs were carried over to the consumers of the receiving region, in the current setting the trade costs are divided between the producer and consumer. The mark-ups are the lower the more local competition the firm is facing and the easier it is to substitute one variety to another. This strengthens the market crowding effect and in the FE model also cost-of-living effect.

As mentioned above, it is also possible to introduce congestion into the linear models. Specifically, in the linear FE model it can be assumed that the two regions are not points: the mobile factor is assumed to consume land. All the economic activity takes place in the centre of the region, thus, there are both land costs and commuting costs. As the result, the symmetric equilibrium is the only stable outcome also for very low trade costs as congestion creates an additional dispersion force.

In the vertical linkages models it is assumed that the imperfectly competitive sector uses in the production intermediate goods which are also produced with increasing returns to scale technology, while the workers are immobile between the regions (Venables, 1996, Krugman and Venables, 1995). The results are similar to those of the traditional core-periphery model, in that endogenously can arise a very uneven distribution of economic activity. Instead of workers, now the firms are looking for a location where the price of the inputs is lower – creating the cost linkage. The workers are mobile between the sectors, enabling the structure of the economy to change. If a worker decides to change the sector in a region, the firms would find

that region more attractive (lower wage) and as also a firm has moved to that region, the demand for the modern goods produced in that region increases.

Vertical linkages models share all the properties of the standard CP model, including both cost and demand linkages etc. The new aspect is that agglomeration occurs without inter-regional labour migration; therefore they are more applicable for explaining international distribution of economic activity.

The spillovers models help to understand the relation between growth and geography. According to Baldwin et al. (2003), the first endogenous growth and economic geography model is due to Martin and Ottaviano (1999).

The spillovers models can be understood as extended constructed capital models. As in the FC and CC models, each unit of capital is associated with a variety. There is a third, capital-creation sector. Technological spillovers in this sector result in continuous investment. As each unit of capital is associated with a new variety and the capital stock increases continuously, the price index falls proceedingly.

The spillovers can be assumed to extend over all regions (global spillovers, GS) or that only part of the knowledge capital created in one region spills over to the other region (localized spillovers, LS). Both models share the new features of the constructed capital model and display endogenous growth, but some additional results differ.

First, in the global spillovers model capital accumulation can lead to catastrophic agglomeration, which never occurs in the local spillovers model. Second, growth affects geography in both models, but geography affects long-term growth only in the local spillover model.

In the GS and CC model only the demand linkage is working, but in the LS model also the cost linkage is in play as it is easier to use the knowledge created in the domestic region ('intertemporal vertical linkage'). The pattern of stable equilibria emerging in response to proceeding decrease in trade costs is different from what has been seen in the other models. During the range of intermediate trade costs where several models feature overlap, the only stable equilibria are asymmetric, but not full agglomeration. In this range also locational hysteresis works. The level of trade costs where the agglomeration forces start to exceed dispersion forces, depends also on the level of the knowledge movement restrictions: the less restricted it is, the smaller have to be the trade costs for the agglomeration to happen – the knowledge spillovers strengthen the dispersion forces.

As mentioned above, in the LS model economic geography can affect the long-run growth rate. Trade integration raises the growth rate as innovation only in one location is more efficient: learning spillovers are strong and the costs of innovation thus small. Moreover, this regional imbalance fosters growth in all regions. Nevertheless, it is not clear that the region that is left with less industry will also have higher welfare than before the liberalization: the relocation of industry has

similar negative medium-term growth effect as in CC and GS models. The overall effect of the trade liberalization is for the periphery positive only if the share of manufactured goods in expenditures is high enough. Still, if liberalization has achieved a sufficiently high level, further reductions in trade costs improve periphery's welfare (even though it might not reach the pre-CP level).

Diego Puga has said: "The main contribution of the so-called 'new economic geography' (or new geographical economics) is the formalisation of mechanisms by which, even a priori very similar regions end up with very different production structures and income levels" (Puga, 2002, pp. 383-384). This is a result that occurs in all the described NEG models, in spite of varying assumptions.

Regional policy in Estonia and in the models of new economic geography

The NEG models can be criticized from several aspects. First, they rely on very specific assumptions about functional forms of consumers' preferences, production and transportation. Second, their results seem to be too strong to be realistic: catastrophic rates of agglomeration and complete agglomeration of certain activities are not observed in the real world. These problems are overcome in models with additional congestion costs (like in e.g. Puga, 1999). Third, some of the models are not really working in the general equilibrium framework.

One of the biggest problems is the way the increasing returns are treated in the model. As also Neary (2001) discusses, the degree of returns to scale is not depending on the interplay of fixed and variable costs. Instead, it depends on the consumers' preference for variety (the constant elasticity of substitution parameter). An additional drawback is that the firms do not make use of any strategic behaviour. Also some policy conclusions drawn from the NEG models are often too strong to be true.

Nevertheless, the NEG models have been used for analyzing regional policy. Special attention has been on the European Union, as a third of its budget is spent on structural funds that focus on helping the backward lagging regions. Regional policy is considered to be important for achieving both equality and efficiency (Baldwin et al., 2003; Stiller, 2000). Puga (2002) and Stiller (2000) discuss EU regional policy in the context of the NEG models and conclude that by paying a lot of attention to developing transport infrastructures, the inequality between regions might rather increase than decrease. This proposition is also supported by the finding that even though on the country level one can observe convergence among the EU members, on in-country regional level the incomes per capita are rather diverging (see e.g. Puga 2002).

Regional policy is considered to be important also in Estonia. In the Estonian National Development Plan 2004-2006 (p. 11) is stated: "Estonia's economic policy and those of the EU that support national policies both serve a common overall objective to be achieved in Estonia: **a fast, socially and regionally balanced sustainable economic development.**"

Puga (2002) lists training, subsidies to enterprises and infrastructure investments as the main instruments of regional policy in Europe. The same instruments are used in Estonia: they are directly or indirectly mentioned in the Estonian Strategy for Regional Development as the ways to achieve the regional development goals.

Neary (2001) has suggested that the NEG models can be a useful tool for policy analysis, though he calls for caution as in the NEG models "agglomeration is unambiguously good for you" (p. 556) – the highest utility is achieved when living in the core region. Authors, who have done policy analysis, have come to several interesting results, making different assumptions about the target functions of the government. First it has been shown that the market outcome and the socially preferred outcome do not coincide necessarily (Ottaviano, Tabuchi and Thisse, 2002; Baldwin et al., 2003). Moreover, it is not clear whether the market provides less or more agglomeration than optimal from the social point of view, depending on the level of trade costs. Second, in analyzing different policy tools, the outcomes for tax competition are quite different from the usual results found in the public finance. Third, the most heavily used regional policy instrument in Europe, investments into infrastructure, might rather deepen regional inequalities than alleviate them.

Considering the aspects of spatial distribution of economic activity in Estonia, the results for tax competition are not as important as the tax rates are the same in all the regions.[6] The two other aspects are relevant and are also understood in the Estonian Strategy for Regional Development (Eesti regionaalarengu…).

Analyzing welfare and policy questions in the context of NEG models is a relatively new field, due to the analytical intractability of the first NEG models. Ottaviano, Tabuchi and Thisse (2002) were among the first ones to deal with the welfare questions. They derived the above-mentioned result that depending on the extent of trade costs, the market outcome can be more or less agglomeration than socially desirable. The inefficiency of the market outcome has two main sources. First, due to the increasing returns to scale, the firms are charging a price that is above their marginal cost. Second, in making the location decisions, the individual agents do not take into account the impact of their location choice on the other consumers. For example, if one part of the labour force is mobile and another part is immobile, the relocation of a worker from one region to the other has a negative effect on the welfare of the workers remaining in the original region, due to reducing the market size, making the location less attractive for firms and thus, finally resulting in higher cost-of-living. At the same time there is a positive effect on the people living in the other region due to increased market size and lower prices. From this circular process it appears that the mobile workers would like to live all together as this would be welfare maximizing for them, but this would be the worst result for the immobile workers staying in the peripheral region. In addition to these effects, most

[6] This aspect would be important in considering Estonia as a region in the European Union as different member countries have different tax rates, but this remains out of the scope of the current paper.

of the NEG models do not consider congestion – agglomeration tends to worsen the quality of living environment.

The answer to the question of how much agglomeration is optimal for the society is not simple if based on the most often used utilitarian welfare function. As already mentioned, it has been found that in such a case the desirability of agglomeration depends on the extent of trade costs between the regions (Baldwin et al., 2003, Ch. 11; Charlot et al., 2004; Ottaviano et al., 2002). Moreover, it is not clear what the target function of a society is. Only in the case of a Rawlsian welfare function (the society is exactly as well off as its worst-off member) the dispersed equilibrium is always preferred to agglomeration (Charlot et al., 2004). If also considering that the decisions are taken by politicians that are interested in being re-elected, important political economy issues come to the play: the government does not choose necessarily the target function that a benevolent social planner would choose. Additional problem is that the preferred spatial distribution of economic activity might differ across social groups.

This is also reflected in the Estonian Strategy for Regional Development. The general objective of Estonian regional policy until the year 2015 is to "secure sustainable development of all regions, relying on the intra-regional development perspectives and region-specific characteristics, and on the qualitative enhancement of the competitiveness of the capital city and other town areas" (Eesti regionaalarengu…, p. 18). It is mentioned in addition that in order to achieve balanced regional development further agglomeration of people and economic activity into the capital city region is not desirable. All Estonian regions should be attractive both for living and working.

It is hard to say what the target function of Estonian government is when conducting regional policy, but it is clear that on the one hand they do not rely on a utilitarian welfare function (in that case it might be more relevant to agglomerate even more economic activity into the Tallinn area) and on the other hand consider the political economy as the people from the non-capital city region are overrepresented in the national elections.

According to Baldwin et al. (2003) the market outcome and socially optimal outcome coincide only if the spatial distribution of expenditure coincides with the spatial distribution of population. This result comes from using a utilitarian welfare functional and is driven by the logic that the market outcome depends on the spatial distribution of expenditure and the socially preferred outcome on the spatial distribution of population. In general it is not possible to achieve a Pareto improvement by reallocating the mobile factor: it always benefits the residents of one region and harms these in the other, independent of the starting distribution of industry. While people residing in the same region have same preferences about the spatial distribution of industry, the people belonging to different groups might prefer as a group different outcomes: entrepreneurs would prefer a core-periphery outcome, and do not care in which region the economy agglomerates, but the immobile

workers as a group would always prefer an symmetric distribution (while each of them would prefer to have the core in their own region of residence).

Interesting results for policy come from the local spillovers model. Martin (1999) and Baldwin et al. (2003) analyze in the context of this model mainly infrastructure policy, but also discuss monetary transfers. The main conclusion from analyzing this model is that in case of positive localized spillovers agglomeration benefits innovation and growth: they show that there is a trade-off between faster aggregate growth and equality in spatial distribution of industry. Policies that make the peripheral region more attractive (e.g. income transfers to poorer regions, improvement of intra-regional transport infrastructure in the peripheral region) reduce income inequality, but they harm aggregate growth as in that case innovation is more costly due to restricted spillovers. On the other hand, the policies that encourage spillovers, making them thus less localized, are both good for growth and equality.

Estonian regional policy aims to concentrate innovation-intensive activities into the regions of Tallinn and Tartu, in order to enhance international competitiveness. It is certainly a good idea not to disperse the small amount of resources that Estonia has from international perspective. The Strategy for Regional Development states the importance of training workers. This is a positive measure also in the context of the local spillovers model as it enables the economy to gain more from the knowledge created in any region of Estonia or abroad by reducing the restrictions to spillovers. Though, more attention should be paid to this possibility of enhancing faster economic growth in all regions. In the international context the investments into transport infrastructures might have positive effects, but there are also possible threats. Baldwin et al. (2003) conclude that in the presence of congestion costs, investments into infrastructure reducing trade costs between regions may bring the economy to an equilibrium with low growth, high spatial concentration and high regional income inequality. They stress that in case of market failures, like inter-regionally restricted spillovers, the policies should try to attack directly the market failure, not trying to improve infrastructure between the regions.

Considering tax policy, it is possible to tax away the agglomeration rents without changing the spatial distribution of economic activity, if the economy is characterized by the core-periphery pattern (Baldwin et al., 2003). Therefore in principle the taxes could be higher in Tallinn area without harming the firms there much. On the other hand it might reduce worsen the international competitiveness of the firms.

In Estonia it is considered that an important way to reduce income inequalities is to encourage commuting. Already now a quarter of the workers have the living and working place in different municipalities. It is also realized that commuting might have negative externalities due to pressure on environment and need for additional infrastructure. As the NEG models do not consider the possibility of interregional commuting, its welfare effects are not so well analyzed in the theory.

Another way to influence the economic agents in choosing their location is by providing public goods. Baldwin et al. (2003) find that this creates an additional agglomeration force. As the provision of public goods tends to be more effective in the locations where also the firms can produce more effectively, this policy measure might be quite harming for efficiency if with its help it is tried to achieve a more even spatial distribution of economic activity.

An often used policy measure is subsidies to firms established in peripheries. Such subsidies might have two effects: on the one hand, they create additional expenditure in the peripheral region, changing it to a more attractive location, but on the other hand, after abolishing the subsidy, the established firm might not be able to survive if the region has not managed to get attractive also for firms providing services and inputs for the subsidised firm or using the services or outputs of that firm in their production process. In the context of the NEG models it seems preferable if firms that are highly dependent on each other cluster together, but firms that do not gain from being close to them locate somewhere else – in order to profit from the possible spillovers on the one hand and to avoid congestion costs on the other hand. This is a principle that should be followed in allocating subsidies.

Conclusions

The models of new economic geography enable to discuss location of economic activity in the general equilibrium framework, taking into account the circular processes that make agglomerations self-sustainable. Though these models rely on quite specific forms of preferences and production functions, most of the results seem to be quite robust to variations in the underlying target functions of economic agents. The most important result of the NEG literature is that initially perfectly symmetric regions might re-organize themselves to a core and a periphery if trade costs between them decrease.

The NEG literature differs from the earlier theories explaining trade and specialization patterns across regions or countries by bringing into the models monopolistically competitive behaviour of manufacturing firms, as they are producing with increasing returns to scale, and trade costs. The NEG models can be a useful tool for policy analysis. The first policy implication comes from the usual way how the NEG models are analyzed: what happens with the spatial distribution of economic activity if trade costs between the regions decrease. Most of the models say that during that progress the stability of the initially symmetric equilibrium breaks down and the economic activity will follow a core-periphery pattern if the trade costs are sufficiently low. This implies that investments into transport infrastructure might not be good for the behind-lagging regions, as this encourages also the remaining firms to move to the core.

It can also be shown that the market outcome and socially desired spatial distribution of industry might not coincide, thus calling for policy interventions. But here one has to be cautious as the market might provide over- or under-

agglomeration, depending on the size of trade costs. Policy can be both efficiency and equality enhancing, but usually the equality aspect is on the foreground.

Considering Estonian regional policy, it can be concluded that in general – at least on paper – it fits quite well into the framework of NEG. It is understood that for the competitiveness of the country it wouldn't be good to spread the economic activity more evenly across Estonia. Instead it is aimed to enhance the ability of people in all regions to adapt to the changing economic conditions and to be able to benefit from innovations created in other regions. Considering subsidies to firms in peripheral regions, the target should be to create a cluster of firms that benefit from being close to each other, so that the industry would be sustainable also after abolishing the subsidy.

For a more specific analysis of spatial distribution of economic activity and policy measures that try to improve the efficiency of the economy and to achieve a more equal distribution of income in Estonia, some modifications of the models would be needed. First, the models should include exogenously given asymmetries across the regions. Second, the starting point should certainly be an existing core-periphery pattern. Third, in the Estonian Strategy for Regional development it is considered good for the peripheral regions to enhance mainly the establishment of small enterprises. Including heterogeneity of firms into the models might give new insights. Most of the NEG models also do not include the possibility of commuting between the regions (or congestions costs).

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Kokkuvõte

REGIONAALPOLIITIKA UUE MAJANDUSGEOGRAAFIA MUDELITE KONTEKSTIS

Egle Tafenau
Tartu Ülikool; Kieli Ülikool

Nn uus majandusgeograafia sai alguse 1990. alguses, kui Paul Krugman avaldas esimese nn tuuma-perifeeria mudeli. Nende mudelite eesmärk on kirjeldada majandustegevuse paiknemist ruumis. Uut majandusgeograafiat eristab eelnevatest regionaaluuringutest aglomeratsiooniprotsesside otsene modelleerimine üldise tasakaalu raamistikus, tuginedes majandusagentide optimeerivale käitumisele. Uues majandusgeograafias eeldatakse mastaabisäästuga tootmistehnoloogiat ning positiivseid regioonidevahelisi kaubanduskulusid. Need eeldused toetavad tsirkulaarse protsessi tekkimist: firmad kolivad sinna, kus juba on palju firmasid, muutes niiviisi selle koha ülejäänud firmadele veelgi atraktiivsemaks. Need aspektid teevad mudelid küllaltki komplitseerituks, ent siiski võimaldavad uue majandusgeograafia mudelid meil paremini mõista ruumis toimuvaid majandusprotsesse.

Uue majandusgeograafia mudelitele on ette heidetud, et nad tuginevad liigselt spetsiifilistele kasulikkus- ja tootmisfunktsioonidele ning ka kaubanduskulude

modelleerimine on liiga lihtsustatud. Siiski on enamik nende mudelite põhitulemusi küllaltki püsivad, kui teha mõningaid muudatusi nimetatud eeldustes. Tähtsaim uue majandusgeograafia tulemus on järeldus, et esialgselt täiesti identsed regioonid võivad kaubanduskulude vähenemise käigus saavutada täiesti erineva majandusstruktuuri.

Uue majandusgeograafia mudelid on kasulikud poliitika analüüsil. Uue majandusgeograafia mudelite tulemusi (majandustegevuse paiknemist) analüüsitakse sageli vähenevate kaubanduskulude (ehk kaubandusintegratsiooni) kontekstis. Sellest tuleneb ka esimene tähtis järeldus majanduspoliitika jaoks: investeeringud transpordivõrkudesse ei pruugi sugugi olla majanduslikku ebavõrdsust vähendavad, kõnealuste mudelite tulemused toetavad pigem vastupidist efekti.

Uue majandusgeograafia mudelitest järeldub, et turujõudude toimel kujunev majandustegevuse paiknemine ei pruugi kokku langeda ühiskonna poolt eelistatuga, seetõttu on arusaadav ka suur tähelepanu regionaalarengule Euroopa Liidus. Teisalt tuleb olla ettevaatlik, sest turg võib põhjustada majanduse suuremat või väiksemat kontsentreerumist ühte piirkonda kui ühiskondlikult soovitav, sõltudes kaubanduskulude suurusest. Võimalik on poliitiline sekkumine nii majanduse toimimise efektiivsuse tõstmiseks kui ka sissetulekute ebavõrdsuse vähendamiseks; poliitikas on enamasti esikohal viimane.

Käsitledes Eesti regionaalpoliitikat Eesti regionaalarengu strateegia alusel, võib järeldada, et regionaalpoliitika eesmärgid on küllaltki heas kooskõlas uue majandusgeograafia mudelitest tulenevaga. Poliitika kujundajad on mõistnud, et riigi konkurentsivõime jaoks oleks kahjulik, kui majandustegevus oleks Eestis regiooniti ühtlasemalt jaotunud. Samas soovitakse siiski vältida edasist aglomeratsiooni: ettevõtluse ja inimeste koondumisega ühte piirkonda kaasnevad keskkonna-probleemid ning elukvaliteet võib halveneda.

Kõikides Eesti regioonides tuleks rohkem tähelepanu pöörata inimressursile: pakkudes erinevaid täiendõppevõimalusi, suudavad töötajad paremini kohaneda pidevalt muutuvate majandustingimustega ning saada kasu kõikjal loodud teadmistest, mis võimaldavad tootmisprotsessi efektiivsemaks muuta.

ASSESSMENT OF ACCOUNTING POLICY TRENDS IN LATVIA

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Introduction

When Latvia regained independence in 1991 and the economic system was changed, transition to market economy brought about necessity to alter financial accounting policy in Latvia and adjust it to the new market relations. With reorientation from planned to market economy fundamental changes in accounting policy took place and effectively accounting system of year 1939 was restored and amended making use of practice of European Union (EU) member states.

Objective of this study was to analyse and systematise development trends of the restored financial accounting policy in Republic of Latvia (LR) and the present time problems in order to prepare propositions for further amendments of accounting policy in the country.

To reach the said objective one has to cope with the following tasks:

- to examine and assess the process of making regulatory legal acts and standards in the field of financial accounting in Latvia;
- to classify periods of development of financial accounting;
- to analyse and assess the system of accountant education (training) and certification;
- to disclose problems in implementing accounting policy and to generate suggestions for amending the policy.
-

In the paper is used two part structure. The first part describes creation of the reconstructed accounting policy and the respective development stages. Problems linked with development of accounting regulations and standards are disclosed. Development of regulations and standards was assessed in historical context and the respective classification of accounting policy periods was worked out.

Implementation of accounting policy is impossible without well-educated and well-trained professional accountants. Therefore in second part was analysed and assessed education and training system of professional accountants in the country. Final part of the paper contains conclusions and proposals (based on the research done) for amending the accounting policy including accountant education and certification

1. Classification of LR accounting policy periods and development stages

Before independence was restored Latvia was one of republics within USSR, where accounting policy was determined by the panned economy. The integrated accounting system of these times was unsuitable under conditions of market economy; therefore it was necessary to develop new appropriate accounting policy.

The new accounting policy should support successful development of economy both in private and public sectors i.e. to provide financial information concerning results of entrepreneurial activity required for enterprise management and at the same time to set up information base necessary for implementing the macroeconomic functions and establishing international business relations.

Formation of accounting policy was linked with several key events, which to some extent broke up the policy development in several stages and thus mapped the policy development tendencies. Our research resulted into classification as follows:

1 stage. Making the basis for LR accounting policy (1992 – 1998).
2 stage. Amending the LR accounting policy (1999 – 2002).
3 stage. Further development of LR accounting policy and harmonisation with EU requirements (since 2002).

To assess the present accounting policy trends it is advisable to examine in more detail the essence of each stage and its impact on the entrepreneurial activity.

1 stage Making the basis for LR accounting policy(1992 – 1998)

The accounting system in Latvia in the 90th of the 20 century was to be started actually from scratch. The primary task of this time period was to determine the groups of economic agents and to establish relevant regulatory institutions, which govern and coordinate the accounting procedure. Under the new system separate accounting regulations were provided for public organizations credit organisations and commercial enterprises. For each group was developed separate set of regulations, however the common conditions had to be formulated in the law "On Accounting". As far as from the previous time period in area of public organizations and credit organisations there were some groundwork available, it was modified to comply with the new conditions; however working with commercial enterprises was a novelty. Therefore it was particularly important to get along with this area and in result law "On Enterprise Yearly Reports" was adopted.

First important event in the area of accounting in history of the Latvian state after regaining independence was the LR Supreme Council decision of 7 April 1992 "On Preparation Legal Acts for Accounting in Latvian Republic", which signified approval of two most important legal acts in the area of accounting – "On Accounting" (14.11.1992) and "On Annual Accounts of Enterprise" (14.11.1992).
These laws were developed in cooperation with chartered auditor company „Schobel & Marholt" and basic principles of EU directives were applied [Millere I., 2005].
These legal acts contained references to legal entities, to which these laws were binding, the primary conditions concerning preparation of financial information, contents of yearly reports, rules for assessing assets and liabilities and other important information. The first edition of "On accounting" provided that LR government adopts decisions on particularly important accounting issues, determines competence of governmental bodies in the field of methodological management of accounting as well as establishes Board of Accounting Methodology. This Board was established by LR Cabinet of Ministers Regulation No 34 of 21.12.1993. The primary tasks of the Board were to take charge of drafting

legal acts and regulations in the field of accounting; weigh up the draft proposals for laws and regulations in context of accounting requirements and practicability, to put forward propositions for accounting staff training; to issue licenses for activity of chartered auditors; to assess accounting software and data processing systems and to issue the respective recommendations concerning applicability in Republic of Latvia. The overall methodological management was provided by Ministry of Finance to which was subordinated also the Board of Accounting Methodology. In retrospect one may observe, that in the roughly four years of Board of Accounting Methodology work (up to 04.02.1997) no major changes were introduced in the field of accounting policy because the very Cabinet of Ministers regulation No 34 set up critical obstacles to it – it did not give the Board right to request the draft laws concerning accounting from the governmental bodies in order to assess and approve them. However, in this time period the prerequisites were elaborated stating that explicit and truthful information is to be included in financial reports because it was the period of transition to market economy and fast privatisation process. Thus in the second half of 1995 was prepared and approved LR Cabinet of Ministers Regulation No 339 "Rules on Enterprise Accounting Procedure and Organisation", which elucidated requirements laid down in laws "On Accounting" and "On Annual Accounts of Enterprise" and included very wide scope of issues however not always provided for clear cut answers to the unresolved problems in accountants work.

Significant turning point in accounting policy development in Latvia was the amendments made in the law "On Accounting", which provided for essential changes in the accounting procedure and started standardisation of Latvian accounting. The article 15 stated that LR accounting draft standards (harmonised with International Accounting Standards (IAS) and the respective EU directives on accounting issues) shall be worked out by Chartered Auditors Association of Latvia and the latter is entitled the right to put forward propositions concerning implementation. At the same time establishing of a new governmental body – Consulting Board of Accounting Standards of Republic of Latvia was provided, and this decision actually terminated activities of Board of Accounting Methodology

Concept of Latvian accounting standards (LAS) was integrated in amendments of the law "On Annual Accounts of Enterprise" of 6 November 1996. These amendments defined new chapter of yearly report – cash flow statement, and Article 4 laid down that financial statement forms should comply with requirements of the two laws on accounting, LR accounting standards and other regulatory acts. Such a steep change was based on idea to separate legislation from making accounting standards, and in result the accounting policy should have become more flexible in respect to dynamic changes of economy, which is difficult to achieve by means of legal norms [D. Daņēviča, 1998]. One could observe that (in comparison with Board of Accounting Methodology) the influence of Consulting Board of Accounting Standards was considerably narrowed because its task was only to assess and offer recommendations in respect to draft laws concerning accounting and draft Latvian standards made by Chartered Auditor Association [V. Paupa, A. Prauliņš, 2005]. As far as (in the first years after LR independence was regained) the primary attention in economic area was paid to creating tax system in compliance with conditions of

market economy, to which the accounting rules were subordinated, efforts to start with accounting standardisation can be considered appropriate. The first two draft LAS – No 7 "Cash Flow Statements" and No1 "Mapping of the Accounting Policy in Financial Reports" were made at the end of 1997, however no procedure was provided for their practical application. Therefore in 1998 representatives of interested organisations (Chartered Auditor Association of Latvia, Ministry of Finance, Accountant Association of Latvia, Exchequer, Bank of Latvia, Commission of Securities Market, Riga Stock Exchange, State Revenue Service of Republic of Latvia) worked out propositions for reorganisation of operation of the LR Consulting Board for Accounting Standards and for approving standards in such a way that Cabinet of Ministers regulation was bypassed [I. Ūdre, 1998]. Implementation of these propositions in 1999 started new stage in management of Latvian accounting methodology.

When comparing the activities of Board of Accounting Methodology and Consulting Board for Accounting Standards one can conclude that amendments adopted by Cabinet of Ministers were to cardinally alter the methodological administration of accounting by separating the consulting and standardisation functions. However the expected improvement was not achieved.

2 stage Amending the LR accounting policy (1999 – 2002)

Amendment of 1999 of Article 15, law "On accounting" stated that Cabinet of Ministers should issue regulation concerning mandatory LR accounting standards while standards preparation, approval and registration should be regulated by the Law of Standardisation. It means that a new body – Ministry of Economy (as an institution coordinating issues of Standardisation Law) was introduced in the LR accounting management system. The split responsibility (between Ministries of Finance and Economy) in area of LR accounting standards was criticised in the Progress Report 2000 of European Commission [J. Lasis, I. Kālis, S. Vilcāne, 2002]. An essential innovation was the Latvian Accounting Standardisation Technical Committee established in 14 May 1999, which acted in area of preparing and approving accounting standards for Latvia in compliance with international standards [D. Daņēviča, 2000]. Four standards were approved in the years of Committees activity – "Preparation of financial reports", "Inventories", "Cash Flow Statements", "Profit or Loss in Report Period, Fundamental Faults and Change of Accounting Policy", however it should be added, that Latvian Standardisation Law does not provides for mandatory application of standards. In publications experts observed that problems of application of these accounting standards were deepened also by insufficient funding.

Another distinction of this period of shaping accounting policy was adoption of law "On Consolidated Annual Accounts of Enterprises", which specified in more detail the legal norms earlier described in a chapter of law "On Annual Accounts of Enterprises". After the new law was adopted the just mentioned chapter was deleted from text of the law. As another novelty can be mentioned the adding "Statement of Equity Alterations" to annual report.

In April 13, 2000 legislator issued particularly important legal act – "Commercial law", which (after certain transition period) regulated activities of all types of enterprises (from now on just 5 types instead of previous 17). Of course many issues included in that law were linked with accounting. For more detailed specification of accounting rules (in comparison with a similar previous document) was issued new Cabinet of Ministers Regulation No 243 "Organisation and Procedure of Accounting" of 25 July 2000. Notable changes in the area of bookkeeping affected also participants of capital and financial market - credit institutions, insurance companies, private pension funds, investment companies etc., because by June first 2001 stared functioning Commission of Finance and Capital Markets defined by the respective law. One of functions of this Commission was to issue rules and prescriptions concerning activities of financial and capital market participants and calculation of indicators of those activities as well as procedure for submission of reports.

3 stage Further development of LR accounting policy and harmonisation with EU requirements (since 2002)

The present stage of development of accounting policy was introduced by amendments of 15 February 2002 of law "On accounting", which provided for establishing new leading institution in the area of accounting methodology – Accounting Council. Objective of the latter was linked with ensuring better quality financial reports and preparation of accounting standards, which would be harmonised with IAS. In comparison with the previous stage the adoption procedure of LAS in principle remained the same, however the scope of the new Accounting Council was notably widened and the standard preparation phases were precisely specified both inside the Council and in Cabinet of Ministers [Паупа В. Праулиньш А. 2005]. Budget funding and support of Ministry of Finance ensured functioning of the Council. As a significant distinction of this stage can be mentioned widened circle of users of standards, which in general was defined by Accounting Council, however Cabinet of Ministers regulation specifies which particular standards are mandatory. Up to the end of 2005 efforts of Accounting Council have resulted in 8 approved accounting standards:

- LAS No 1 Basic Provisions for preparation of Financial Reports;
- LAS No 2 Cash Flow Statements;
- LAS No 3 Events After the Balance Sheet Date;
- LAS No 4 Change of Accounting Policy, Changes of Accounting Calculations and Errors of Previous Periods;
- LAS No 5 Long-term contracts;
- LAS No 6 Revenue;
- LAS No 7 Fixed Assets;
- LAS No 8 Accruals, Feasible Liabilities, Feasible Assets.
-

Two standards – "Lease" and "Income Taxes" are in draft phase. Cabinet of Ministers regulation No 776 "Regulation on The Mandatory Applicable Latvian Accounting Standards" defined the circle of users who are obliged to observe LAS

requirements when preparing financial reports and stated that mandatory are only the first 5 of the above standards and in addition LAS No 1 and No 2 have to be applied to reports covering time period after 1 January 2005, and LAS No 3, 4 and 5 to reports covering time period after 1 January 2006. Application procedure of other standards remains an open issue.

Table 1

Regulation on financial reports of Latvian enterprises, 2005

Financial statements Entities	Financial Statements of Legal Entities	Consolidated Financial Statements
Limited liability companies		
Large	Detailed accounting requirements laid down in law On Annual Accounts of Enterprises and Latvian Accounting Standards	Detailed accounting requirements laid down in law On Consolidated Annual Accounts of Enterprises and Latvian Accounting Standards
Small and medium	Same laws and standards with exemptions allowing for simplified financial reporting	
Banks	Accounting regulation issued by Financial and Capital Market Commission (FCMC)	
Insurance companies	Accounting regulation issued by the FCMC	
Listed companies		
Official list	IFRS, as required by the law On Stock Market	IFRS
Second list	Detailed accounting requirements laid down in law On Annual Accounts of Enterprises and Latvian Accounting Standards	IFRS
Free list		

In this time period notable changes were observed also in area of EU accounting standards development. Requirements to financial reports of various enterprises in context with accounting standards and legal status of the enterprises are given in Table 1 [Latvija. Ziņojumi, 2005].IAS are gradually replaced by International Financial Reporting Standards (IFRS) which encompass requirements of IAS and EU Directives. To understand linkage of LAS to IFRS, one have to keep in mind that Latvia is EU Member state since 1 May 2004 and therefore national accounting regulations should be harmonised with EU requirements. Already in 1995 European Commission recognised the document „ Harmonisation of Accounting: A new strategy vis-à-vis international harmonisation" and started to harmonise EU accounting directives with International Accounting Standards. Thus LAS drafted on the basis of IFRS will satisfy both the requirements of international standards and EU directives. However they will differ by structure and contends, because LAS should be adjusted to Latvia's specifics.

Information in the table shows that in Latvia in accounting area concurrently are taken in account both national and international standards and therefore in certain situations problems may arise for those who prepare yearly reports as well as for those who read them. As to standardisation the accounting policy has to be unified not split in different directions.

Summing up the above described Latvian accounting policy development period one should point out that approach practised by LR Cabinet of Ministers and Ministry of Finance in the field of accounting policy was based on improving the methodological administration. This approach is manifested by four methodological administration institutions Cabinet of Ministers has established and the amendment of accounting standardisation process, which was harmonised with EU requirements.

2. Problems of accountant education (training) and certification in Latvia *3.*

Accounting policy cannot be materialised without well educated and well trained Professional accountants, therefore development of Latvian accounting is closely linked with enhanced accountant education (training) and qualification. We think that our research disclosed several acute yet unresolved problems.

Presently one can become accountant by taking at least 5 different types of study programmes: programmes for intermediate professional programmes, first level higher education study programmes, academic and professional bachelor and master degree study programmes and second level higher education study programmes. We believe this is very tangled professional and academic education system for students and difficult to understand for employers

Such a rather intricate system triggers a whole number of other secondary problems the most significant of which are:

1) difficult choice for applicants*;*

It is difficult for the to be accountant to decide on academic or professional study programme, because notable differences exist concerning study contents, job opportunities as well as duration of the studies. Academic study programmes are more oriented to wide scope education and scientific research (e.g. various level micro- and macroeconomics, statistics mathematic, foreign languages, IT etc.), while the professional accountant programmes are focused on accounting theory, management accounting, financial analysis, international accounting standards and other courses. The students of professional programmes have to have extensive practise – 26 weeks, which is not the case for academic programmes students. The study duration also differs – usually the professional study programmes takes more time.

2) dissatisfaction of postgraduates with the broad definition of the obtained degree or qualification;

If the employer opts the potential accountant by the entry in diploma - mistakes are quite possible, because the entry in diploma of postgraduates of academic

programmes reads: “bachelor (master) degree of social sciences in economics or in management” and only in the addendum to diploma some items indicate the accountant qualification.
The situation is similar concerning the second level professional study programmes, because up till now the standard for 5th degree accountant profession is not written, and therefore entry in post graduate diploma reads: “5th level economist qualification”.

3) Incompatibility of first and second level higher education professional study programmes.

Keeping in mind that accredited first level professional study programmes are offered at 18 different educational institutions, it is quite reasonable to expect that the numerous postgraduates will wish to study further. However the present Latvian professional study system provides for rather restricted possibilities to take the second level professional study programme at another university. In this context Article 25, law Of Higher Education Schools states: “the first level professional higher education programme is part of second level professional education provided by the higher education school”, thus going to another university in order to take the second level programme is impossible without special transition period.
It deserves mentioning that education issues are in the scope of Education and Science Ministry and there are no serious cooperation between the Ministry and institutions interested in issues of accountant education and professionalism. The only type of cooperation is related to requirement laid down in Education Law, namely - for accreditation of professional study programme it is advisable that nongovernmental professional organisations (in this case Latvian Accountant Association) provide their recommendations on the programme contents. The responsible for accounting policy Ministry of Finance also does not take part in resolving accountant education problems.

Necessity to comply with requirements of accounting regulations and legal acts impose certain requirements on the set of professional knowledge and skills when performing as an accountant, therefore criteria for professional accountant and official recognition of professionalism are needed.

At international level issue of accountant professionalism is resolved long ago – Education Committee of International Accountant Federation (IFAK EC) has issued guidelines for the set of professional accountant knowledge and skills and corresponding requirements are incorporated in certification programmes of accountant professional organisations.

The essence of accountant certification is continuous enhancement (according to social and economic development tendencies) of professional knowledge and skills based on fundamental knowledge provided by higher education.

EU directives do not provide for regularising accountant profession, however each member state approaches the issues of accountant profession taking in consideration

international experience, i.e. they certify accountants and the certification is carried out by independent professional accountant associations.

Certification was started in U.S.A. where according to qualification requirements certificates were issued by National Independent Accountant Association. In Belgium it is National Expert - Accountant Collegiums, in France - Expert - Accountant Association and in Ireland – Institute of Chartered Accountants [Блейк Дж.,Амат О.,1997]. In our neighbour countries Lithuania, Estonia and also Poland and Ukraine certification is done by Accountant Associations and by government decries (decisions) the Associations are responsible for certification procedure [Alver J., Golov S., 2005].

LR Accountant Association started certification in year 2000, however in the last years various commercial companies offer to certify accountant competency even to issue international accountant certificates. It is an indication that in Latvia there is no unified system, which establishes basic requirements and criteria for accountant professionalism. It poses serious problem for accountants and company chief executives as well as for society in general. The potential accountants lack information about knowledge and skills necessary when doing accountant job. Company managers have difficulties to ascertain accountant's professionalism and to make decision whether to pay salary to accountant or to buy accounting services from some company. It is an absurdity that accounting services may be provided by any legal person registered in the Enterprise Register without any kind of certified specialisation and professionalism, so there is good reason for asking – which accountant certificate issued in Latvia certifies the necessary accountant professional knowledge and skills?

Our research shows that international practice is issuing certificate of professional accountant usually for 5 years. This term may be extended by enhancing professional knowledge, attending various courses the scope and contents of which are defined by provisions (issued by professional accountant association) for repeated certification. Provisions for repeated certification written by LR Accountant Association define requirements for certificate extension as follows:

1. Attended free chosen qualification courses and seminaries in field of economics or entrepreneurship. The minimal amount of courses and seminaries (evaluated by specific point system) should be 250 points in 5 years since issuance of the certificate.
2. If the certified accountant has enhanced his knowledge at state accredited higher education institution then for each study year he obtains 50 repeated certification points.
3. Job experience – in the last three years before the repeated attestation the person should have been working as accountant, chief accountant or have occupied some other post in field of economy where accounting knowledge is necessary.
4. Attended LR Accountant Association courses mandatory for attestation of professional accountants. Every year Attestation Commission defines the topics of mandatory courses.

5. Passed qualification test. Every year Attestation Commission determines contents of the test. [LR GA Resertifikācijas nolikums, 2002. – (Provisions for repeated certification, 2002)]

Examination of LR Accountant Association Provisions on repeated certification shows, that these requirements comply with Guidelines for the Set of Professional Accountant Knowledge and Skills issued by Education Committee of International Accountant Federation (IFAK EC) as well as provide for continuous accountant professional enhancement in accord with the tendencies of economic development.

Quality of financial reports depends on accountant qualification therefore issues of accountant qualification became particularly acute after Latvia accessed European Union.

The problems of accountant qualification were implicitly referred to also in World Bank report on assessment of requirements to preparation of financial reports and to financial audits practice in enterprises. The report stated that financial reports not always meet standard requirements and therefore does not satisfy public interests [The World Bank Report, 2005]. At the Report presentation attended by representatives of various governmental and nongovernmental institutions analysts of Latvian commercial banks openly pointed out the insufficient accountant qualification in the field of preparing financial reports.

Findings and discussion

1. Our investigation shows, that development of Latvian accounting policy can be conditionally divided in three stages: shaping of the basis for LR accounting policy, amending the LR accounting policy and further development of LR accounting policy and harmonisation with EU requirements. In parallel with the positive accounting policy development trends there are still unresolved acute problems. The activities of Accounting Methodology Council in the first development stage were not successful – no major changes in accounting policy were introduced mainly because contradictions between the defined Council functionality and Cabinet of Ministers regulation. Also unresolved remained the issue of preparing and introducing accounting standards. Solving of the problem was started only in the third stage of policy development.

We think that one solution could be that the Accounting Council, which develops and approves Latvian accounting standards, should be given the right to establish the class of agents to whom compliance with the respective standards is mandatory. Thus the Cabinet of Ministers would be released from this function.

2. It is witnessed by our research results in a field of accountant education and certification that in accountant education the study programmes contents is in contradiction with statements in postgraduate diplomas; the latter lacks information about postgraduate's real speciality. Lacking is also state level system providing for unified accountant certification criteria. We believe several solutions could be possible. The Accountant Council should be entitled right to define the circle of standard's users to whom application of the standard is mandatory, thus freeing Cabinet of Ministers from this function. To systematise accountant education

Ministry of Education and Science should ensure preparation of standard for fifth level accountant profession and make the entry in diploma of postgraduate of academic programme more specific i.e. to "bachelor (master) degree of social sciences in economics or in management" add a reference to the speciality in accounting, analysis and audit according to the particular study programme. Also it should be ensured that the first level postgraduates were ensured opportunity to proceed with their education taking second level professional study programmes without transition period. Ministry of Finance (responsible for accounting policy in the country) jointly with LR Accountant Association and practicing certified accountants have to prepare (countrywide applicable) unified certification system including confirm criteria for issuing a certificate. In this process of accounting policy materialisation should be engaged experts of Ministry of Education Science and Latvian University Accounting Institute as well as professors of other higher schools, who for years have successfully educated accountants for our economy.
In conclusion the authors would like to stress that notwithstanding some problems still waiting resolution the Latvian accounting policy is being enhanced in compliance with requirements laid down in EU directives and provisions of IAS and the general development trends deserve positive assessment.

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Zusammenfassung

EINSCHÄTZUNG DES ENTWICKLUNGSTENDENZEN DER RECHNUNGSWESENSPOLITIK LETTLANDS

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Universität Lettlands

Im Beitrag wird die analyse von Entwicklungsetappen der Rechnungswesenspolitik Lettlands geleistet, werden das Bildungssystem und berufliche Fortbildungs-öglichkeiten für Buchhalter charakterisiert, Probleme wahrgenommen und Lösungen von Problemen in diesem bereich gegeben. Das Ziel der Untersuchung ist Entwicklungstendenzen und aktuelle Probleme der gegenwärtigen periode der Rechnungswesenspolitik Lettlands zu analysieren und systematisieren, um Vorschläge für die Vervollkomnung der Rechnungswesenspolitik im Staat auszuarbeiten.

Als Ergebnis der Untersuchung ist die Klassifikation von Rechnungswesensperioden in 3 Entwiklungsetappen dargestellt. In der ersten Etappe (1992 – 1998) fand die Grundlagenbildung der Rechnungswesenspolitik mit der Ausarbeitung und Einfürung von das Rechnungswesen regelnden Gesetzen Lettlands und mit der Ausarbeitung von ersten Standards Lettlands statt. In der zweiten Etappe (1999 – 2002) dauerte die Vervollkommnung der Rechnungswesenspolitik der Republik Lettland fort, in der bedeutende Veränderungen im Bereich Rechnungswesen auch Beiteiligte am Finanz- und Kapitalmarkt – Kreditanstalten, Versicherungs-esellschaften, private Rentenfonds, Anlagegesellschaften betrafen. In dieser Periode trat der Gesetzgeber mit einem besonders bedeutenden „Handelsgesetz“ von Normativakten hervor, das nach der bestimten Űbergangsperiode völlig die juristische Tätigkeit aller Unternehmer regelte und viele in diesem Gesetz eingeschlossene Fragen betrafen auch die Erfassung von Rechnungswesen. Die dritte Etappe (von 2002) wird durch die weitere Entwicklung der Rechnungswesenspolitik der Republik Lettland und Űbereinstimmung mit den Anforderungen der EU gekennzeichnet. Am Anfang dieser Periode wurde eine neue, die methodische Leitung des Rechnungswesens vorantreibende Institution gebildet – der Rechnungswesensrat. Das Ziel seiner Tätigkeit werde in Verbindung mit der Gewährleistung der Qualitätserhöhung von Finanzberichten und mit der Vorbereitung von Rechnungswesensstandards, die mit den Internationalen Rechnungswesensstandards übereinstimmt sind, festgelegt. Zur Zeit wird die Tätigkeit des Rechnungswesensrates mit der Finanzierung vom Staatshaushalt gewährleistet und bis Ende 2005 ist das Tätigkeitsergebnis des Rechnungs-

wesensrates 8 bestätigte Rechnungswesensstandards und noch zwei Standards sind im Entwurfstadium.

Im zweiten Teil des Beitrages werden Ausbildungsprobleme von Buchhaltern analysiert und Mängel im Staat entdeckt. Abschließend werden im Beitrag Schlußfolgerungen gezogen und Vorschläge an das Finanzministerium, Ministerium für Bildung und Wissenschaft, den Rechnungswesensrat und die Buchhalter-assoziation der Republik Lettland gerichtet.

COMPETITION CREATION AND REGULATION IN CASE OF ESTONIAN COMPETITION POLICY*

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Introduction

The main changes in Estonian competition policy have taken place just during the last years.[1] It means that the main developments in the Estonian Competition Policy have taken place before year 2004, when Estonia joined the EU. Also the Community competition rules were modernized on May 2004, based on Council Regulation 1/2003. The main change compared to the old regulation is that member states now have the obligation, when proceeding cases that may affect trade between them, to apply the EU competition rules in parallel to national legislation. Besides the changes in relation to accession to the European Union one has to consider the changing relations between regulation and competition in general. As we may find in the literature, the regulatory toolbox has expanded and, most importantly, contains new techniques of 'regulation-for-competition' (Jordana/Levi-Faur 2004).

The objective of current article is to analyze Estonian competition policy in the context of changes in relation between competition and regulation. The article consists of one theoretical and three analytical parts. The first part of the article gives a short overview about the changes in relations between regulation and competition in general. The following three parts concentrate accordingly on competition and regulation issues in regulating the market entry process in general and in Estonia, competition creation in exceptional spheres from viewpoints of regulation and deregulation, and institutional aspects of competition.

Changes in Relations between Regulation and Competition

Regulation refers to the instruments of the economic policy by which governments place requirements on enterprises, citizens, and government itself, including laws, orders, and rules issued by levels of government and by bodies to which government have delegated regulatory powers. Regulation is often thought of as activity that restricts behavior and prevents the occurrence of certain undesirable activities, but the influence of regulation may also be enabling or facilitative. The examples here may shown as in cases, where the airways are regulated so as to allow broadcasting operations to be conducted in an ordered fashion rather than left to the potential chaos of an uncontrolled markets (Baldwin *et al*. 1999).

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[1] After the third Competition Act came in force in 2001 there has been done already nine improvements in it by now.

In general, many of the rationales for regulating can be described as instances of market failure. Regulation in such cases is argued to be justified because the uncontrolled market place will fail to produce behavior or results in accordance with the public interest. The justification for regulation here may conclude by the approach of public interest theories of regulation. According to public interest theory, government regulation is the instrument for overcoming the disadvantages of imperfect competition, unbalanced market operation, missing markets and undesirable market results (Baldwin *el al.* 1999).

Regulation is a subject of study in several disciplines and has been studied by different scholars, who use different theoretical perspectives and research methodologies and because that the meanings of regulation may vary.

Since George Stigler described the relations between regulation and competition in 1970s the notion has been changed a lot. Even while there is still public and political discourse in relations between regulation and competition as mentioned by some authors (Jordana/Levi-Faur 2004), the two notions are not seen as contradictory. It is partly explained through the changes in expanded toolbox and techniques used in regulation.

Nowadays, there the distinguishing in terms of the relations between competition and regulation has been made between five main notions: deregulation, re-regulation, regulation-of-competition, regulation-for-competition and meta-regulation. Mentioned notions are explained as follows. Deregulation is the reduction of economic, political and social restrictions on the behavior of social actors. In former understandings (for example Stigler 1971) has been implied that the elimination of regulation, what the deregulation was considered to be, was a necessary conditions for competition. Re-regulation is used to imply that regulatory reforms and liberalization in general result in new settings of regulation rather than in deregulation (Jordana/Levi-Faur 2004). Under the notions regulation-of-competition and regulation-for-competition the certain types of regulation are meant (shown in Table 1). The relations between these two notions indicate that it is possible to promote competition via administrative controls.

Regulation-of-competition and regulation-for-competition differ in the degree of intervention by state authorities and in the capacities of the state to monitor and enforce competition. (*Ibid.*) Examples about types of competition and types of regulation are given in Table 1.

Table 1. Types of Competition and Types of Regulation

Type of competition	*Types of regulation*	*Regulatory authority*	*Examples*
1.Deregulated	Self-regulating markets	No regulation (retreat of the state)	Moving from certification to liability laws in order to protect consumers
2.Regulated	Regulation-of-competition	National competition authorities	Prevention of concentration through the regulation of mergers, cross-ownership, etc.
3.Regulated	Regulation-for-competition	Sector-specific authorities and national competition authorities	Interconnection regimes in telecommunications, unbundling the network
4.Meta-regulated	Enforced self-regulation of competition rules	Sector-specific authorities and national competition authorities	Institutionalization of internal mechanisms of self-regulation that correspond with the legal requirements of competition law in general and the regulatory regime in particular.

Source: Jordana/Levi-Faur 2004.

From given classification three types (boxes accordingly in sequence 1, 3, 4 are covered) of example are analyzed in the current article. The following part of the article clarifies the regulation of market entry starting from justifications for regulation and forms of regulation, ending up with finding the alternatives for those forms of regulation and support from other economic policy spheres besides competition policy (accordingly box 1 in Table 1).

Regulation of Market Entry — Competition Intensification

In case of market entry regulation the purpose of regulatory action is justified because the government screens new entrants in order to make sure that consumers get the high quality products from sellers. The regulation reduces the market failures such as low quality of products and services and negative externalities such as pollution as well at the first place. Also the problems connected with asymmetric information as the type of market failure has to be considered. It means that overall we can see here as economic or/and as well social goals for regulation.

By the OCED definition the differentiation is made between economic, social and administrative regulation. The two first mentioned are more concerned in market entry regulation process. It is because the economic regulation intervenes directly in enterprise and market decisions such as pricing, competition, market entry or exit; and social regulation protects values as health, safety, environment and social cohesion (The OECD …).

Economic regulation consists of two types of regulations: structural regulation and conduct regulation. Structural regulation is used for regulating market structure. Examples are restrictions on entry and exit, and rules against individuals supplying professional services in the absence of recognized qualifications. Conduct regulation is used for regulating behavior in the market. Examples are price control, rules against advertising and minimum quality standards. (Hertog 1999; see also Ogus 1994, 2002).

Economic regulation itself includes the arrangements of structure in different branches and its goal is to increase the social welfare, and reinforce the viability and competition of the firms. This aspect concerns the firms acting already in the market, but through the economic regulation on the market entry the arrangement of competition takes place as well. Government policy in screening the new entrants makes the corrections of competition in market entry. Here, in the first place one has to consider the procedures required for starting a business. Also, the entry is often controlled by licenses or certificates.

Justification for the government regulation here is following. The perfectly competitive market model relies on willing buyers and willing sellers, who have information regarding each other's preferences and can communicate them. In the real situation, when one side of the transaction has less market information, for example because of lack of access to the particular information, this is described as the situation of asymmetric information.

Licensure fits into the broad category of public policy aimed at reducing stubborn costs in the marketplace. Where one individual or a group of individuals provides services to another, a divergence of interests is impossible to avoid. There is a fair amount of leeway for the provider (the 'agent') to fail to perfectly represent or serve the purchaser. Although several market mechanisms exist to improve the position of the producer (also called the 'principal') – to reduce the likelihood that he will encounter an opportunistic agent, or one that purposely and systematically misrepresents her product – none is perfect. Market entry regulation or licensure is most often favored for its perceived ability to offer a layer of protection for consumers.

Licensing involves laws and regulations which limit service provision to individuals or entities authorized to practice by the state. There are three points at which constraints have been imposed:

- The point of initial entry – providers are denied entry if they do not meet established criteria or if legal limits on supply have been met.

- It is not uncommon to regulate the production process itself. Practitioners who fail to stay within the prescribed set of permissible activities may have their license suspended or revoked.
- Outcomes assessment can lead to the discipline of errant providers. (Svorny 1999).

Direct information about the quality of services, as opposed to physical products, usually cannot be provided. Typically services quality is not fixed: it may change over time either with changes in the level of human capital or the amount of input effort. Because the quality of services may vary over time, providing reliable information about their quality directly may be impractical. The unfeasibility of providing such direct information has led policy makers to search for indirect ways of providing information. A common policy approach is to license or certify providers who meet standard of skills, training or experience.

We may consider that action permits and licenses are from one side state barriers to the market entry and from another side policy instruments for overcoming the market failure – asymmetric information problem.

Regulations, which are established in order to solve the problem of asymmetric information, have two main objectives:

- to guarantee the certain minimal standards for quality of goods and services;
- to avoid greater social and ecological risks. (Sepp, 1998).

Above mentioned two objectives we may consider as main goals for the establishment of the action permits and licenses. Overcoming the information failures is thereby possible through establishing the normative for minimum quality implementing it for purposes of consumer protection, health and safety and environmental policies. As consumer has insufficient information then action permit or license is like state guarantee, which is signaling about trustworthy of particular firm in the market.

For analyzing the action permits and seeking the alternative forms of regulation we first of all have to start with the analyzing the objectives of establishing action permits.

The following is one possible general classification of objectives for establishing the action permits and licenses introduced with possible risks in cancellation and alternatives for particular group of action permits according the objective. The classification in Table 2 is completed on the basis of analyzed 137 activity permits in Estonia.

Table 2. Objectives for Establishing Activity Permits and Licenses

Objectives	Risks in Cancellation the Action Permit or License	Alternatives to Action Permits or License
Social Goal		
▪ Consumer protection and guarantee the safety requirements	Increases the direct or indirect risk to the consumer health and welfare because of the information failures.	In some cases possible to substitute with voluntary or consent agreements.
▪ Reducing the risks	Increases the risks for insurance takers.	Different insurance and information strategies.
▪ Environment protection	Increases the direct risks to environment.	Tradable property rights, the consent agreements.
▪ To guarantee the general safety	Increases the direct risks for the individual and welfare.	Single action permit.
Economic Goal		
▪ Market regulation	Losing control over the market entry, performance and the distribution of the resources.	Establishing particular register.
▪ To guarantee the workable and active competition	Risks towards the fair competition, disturbance in the market.	Establishing particular register.
▪ Fix the contract responsibilities	Indirect risks for the consumer.	Consent agreements.
Administrative Goal		
▪ Protection of the state interests	Decreasing the administrative efficiency.	Establishing the register.
▪ The fiscal objective – to guarantee the tax proceeds.	Disturbance in tax proceeds.	Establishing the register.

As seen above we can distinguish between social, economic and administrative goals in terms of establishing the action permits depending on classification of the regulation.

Here we also can find the connecting link between market entry regulation and competition policy via solving the limited and often asymmetric information problems of market actors.

Under the supportive action for competition here are considered public arrangements for purpose to reduce the objective insufficiency of market. Differently from protection of competition freedom, here is nothing to do with private or public deliberate competition restrictions of economic subjects. The asymmetric information problem makes essential to deal with unfair competition.

In Estonian Competition Act the VII Chapter treats the issues of unfair competition. There § 51 concerns misleading information and libeling competitors. Hereby it contributes to consumer and competition protection. The particular role has § 52, which forbids the abuse of confidential information and knowledge of the other companies employer or representative.

The principles of fair competition are protected not only by the Competition Act, but also by the civil law general principle. The competition prohibition has the same objective in Estonian Business Code, where is stated that a person cannot be the associate in unlimited company, commandité in trust company nor self-employed entrepreneur at the same field of activity. Here the aim is to avoid unfair competition through elimination. In the first sight, there is the issue of individual protection (of other associates), but the broader objective is to increase the reliance and to guaranty more efficient organizational structure of economy.

Hereby, a certain competition restriction (restraining the improper device) can be considered also as internalizing a negative externality. Legal norms create the hidden costs for unfair deeds, binding them with potential individual costs which arise from infringement of a law. The same role in content – competition efficiency and supporting the quality in long run – has the intellectual property protection. It ensures for innovator the opportunity for motivated extra profits. In the first sight it is the competition limitation (in form of imitation), but only this way the dynamic functions of competition and development are achievable.

Unfair competition would not be a problem in the situation of perfect information (in the world without transaction costs). For example, the prohibited misleading advertisement and libeling a competitor in Estonian Competition Act could not have any impact if consumers and other market participants could distinguish between true and false information. The mentioned improper devices are directly based on limited capacity (bounded rationality) of market participants in providing and processing information.

There are three following solutions for particular problem:

- prohibit the abuse of bounded rationality of other market participant,
- demand activities from a potential abusers to increase the clearly arranged market,
- aid to them, who have less information – consultation for consumers, support for their organizations.

The first above mentioned task is solved in Estonia through the Competition Act and besides it also as well through the misrepresentation prohibitions in Consumer Protection Act (RT I, 1994, 2, 13), in Food Act (RT I, 1995, 21, 324) and Advertising Act (RT I 1997, 52, 835).

Nevertheless, the aim of consumer protection law and its normative acts is first of all to solve the second task mentioned. In those documents the obligations of sellers and rights of consumers are fixed mainly for the purpose to raise the consumers' information and herewith for the correction of really existing asymmetric information problems. At the same time in case of such normative documents, there the hazard may rise, that additionally to informing consumers also the choice and decision problems are solved on behalf of them. It may happen because certain commodities are treated as merit goods, which means that the individual demand is considered to be socially inaccurate. There the justification for state regulatory intervention is the principle of paternalism.

The third pillar of information policy implementation is formed by governmental and public consumer protection organizations. Estonian Consumer Protection Board is acting in the administrative area of Ministry of Economic Affairs and Communication. Estonian Consumer Protection Board has its structural units in Tallinn and in all the county centers. Their three main tasks are to supervise the consumer market, to settle consumer complaints and to inform and advise consumers. Together with other state and local government institutions the Consumer Protection Board also monitors the following fields: product safety, misleading advertising, consumer contracts, public services, product labeling.

As it has been described before for overcome the asymmetric information problems the government regulations are established in form of certificates, licenses etc. Regulation is one approach to address third party interests, but it also may limit consumers' choices and increase the costs to them.

Recently, quite a lot of attention has been paid to the issue, how the different countries regulate the market entry and, what type of regulations lead to improve economic and social outcomes (Doing Business in 2004, 2005, 2006). Researches include the data of 155 countries and have been created the indicators for ranking ease of doing business in those countries. For analyzing the market entry the set of indicators include number of procedures, time, cost and minimum capital to open a new business. Mentioned procedures and of course the requirement of different licenses are the main mechanisms in market entry regulation.

For Estonia the following data about the ease of market entry are available: for starting a business the number of required procedures is 6, and it takes 35 days to meet them and will cost 6.2 % of income per capita. (Doing Business in 2006). Those indicators (amongst the other) place Estonia to the 16th position among the 155 countries, from which we may conclude, that it is relatively easy to start a business in Estonia. The comparison in terms particular data are collected in table 3. Of course, it is obvious that it needs additional research to find out, how the

situation varies by different sectors, but we still may say, that the market entry is not much publicly regulated in Estonia.

More concrete is data about licenses (construction industry as an example). In Estonia the number of procedures required is 12, it takes 116 days and will cost 41.4 % of income per capita. (*Ibid*.).

Table 3. Market entry regulation

	Estonia	**Latvia**	**Lithua-nia**	**Fin-land**	**Sweden**	**Germany**
Starting a business						
- number of procedures	6	7	8	3	3	9
- time required (days)	35	18	26	14	16	24
- cost (% of income *per capita*)	6,2	4,2	3,3	1,2	0,7	4,7
- minimum capital (% of income *per capita*)	41,4	31,8	57,3	28,0	35,0	47,6
Getting licenses						
- number of procedures	12	21	14	17	8	11
- time required (days)	116	160	151	56	116	165
- cost (% of income *per capita*)	41,4	43,9	17,5	76,2	119,6	82,8
Ease of doing business (rank)	16	26	15	13	14	19

Source: Data from *Doing business in 2006*.

We may consider that regulating the market entry through the action permits and licenses will correct and intensify the competition in entry to the certain market and is justified by existence of market failures, but on the other hand, those instruments are acting as state barriers for enterprises. Regulation is one possible approach to

address the third parties interests, but it also limits consumers' choices and increases the costs to them.

In the next part of the article attention has paid to the regulation-for-competition issues analyzing the problems connected to competition creation in sector-specific spheres.

Competition Creation in Exceptional Spheres — Regulation and Deregulation

The competition replacement with public regulation is economically reasonable only in exceptional areas and even here, only in essence of natural monopolies, for example different supplying and distribution networks. Still, there is need to point out, that it concerns only managing the essence of monopoly – the networks, but it does not apply to their operating. Also the technological progress is capable to undermine the essence of natural monopolies as the mobile communication progress shows.

In Estonia the corresponding law is in developing phase. The general framework here is designed by Competition Act Chapter IV. The §14 and 15 from the Chapter IV define the owner's essential facility accordingly the exclusive and sole rights, including the owner of the natural monopoly. There are also adopted the several exclusive rights as following: Energy Act regulating the fuel and energy sector (1997, reformed as Electricity Market Act in 2003), Railway Act (1999, renewed version from 2003 is in force from 31.03.2004), Cable Communication (1999) and also the general Telecommunication Act (2000).

In the Competition Act the natural monopoly is observed as the base for dominant position. The natural monopoly is connected with property rights concerning the particular network or infrastructure, which is impossible or unreasonable to duplicate, but without to the access to it there is no opportunity to operate in particular market. In such situation government and local governments have right to price control, it is "because the consumers of particular companies product or sellers to those companies cannot fall the essentially worse situation compare to the situation, when the free competition is in place in the particular sector" (§ 17). In theory the described approach is known 'just-as-conception'. Therefore the invisible hand of market is replaced by visible hand of state. The Act formulates also the main obligations of the monopolists (§ 18):

- Guaranteeing the access to the networks and infrastructure in reasonable and non-discriminative conditions in order to supply or sell the products;
- Guaranteeing the transparency in accounting.

Already the first Estonian Energy Act (RT I 1998, 71, 1201) met the principles of the European Union Internal Electricity Market first Directive (currently is in force the second Directive 2003/54/EU) and envisaged the obligations for network enterprises in terms of technical opportunities:

- Enable the direct connections between the producers and consumers;

- Offer the distribution services;
- Allow the accession with network.

Furthermore, the network enterprises we treated as been in dominant position in terms of the Competition Act, and there was envisaged the opportunity for price control and for that the necessary transparency in accounting. Practically the same principles are stated also by the new Electricity Market Act (RT I 2003, 25,153), but it is done by the regulation which is essentially detailed. Therefore, the Act is less transparent and carries more the sign of lobby work done by Estonian electricity monopoly - '*Eesti Energia*'.

For Estonia has given the exception in opening up the electricity market in the EU accession treaty until year 2012, because of the protection oil-shale energy interests. Nevertheless, the technical preparedness for the opening up the electricity market is lacking in the previous EU member states as well. At the same time, it will be clear, does it serve the electricity import or export interests, because the adjustment of oil-shale energy prices concerning the strict EU environmental rules is still in process. The current act in force gives the right to choose the electricity deliverer in so-called free-consumers (consumption overcomes 40 GWh per year) until year 2009. From 2009, the free-consumer rights for major consumers will be guaranteed in a way, that their total consumption will make up at least 35% of the total amount of the market. Taking account the EU efforts for the opening up the electricity market in general, we may anticipate the pressure to Estonia for the acceleration of its electricity market opening process. The similar parallel has been shown through the hints to possible fines in case of delaying with regulation concerning the Estonian gas market.

In implementing the network charges Estonia follows the requirements of corresponding EU Directive (concerning the reconciliation and disclosure of prices *ex ante*). At the same time, the price regulation in general is stricter. New Estonian Energy Act (§ 75) requires besides the network charges to reconcile also the prices of electricity and its raw material and oil-shale prices with the Energy Market Inspection. It is probably inevitable until the real opening of the electricity market. In special literature, there has been opined, that state *ex ante* regulation of electricity prices will turn inessential even in case of small-scale consumers. This change assumes also progress in measurement technology in addition to opening the markets. Then analogically to telecommunication market, there is not any more in the first place the task of regulating the electricity prices by state, so far as the task of regulating charges of deliverer change.

The main problem still stays in network charges regulation or supervision in the future as well. Currently the EU Energy Act § 70 envisage not only three types of charges (accession charges, charges of using the network connection and charges of forwarding), but also the opportunities for their differentiation (essentially price discrimination). Taking into account information asymmetry in favor of network enterprise, it stands as an extremely difficult task for Energy Market Inspection.

Herewith the preconditions for privatization of fuel- and energy sector are created – there is regulation mechanism replacing the competition. Unfortunately, the privatization process failed at the beginning of year 2000, because of poor (non-competitive) management of the process and political opposition. Those, who were against the privatization process, ignore opinions of political economy (especially capture theory). According to theory, the state agencies, which control monopolies tend to represent more the interests of enterprises compare to consumers interests. This hazard is major particularly concerning the state monopolies by nowadays' concept. It is because here the enterprise leaders have more connections with politicians than in case of private enterprises. Of course, the additional saving motives and advantages for effective action from that are used better in private enterprises.

Differently from Energy Act, tries the Competition Act to stress another neutralizing mechanism of natural monopolies: replace the 'competition in market' with the 'competition for market'. For that purpose the monopoly has to give in open offering according to the public procurement law (RT I 1995, 54, 883: 1996, 49, 953). In principle the idea is correct, but can not be the remedy in overall. The investments may give the advantage to those participants, who already are in the market longer time and who do not have to worry about cost-effectiveness of their investments and also get the better price offers in general.

When in energy sector the regulation has been functioning relatively steady (discontent is connected with the privatization), then much more criticized sector is telecommunication. The first object of criticism has been the cable communication law (RT I 1999, 25, 364). Here the local governments were allowed to divide their territories as the market shares for which the Communication Agency gave one or several permissions of cable TV. The one permission was issued in case, if the applicant engaged to offer the telephony service as well. Such opportunity for local monopoly provoked arguments against. There was the situation, where competition in one particular market (cable TV) was contributed because of another competition in telephony service market (even more important market).

The followed Telecommunication Act (RT I 2000, 18, 116) points out rather the supervision over the enterprises which have essential market power in telecommunication market. The attribute of the essential market power is 25% of market share. If the market share is more that 40%, then the corresponding articles of the Competition Act are applied. It is not obvious, why mobile communication market needs such special regulation, especially taking into account the highly concurrent oligopolistic market structure. In authors' opinion, there is enough implementing the regulation of enterprise in dominant position.

Also in the railway sector, the deregulation has been bringing up conflicts between the market participants. Especially, concerned is the former monopoly '*Eesti Raudtee*' who is the owner of the infrastructure, because it lost the control over the railway transport service market. The new Railway Act is more radical compare to

the first one, which required that '*Eesti Raudtee*' has to give to other enterprises 25% of infrastructure capacity. Because of the vertical integration of '*Eesti Raudtee*' the transport service market is managed by Railway Inspection at current time, whereby the total amount of transportation is given to the open competition. There the '*Eesti Raudtee*' has to compete with others in the equal conditions.

Conclusion in general is quite complicated to draw from the experiences of competition creation in sector-specific spheres, because as it has been seen from the analysis the competition creation has been developing in different ways. Still one is clear, that sector-specific authorities and national competition authority have to cooperate in regulation-for-competition.

The third part of article analysis consists from the institutionalization issues connected to competition policy. It analyzes Estonian Competition Board role and activities.

Institutionalization Aspects of Competition and Regulation

There is large variety in terms of competition policy organization in the international practice. At the same time, in theory has been stressed the partial similarity to monetary policy institution — necessity to protect the long-term economic interests from the daily political problems. Therefore has been often recommended that competition policy body should be relatively independent from executive power.

Looking at the experience of small countries we see the endeavor to separate the investigation of competition law violations from corresponding decision making. At that the decision making body (Competition Council in Finland and Denmark, Cartel Court in Austria) is staffed by participation of parliament, king or president of the country. In Switzerland the social cartel commission formed by parliament has important role. The competition policy bodies have an important role also in some transition countries. In Hungary the President of Competition Board, who is appointed by the President of country for six years, is participating in sessions of parliament and government. In Latvia by the law from 1997, the Competition Council from legal person is the supervisory body. The members of the Council are appointed by government for five years, but one government cannot recall the council member appointed by itself. This should help consolidate the independence of decision council. The status of council member is not connected with the parliament membership. Therefore the different methods are used in order to achieve one goal – to protect the independence of competition policy from government daily policy.

In Estonia the Competition Board (Figure 1) has unusually weak position in the state structure. It is as usual state board subordinated to the Ministry of Economic Affairs and Communications.[2]

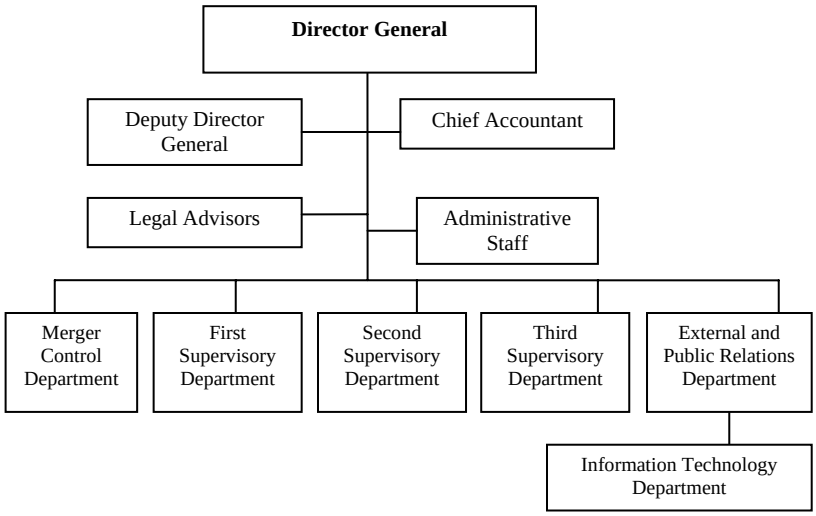

Figure 1. *The Organizational Structure of Estonian Competition Board.*

Probably is that fact reflecting most clearly the understanding that competition policy has second-rate role in small open economy. In authors' opinion the stressing of foreign economic policy cannot lead to underestimation of processes in internal market. Separate problem is also the relation of the Competition Board with state regulators of independent branches of economy. In the international literature there is discussion about the expediency to combine them. Here we can find the arguments from both side as in favor as against. Nevertheless, in small country (especially in transition period) the combining should strengthen the general status of competition policy and administrative capacity. Because all the regulators have at least one common task – control over the dominant enterprise, no matter *ex ante* or *ex post*. The Supervisory Inspection at Bank of Estonia (*Eesti Pank*) could be set an example.

The effectiveness of competition policy also depends on cooperation of executive body and court power. The new Estonian Competition Act foresees new solutions in work allocation between competition board and courts. The Competition Board is

[2] The last change in the Act enacts also the cooperation with European Commission according to the Act of EU Council 1/2003.

responsible for discovery the violation of law.[3] In case of impediment the proceeding the Competition Board may make precepts to natural or legal persons. In the failure to comply with a precept the Competition Board may impose a penalty payment (§ 62).[4] The violations of law in contents are looked by last changed law firstly as misdemeanor for which shall be sanctions: for physical person fine or arrest; for legal person fine up to 500 000 EEK. This last one is essentially modest compare to relatively usual rate, which was also in the former versions of Estonian law – up to 10% from previous year turnover. At the same time, there is complemented also criminal procedure, which gives first time the possibility to take criminal liability natural person, who are in fault in impairing the competition if there has been applied the punishment for the same misdemeanor before. The sanctions are in form of the fines or up to 3 years imprisonment. Though it is Estonian peculiarity at the first place and there is no hurry to cancel it as the competition board pursues, because the discussion continues at European level.

In Table 4 there are given activities of the Estonian Competition Board. This indicates the range of activities done by competition institution.

Table 4. Activities by the Competition Board in 2004

Cases	Initiated proceedings	Decisions made
Prohibited agreements and concerted practices	12	9
Abuse of dominant position	36	22
Unfair competition	1	1
Merger control	38	32
Total cases	87	64

Source: Estonian Competition Board

In terms of developments concerning the institutional structure for competition policy implementation there is useful to consider experience and practices from countries which have had success in particular spheres. For example, in Denmark the supervisory of energy market is in the structure of Competition Board. Another example may be taken from Latvia, where different sector regulators are aggregated into one institution (Public Utilities Regulation Commission).

[3] In 2003 the Competition Board had enforcement activities concerning enterprises in total number of decisions 71. From which 21 cases were in abuse of dominant position/monopolistic power in the market, 2 cases of cartel agreements, 9 cases on other prohibited (horizontal and vertical) agreements, 39 cases of control of mergers, concentrations and acquisitions.

[4] For natural person up to 50 000 and for legal person 100 000 EEK.

Conclusion

Estonian competition policy has evolved within the process of the country's integration into the EU. The current article analyzes the competition policy and regulation in context of changing relations between regulation and competition. The spheres covered from point of view competition are regulation, deregulation and meta-regulation. On the other side, starting from types of regulation the article analyzes possibilities of self-regulating markets, regulation-for-competition and enforced self-regulation of competition rules.
On the bases of justification for the regulation the market entry regulation is analyzed as well principle acts, which protect fair competition besides of Estonian Competition Act. In order to solve asymmetric information problems of market actors there are three main solutions: prohibit the abuse of bounded rationality of market participants, to increase the clarity in market and to provide the aid to them who have less information.

We may conclude that regulating the market entry through action permits and licenses will correct and intensify the competition in entry to the certain market, but it also reduces the choices for consumer. The market entry is not much publicly regulated in Estonia compare to our neighboring countries.

One of the results among the institutional aspects seems to be the institutional division of labor between the executive and judicial powers, which is rational in the conditions of a small country. At the same time, together with the growth of its competence and administrative capacity, the status of the Competition Board (*Konkurentsiamet*) in society must also improve.

Furthermore, EU competition policy will provide a coherent framework for Estonian government's more active interference in economy, including interference in industrial policy. Estonia should also take advantage of all the legal and monetary opportunities that are made available by the EU for the development of entrepreneurship.

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Kokkuvõte

KONKURENTSI LOOMINE JA REGULEERIMINE EESTI KONKURENTSIPOLIITIKA NÄITEL

Diana Eerma, Jüri Sepp
Tartu Ülikool

Riikliku reguleerimise peaeesmärgiks on suurendada majanduslikku ja sotsiaalset heaolu ning luua makro- ja mikromajanduslik keskkond selleks, et kindlustada ettevõtete konkurentsivõime. Artikli eesmärgiks on analüüsida Eesti konkurentsipoliitika näitel konkurentsi loomist ja riiklikku reguleerimist turule sisenemisel. Oluline on seejuures märkida, et analüüsimisel on aluseks võetud muutusi teoreetilistes käsitlustes, mis vaatlevad seoseid reguleerimise ja konkurentsi vahel.

Artikli esimeses teoreetilises osas on selgitatud seoseid konkurentsi ja reguleerimise tüüpide vahel tuues välja vastavate valdkondade näited. Järgnevas kolmes osas analüüsitakse vastavalt: konkurentsi korrastamisega (intensiivistamisega) seonduvaid probleeme ja võimalusi turule sisenemise reguleerimisel üldiselt ning Eestis; konkurentsi loomist (tekitamist) erandvaldkondades – reguleerimine ja de-reguleerimine; olulisi institutsionaalseid aspekte konkurentsi ja reguleerimise puhul.

Peamiste järeldustena selgub, et ettevõtlusega alustamine on Eestis suhteliselt lihtne võrreldes meie naaberriikidega ning riiklikud regulatsioonid pole takistuseks majandustegevuse alustamisel. Erandvaldkondades on konkurentsi tekitamine ehk konkurentsi nähtamatu käe asendamine riigi nähtava käega kulgenud suhteliselt erinevalt tuues kaasa probleeme alates erastamise toimingutest kuni turuosaliste käitumise reguleerimiseni. Institutsionaalsete aspektide analüüsist ilmneb, et

konkurentsiameti positsioon Eestis on riigi struktuuris ebatavaliselt nõrk. Samuti asjaolu, et probleemiks on konkurentsiameti ja üksikute majandusharude riiklike regulaatorite seosed ning koostöö tagamine.

WHAT IS THE ROLE OF CHANGES OF ACCOUNTING POLICY, WITHIN EUROPEAN FRAMEWORK FOR LITHUANIAN ECONOMIC DEVELOPMENT?

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Introduction

Dynamic and competitive climate in the market urges managers to perfect their skills in global orientation, strategic flexibility and quick response to changes as a prerequisite of working under ever-transforming conditions, where an organization should be in the state of continuous development, responding to new technologies, new markets, new businesses, and new people (stakeholders). Globalization as the result of communication revolution has changed competitive circumstances. One of the main features of globalization is that there are no clearly determined boundaries of national and international markets. Another one is that most companies are international. As the result it could be maintained that during 1990 the Global Equity Market Value of all publicity traded securities virtually tripled in value, rising from US$ 9.7 trillion at the start of the decade to over US$ 26 trillion towards the turn of the century (Harding, 2000). This unprecedented growth happened because of the continuous expansion of world trade globalization and opening of new major markets in developing and transitional countries.

The formation of global market and the development of international companies influenced globalization processes in capital markets. The above-mentioned business environment and information access alternates the nature of market competition as well as determines particular *information demand* by those who make economic decisions and *comparability* of those involved in the capital markets. Furthermore, it was one of the major driving forces of changes of accounting systems in national and international levels, the internalization process of financial reporting and problems of accounting standardization and harmonization in Europe.

The initial steps towards the internalization of accounting systems across Europe followed the foundation of the European Community. The formal reason for accounting harmonization across all Member States was the aim to reach free movement of capital within the community. The instruments to gain this harmonization were Fourth and Seventh EC Directives, and Member States were obliged to implement them into national law. Implementation of these directives in national laws provoked changes in legal accounting requirements, with different significance for Member States (Harding, 2000). Many European companies have recognized the need to make their financial reports more relevant and understandable by international capital markets. They have responded to this need by going well beyond the limited requirements of the national accounting laws and standards of the time, by anticipating the changes which emerged later in the 7th EC directive on consolidated accounts and by using ideas from other parts of the world.

Furthermore, many companies were compelled either to adopt the US GAAP if they wanted to raise capital or list their securities in the United States or to adopt International Accounting Standards if they wanted to list their securities in such places as London (Cairns, 1997). Adoptions of internationally accepted accounting standards have further positive aspects, especially in respect to the efficiency of corporate control and in order to have a better benchmark basis to compare their financial and earnings position with the position of their international competitors that use international standards. The result of it is visible while evaluating, for example, the number of European companies in listings in New York Exchange, which was approximately 26 until year 1990; by 2001 it has increased to 146 (Haller, 2002).

In summary it could be maintained, that in those European countries with continental accounting system the purpose of accounting and financial statement shifted from determination of the basis for tax and dividend payments to providing useful information for business community. On the other hand adoption of International Accounting Standards activated capital market. Problems of accounting in Western countries were researched by Rappaport, 1977, Solomon, 1978, Van Hulle, 1993, Evans, Nobes, 1996, Combarros, 2000, Harding, 2000, Aisbitt, 2001, etc.

As it was mentioned above one of the reasons of tremendous changes in business conditions and rapid economic growth was opening major new markets in developing and transitional countries, and Lithuania is one of them. The national economy of which, together with other Baltic states, had been integrated into overall structure of Soviet economy for about five decades (1940-1990). The transformation of the command economic system was considered to be a prerequisite for integration with the economies of Western Europe and for accession to membership of European Union. It means, that at the same time when European countries discussed the impact of changing business conditions in global capital markets to accounting policy Lithuania and other post soviet countries were at the starting point of the transformation process of their economies - from command based to market based one. Consequently, there was an immediate need for responsibility for design and implementation of post-soviet accounting system appropriate for the particular circumstances. Peculiarities of accounting changes in Post soviet countries were discussed by Bailey, Alver, Mackevičius, Paupa, 1995, Krzywda, Bailey, Schroeder, 1995, Bross, Clarkson, Fraser, Meetman, 1995, Libertan, Eidinov, 1995, Seal, Sucher, Zelenka, 1996, Saudagaran, Diga 1997, Daniel, Suranova, De Beelde, 2001, Haldma, 2004. Since 2004 Lithuania is a member of the European Union and international accounting standards are integrated in national accounting systems. It could be maintained that transformation process was complex and had sustained a lot of efforts from Government, accounting professionals and companies. On the other hand problems of Lithuanian accounting policy within European framework were solved several years later. It means that experience of Western countries could have been the complexity reducing factor. The research question is based on the propositions mentioned above and is formulated in the following way: *What are the peculiarities of accounting systems change in transitional economy countries and what is the impact of those changes to economic*

development? The aim of this paper is to disclose to what extent changes in Lithuanian accounting policy within the framework of European Union determined the results of Lithuanian economic development.

Accounting policy and practice can be explained by using politicization, institutionalization, legitimacy, economic consequences and corporate accountability theoretical approaches (Eccles, Holt, Fell-Smith, 2004). Changes in Lithuanian accounting policy will be discussed using phase approach suggested by Bailey (1998). Complexity of changes in accounting systems depends on peculiarities of national accounting in different states. That means that efficiency and effectiveness of those changes cannot be analyzed without considering historical, political and economical context. Politicization and legitimacy approach are most appropriate for analysis of initial steps of Lithuanian accounting reform. Changes of accounting within the framework of the EU require the approach of economic consequences.

In the first part of the paper we will try to shed more light into the preconditions of those tremendous changes in the Lithuanian economy and accounting as well as analyze the main features of transitional economy from the accounting changes point of view. In the second part we will briefly discuss changes in Lithuanian accounting systems since 1990 and disclose its impact on the results of economic development. Further accounting policy perspectives, national peculiarities and problems will be discussed as well.

1. Changes of Lithuanian accounting system

The phased approach was chosen to divide stages of accounting changes in Lithuania, according to the experience of researches performed in transitional economy countries (Seal, Sucher, Zelenka, 1995, Jaruga, Szychta, 1997, King, Beattie, Cristescu, 2001, Haldma, 2003, Haldma, 2004, etc.). Changes in Lithuanian accounting system can be analyzed in two stages: transitional period (1990 – 2000) and period of integration within EU framework (2001-onwards). The first one was influenced by political factors and can be characterized as revolution of accounting system (formation of the main principles of accounting and accounting system in market economy). Economic factors were the most important in the second stage as at this time accounting system took evolutional character (accounting systems improvement within framework of the EU).

The initial steps and peculiarities of accounting changes in Lithuania (1990-2000)

When analyzing the features of the first stage it becomes clear that the main purpose of the authorities of Lithuanian state was to transform Lithuanian accounting systems in such a way, that (1) instead of being merely legally obligatory, commercially and economically irrelevant would become commercially and economically relevant; (2) instead of being shaped by political perspective it would become responsive to commercial or economic imperative; (3) instead of being politically driven it would come to be market driven (Bailey, 1995). On the other hand during the transitional process increase in relevance of accounting to business enterprise, and to wider

business community, will be dependent on the rate of development of nascent market economy, proceeding from a legally required historical record, largely insulted form business behaviour, into a tool of administrative control and, finally, into a tool with relevance to entrepreneurial endeavour (Bailey, 1995). According to that proposition it could be maintained that at that time accounting systems should be an instrument of regulation, as regulation is essential in such kind of uncertainty in economical conditions in order to manage transformation process and maintain particular level of stability[1], on the other hand it should become a stimulating factor, restructuring industrial capacity, attracting foreign investment and sustaining economical development.

Uncertainties of transitional economy are dependent on (1) undetermined owners of means of productions; (2) absence or initial stage of financial institutions, commercial banks, stock exchange; (3) uncertain contractual relationships both in observance and in enforcement; (4) unstable general price level because of the abrupt removal of price and import control, differentials between adjacent regions separated by open political frontiers, different timing of price de-control, and residual price control powers retained by state authorities differ between different countries (Bailey, 1995).

There is no need to talk about national peculiarities of Lithuanian accounting system till 1990 as the starting point of accounting changes in transitional period. The USSR had been the largest area in the world within which a common approach to accounting was applied[2]. In the meantime, accounting was treated as an instrument of central economy and as a tool of exercising control over the activities of enterprise (Bailey, Alver, Mackevičius, Paupa, 1995). The control was effective under the creation of an obligatory uniform accounting system to be used in all enterprises. As a consequence financial accounting was reduced to routine book-keeping. State direction of the accounting policy ensured that the needs of the state were built into accounting system and the state's requirements were recognized.

The first legal act of accounting reform was resolution of organization of accounting and accountability issued in 1991. This resolution was an important document but its content was declarative. The Lithuanian Law in the principles of Accounting was certified in 1992 and it was the first significant legal act for Lithuanian companies. Lithuania had chosen continental approach of accounting, which has positive features of Anglo-American system. The main attitudes of the law were in line with the European directives. The principles of Accounting in Lithuanian Law were designed and based on formalistic approach. According to Bailey, Alver, Mackevičius, Paupa (1995) the emphasis upon the form *(manner of data compilation, responsibility for the organization accounting, accuracy and timely submission of financial statements,*

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[1] Historically, accounting regulations in many countries were established in response to major stability threats including crises of single enterprise and whole capital markets. (Kunhner, 1997)
[2] The evolution of accounting system in former socialist countries which were not a part of USSR has it's own national features influenced by Western countries. Krzywda, Bailey, Schroeder (1995), Bross, Clarkson, Fraser, Weetman (1995).

chart of accounts and its confirmation, form of financial statements) outweighed the content of the accounting (valuation) and this is justifiable for some reasons:
(1) The state authorities remain the main initiators of accounting reform and users of accounting information first of all because of imperative to manage the transformation process and weak internal pressures as emergent private business ventures, that were accustomed to regard accounting as an instrument of state control, and accounting personnel, that was accustomed to a clerical book-keeping, tended to prefer a minimization of accounting disturbance and state accounting policy.
(2) The intention to reduce the accounting falsification and concealment during the transition to market economy. The conversion of the production means from public ownership to private ownership creates considerable difficulties in ensuring a steady flow of revenues from the business sector into state budget. In the absence of money market (to which government may resort to overcome the shortfalls in taxation) the state is heavily dependent on a regular and frequent flow from enterprise.
(3) Inadequacy of Soviet financial statements. Soviet balance sheet had been utilized as an instrument of centralized administrative control over state enterprise, thus there were no attempts to relate assets to the source which it financed. The resultant figure of profit or loss was no more than a residual balancing amount emerging in the course of compiling the double entry accounting records and lacking the economic significance. The item of capital shown on the balance sheet tends to become a balancing item. According to that statement it could be concluded that there was no financial statement and no commercial or financial analysis of operating results and the financial position of the enterprise.

In summary it could be maintained that accounting reform in Lithuania was intended by the state authorities and was orientated to legitimate interest protection. Government remained the main user of accounting information and tax revenue consideration played an important role in the drafting of accounting reform legislation. Despite the fact that the emphasis was laid on the form of accounting data compilation, the accounting was redesigned according to the experience of Western countries. The intention to integrate accounting principles within the framework of Europe mined the implementation of EC Directives into national law. Negative aspect of accounting reform was the lack of endeavour to coordinate the positions and the actions among the Baltic States (Bailey, Alver, Mackevičius, Paupa, 1995). The intention to create national accounting principals, lack of experience to adequately understand and apply accounting principals of the foreign countries influenced the first steps of accounting reform.

Need for internationally accepted accounting standards (2001-onwards)

European directives were an insufficient precondition to meet the new challenges of the global world, as data accumulated according to different accounting principals is incomparable. This was the reason to look for the common view not only among European countries but to harmonize and unify rules of accounting all over the world. The main advocates of accounting standards unification were global stock exchanges. The main purpose of IASC, institution responsible for IAS IFRS creation, was to formulate some kind of common rules, according to which the financial information

would be presented in a unified and comparable form. On the other hand those standards are not a law rather some kind of recommendation. The major benefits of IAS usage for the states and companies are the following:

- Financial: lower cost of capital and greater marketability for the company‘s share.
- Marketing and public relations: increased publicity for the company‘s products; also a foreign listing can be a signalling mechanism by which the company indicates that it is committed to become a major player on the world stage.
- Political: a listing on the foreign stock Exchange reduces the dependence of a company on its domestic capital market and may improve its relations with the foreign government and foreign customers (Flower, 1997).

The World Bank observed that "in developing countries, accounting and auditing practices are sometimes weak, and financial laws and regulations do not demand accurate and timely reports (Saudagaran, Diga 1997). The solution of accounting harmonization and standardization problems marks the second stage of accounting reform in Lithuania. Accounting law was certified in 2001. There are two types of standards valid for Lithuanian business units - business accounting standard (national version) and international accounting and financial statement standards. Business accounting standards (BAS) are prepared and approved by the Lithuanian Institute of Accounting following the 3 article of the Law of Accounting of the Republic of Lithuania. The Institute of Accounting of the Republic of Lithuania was founded on February 28th, 2002 by the Ministry of Finance and other limited and unlimited liability legal entities. The main activities and objectives of the Institute are to publish the Business Accounting Standards and to improve accounting system of Lithuania in reference to the European Union and international requirements.

International accounting standards should be applied for companies listed in stock exchange and national business accounting standards are required for others since 2004. Presuming the fact, that there are no significant differences between BAS and International accounting standards (IAS) International financial reporting standards, (IFRS) from methodological point of view it could be concluded that the integration within European framework is in the final step. The difference is that BAS leaves more flexibility and discloses less information about value of assets.

From theoretical and legal point of view the accounting reform is finished. But it does not mean that accounting systems improvement is over. The application conditions and implementation problems are similar to the ones in other countries. The results of research accomplished by six biggest world wide companies[3] of accounting and audit services permit to maintain that more than 90% of 59 states, that took part in the research, are going to employ IAS. The results of GAAP Convergence 2002 research disclosed, that 72% of states set an official policy, which was obligatory first of all for companies quoted in stock exchange listings.

[3] BDO, "Deloitte Touche Tohmatsu", "Ernst&Young", "Grant Thornton", KPMG and "PricewaterhouseCoopers"

According to the results the characteristic problems are related to:

- Methodology of valuation: 51 % of states indicated that the main problem is complexity associated with financial means and real value accounting (Lithuania mentioned this problem as well).
- Complexity of application: Lithuania was one of 47% of states that noted that the difficulties arise as local financial accounting is orientated to tax determination. This is the reason of IAS application for companies listed in stock exchange. As IAS application is implemented for the first time Lithuanian companies still lack the directives for it. The problem of capital market development is indicated as well.
- Technical: On the other hand such kind of problems indicate 35% and 30% accordingly of states that took part in the research. Respondents of the research emphasized the importance of IAS and their comments of the translations into national languages. Despite of the fact that about 70% of survey countries have made translations, most of them are not implemented and the quality is insufficient.

It could be concluded that national accounting policy is inline with IFRS propositions as prime users of accounting information are unsatisfied with the current situation in the state. The main problems are suited with the application of the methodology and complexity of standards.

2. Impact of changes in Lithuanian accounting policy for economic development

Impact of accounting standards to economic development is under discussion, as accounting rules and standards should not have the potential to alter business transactions within an economy. Accounting statements should be neutral, reflecting the economic reality of business transactions rather than influencing what types of transactions are made (Eccles, Holt, Fell-Smith, 2004). Further more, such kind of relations are difficult to prove. On the other hand financial accounting standards that can affect resource allocation and the redistribution of wealth in the economy are briefly presented. Financial accounting numbers serve as an essential data base for the aggregate statistics that describe the state of the economy and, in turn, form an important basis for macroeconomic policymaking (Rappaport, 1977, Solomon, 1978).

Zeff (1978) defines the term ‘economic consequences’ of accounting as:‘ the impact of accounting reports on the decision-making behavior of business, government, unions, investors, and creditors, etc. Rappaport (1977) suggests that accounting standards have the potential to alter behaviour in the economy in three distinct ways:

- By their impact on the behaviour of intended recipients of accounts (eg. shareholders).
- By their impact on the behaviour of ‘free riders’, ie those for whom corporate reports are not directly intended but who still use them (eg. competitors, employees, suppliers, customers, etc.).

- By their impact on the behaviour of the reporting company which, in anticipation of potentially adverse feedback arising from its reporting according to the required accounting standards, might choose to alter its economic behaviour.

Form that point of view it could be maintained, that changes in Lithuanian accounting policy changed general conditions for doing business. It is in line with world wide tendencies of rapid globalization of capital markets, which influenced in demand-especially by investors-for internationally accepted financial information useful for decision-making. And that means that processes of accounting changes could affect the development of Lithuanian economy, especially the growth of trade and foreign investments (Flower, 1997, Haller, 2002).

The research methodology was based on Haller's research performed in 2002. The research variables were period of EC Directives implementation into national laws of EU member states and economic measures (foreign direct investment (FDI) and activity of capital market).

The stage of integration to the EU is more significant while analyzing the influence of accounting policy and standardization on economic development due to the re-establishment of the Republic of Lithuania (1990). FDI were dependent on attractiveness of new market. It means that the first steps of accounting reform could not be the influencing factor for economic development. Such factors as accounting policy or level of accounting standardization according to the international attitudes became important later when the government succeeded to create the reputation of a country favourable for foreign capital on the international investment market. Since 1990 FDI in Lithuania was growing every year. According to Statistics Lithuania, FDI totalled LTL 18,223.3 million (EUR 5,279 million) on 1 October 2005 (LTL 13,699.4 million on 1 January 2004) (see Table 1). It grew by 33% compared with 1 January 2004. FDI per capita was LTL 5347 (EUR 1,549) on 1 October 2005 and LTL 3976 (EUR 1152) on 1 January 2004. The major part of FDI was devoted to the manufacturing industry (33.2%) followed by trade (14.9%), financial intermediation companies (14.8%) and transport and warehousing and communications (12.4%).

Every year the number of foreign investors increases. The major growth was in 2002 (+276 new foreign investors) and in 2004 (+249 new foreign investors). Key investing countries last year were the following: Denmark LTL 2,502.5 million (13.7% of total FDI), Sweden LTL 2,529.7 million (13.9%), Germany LTL 2397.4 million (13.2%), Estonia LTL 1,296.2 million (8.7%), Russia LTL 2,337.3 million (12.8%), Finland LTL 1,475.4 million (8.1%) and the USA LTL 730.2 million (4.0%).

For attracting foreign and private domestic investment the government in 2004-2006 also develops legislation base, makes its own investments, including the future co-financing of the EU Structural Funds and develops infrastructure (land parcels, buildings), thus providing favourable conditions for private investment. The accounting policy is one of the elements of those conditions. Results of research

shows, that FDI keeps the same growing tendencies. But it is difficult to point out others factors that affect economic growth, as Lithuania is a new open market influenced by objective and subjective factors. The growth of FDI in stable market economy states is more predictable. One of such factors is to achieve the growth of investment. For this reason the Single Programming Document of Lithuania 2004-2006, which is the basis for rendering financial aid from the EU Structural Funds, is used. It provides assistance to the activity group "Industrial zones and Greenfield investment promotions" to meet specific targets as follows: provide conditions to attract private investment by preparing land parcels with totally developed infrastructure that are eligible for investment; promote start-ups; promote creation of durable jobs; and promote relocation of enterprises from city centres to new sites. It means that accounting policy changes in Lithuania did not make such a significant influence (FDI raised 1.95 times) as it happened in other EU countries (FDI raised about 5.7 times). On the other hand time horizon in Haller's study was about ten years, in Lithuanian case it was five years.

Table

Foreign direct investment in Lithuania 2000-2005 (million LTL)

	2000	**2001**	**2002**	**2003**	**2004**	**2005**[4]
Foreign direct investment, total	9,337.3	10,661.9	13,183.8	13,699.4	16,193.1	18223,3
Increase compared with the previous period	+1,085.2	+1,324.6	+2,521.9	+515.6	+2,493.7	+2,030.2
Direct investment per capita, LTL (EUR)	2678 (776)	3068 (889)	3808 (1103)	3976 (1152)	4727 (1369)	5347 (1549)
Increase compared with the previous period, LTL (EUR)	+328 (+95)	+390 (+113)	+740 (+214)	+171 (+49)	+751 (+217)	+620 (+180)
Number of foreign investors	1996	2168	2444	2652	2901	n /a

Data source: Statistics Lithuania (2006)

The capital market in Lithuania continues to be in the developing stage. The Vilnius Stock Exchange (VSE) is the only regulated exchange operator in Lithuania, offering trading, listing and information services. VSE organizes and develops the Lithuanian securities market by creating the most favorable conditions for issuers, investors, and financial intermediaries to exploit efficiently the advantages of the capital market.

Since 2004 year VSE is part of OMX[5]. For this reason, Lithuanian companies that are seeking for an entrance to the international equity capital market (or Baltic market)

[4] Date available 10 01 2005

should prepare financial statement according to IAS which would relieve them from a competitive disadvantage as compared to their EU competitors. The result of this is a visible number of Lithuanian companies in international markets, for example in 2000 there was 1 company; in 2005 the number increased to 25 companies.

According to Central Securities Depository of Lithuania, trading turnovers increased during the last 5 years (see figure 1). Since Stock Exchange was founded till 2004 the foreign investors took the main part in Lithuanian capital market (55-60%). In 2004 situation in the stock market changed and in 2005 the domestic investors started to dominate.

Trading turnover increased significantly in 2005, as did the market capitalization of the listed companies. The share turnover reached an all time high for September 2005 of LTL 38,332 million. Turnovers of domestic or foreign investors increased four times. The question arises what factors do influence capital market results?

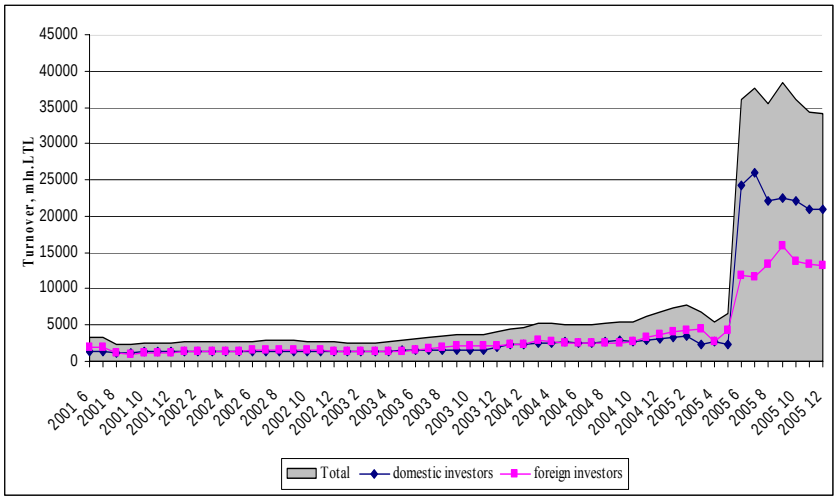

Figure. Trading turnovers in Lithuania

Data source: Central Securities Depository of Lithuania (2005)

The main reasons of such stock market and domestic investor's activity are the following:

- Decrease of interest rate of deposits and government securities (domestic investors were looking for alternative way of investment as a share market);

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[5] Through its exchanges in Copenhagen, Stockholm, Helsinki, Riga, Tallinn and Vilnius, OMX offers an access to approximately 80 percent of the Nordic and Baltic securities markets.

- Establishment of new investment funds as a result of pension reform (new players in capital market).
- Subsequence of share market "peak".

Foreign investor's passivity can be explained by the lack of information about accounting statements quality. This may be the problem of dissemination of information about application of international accounting standards which leads to changes in Lithuanian business conditions. The second reason is worldwide tendency to invest in big Eastern markets.

This study disclosed that changes in accounting system are important factors in the state economy. But comparative analysis of economic development of EU states showed that visible results could be expected some years later. This could be the precondition for the future research.

Conclusions

According to the study it could be maintained that Lithuanian accounting reform development could be divided into two main stages: transition from command based economy accounting rules to market based accounting rules; integration within the framework of European Union.

1. Accounting systems in transitional economy should be reformed in all dimensions (of form and content) and could be an instrument of regulation and uncertainties management maintaining particular level of stability, and should become a stimulating factor sustaining economical development.
Natural feature of this stage is that the state government becomes the main initiator of accounting legislation. Considerations about tax revenue played an important role in the drafting of accounting reform legislation. On the other hand authorities remained primary users of accounting information due to the lack of interest from private sector.

2. Economic and structural changes had pressure on the Lithuanian Government to revise Lithuanian accounting policy in odder to decrease the gap between the needs and demands of the companies and their shareholders for relevant, internationally accepted, understandable and comparable information.
Business accounting standards and international accounting and financial reporting standards become the main methodological basis for accounting in Lithuanian companies. Those standards raised accounting to a higher level of quality and this could be the advantage of Lithuanian accounting. Application of IAS, required for companies listed in the stock exchange market, opens the new possibilities for foreign investors and capital market development.

3. Accounting is a utilitarian tool, it is economic necessity in responding to the evolving conditions of the market economy that drives its development forward and is dependent on the rate of development of the nascent market economy.

It is difficult to evaluate the direct effect to economic results, because of the complexity of factors influencing economic development. The tendencies of the relations between changes in accounting policy and foreign direct investment are similar to the EU states. However, the tendencies were opposite, according to the results in the case of the capital market activity. In Lithuania the domestic investors were more active than the foreign ones. Foreign investor's passivity can be explained by the lack of information about accounting statements quality and the worldwide tendency to invest in big Eastern markets.

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Zusammenfassung

WELCHE ROLLE SPIELEN DIE ÄNDERUNGEN DER RECHNUNGS-WESENSPOLITIK FÜR ENTWICKLUNG DER LITAUISCHEN WIRTSCHAFT IM EUROPÄISCHEN BEREICH?

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Die Formation des Globalmarktes und die Entwicklung der internationalen Firmen beeinflusste den Globalisierungsprozess der Kapitalmärkte. Der o.g. Geschäftsbereich und Informationszugang änderte den Charakter der Marktkonkurrenz bzw. legte einen besonderen *Informationsbedarf* bei denen fest, die die wirtschaftlichen Entscheidungen treffen, und *die Vergleichbarkeit* von denen, die sich in den Kapitalmärkten befinden. Das war eine der wichtigsten Antriebskräften der Änderungen von der Rechnungswesenspolitik im nationalen und internationalen Niveau, des Internationalisierungsprozesses der Finanzrechenschaften bzw. der Probleme der Standardisierung des Rechnungswesens und Harmonisierung in Europa.

Einschätzend die Tatsache, dass Litauen Mitglied der EU seit 2004 ist und dass die internationalen Standards des Rechnungswesens in den nationalen Systemen des Rechnungswesens integriert sind, könnte man behaupten, dass der Transformationsprozess komplex war und dass er viele Bemühungen von der Regierung, Rechnungswesensprofis und Firmen unterstützte. Von anderer Seite wurden die Probleme der Rechnungswesenspolitik Litauens im europäischen Bereich einige Jahre später gelöst, und das heißt, dass die Erfahrung der westlichen Länder als der die Kompliziertheit reduzierende Faktor bezeichnet sein könnte.

Das Ziel von diesem Bericht ist aufzudecken, welche erheblichen Änderungen der litauischen Rechnungswesenspolitik unter dem Einfluss der Änderungen in der Europäischen Union die Ergebnisse der Wirtschaftsentwicklung Litauens entschieden haben. Im ersten Teil des Berichtes versuchen wir die Voraussetzungen dieser heftigen Änderungen in der litauischen Wirtschaft bzw. im Rechnungswesen zu betonen und die Hauptbesonderheiten der Übergangswirtschaft im Bezug der Rechnungswesensänderungen zu analysieren. Im zweiten Teil des Berichtes

beschreiben wir kurz die Änderungen der Rechnungswesenssysteme Litauens seit 1990 und decken deren Einfluss auf Ergebnisse der Wirtschaftsentwicklung auf. Weiter beschreiben wir auch die Perspektiven, nationale Eigenheiten und Probleme der Rechnungswesenspolitik.

CONTEXTUAL FACTORS AND MOTIVATORS OF THE ACCOUNTING DEVELOPMENTS IN ESTONIAN LOCAL GOVERNMENTS[1]

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1. Introduction

By the end of the last century the initiatives within the framework of New Public Management (NPM) encouraged the adaptation of private sector management techniques within the public sector, as well as development of assessing performance measurement in order to monitor the degree of efficiency and effectiveness with which the public services are delivered, and to evaluate the financial consequences of management decisions.

The public sector reform will also modify the traditional channels of accountability. Because of this, the governmental accounting systems evolve in order to face the challenges of the 21st century public sector requirements. At the beginning of the century, as revealed analysis arranged by Lüder and Jones (2003), the stage of development of the national governmental accounting systems is very variable.

In the course of the recent transition process, Estonia has simultaneously experienced many economic, social and political changes. As a result of the dramatic shifts in operating conditions, the country's local government system has also undergone both a financial and a management reform. These alterations have also implications to the nature and practice of accounting systems.

The main purpose of this paper is to apply the contingency approach to explain the contextual factors influencing innovations and the motivators (stimuli) of these processes in Estonian local government accounting during the last decade. The crucial issue is the transition from cash-basis principles towards the accrual bases accounting introduced in Estonian local government system. We describe the recent innovations in Estonian local municipalities and discuss how the contextual factors have interfered in the change process. The paper analyses these factors of the local government accounting reform during the three stages of the Estonian accounting reform: the introductory, system-building and system improvement stages.

The paper is organized as follows. The next section sets a theoretical framework for the analysis, drawing on the phased approach and contingency approach. The third section will analyze the legal framework for the Estonian local governments reform and subsequently the regulatory framework of the accounting reform in Estonian local governments will be described. Fifth section will analyse the motivating

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drivers of the process of implementation accrual bases accounting. Finally, concluding remarks on the study will be presented.

2. Theoretical framework of the study

In accounting research, the influencing impacts on accounting system are often studied with help of contingency approach. A contingency model of governmental accounting was developed by Lüder (1992) to specify the social-political-administrative environment and its impact on governmental accounting innovations (Lüder, 1994, p. 1). This model was designed in circumstances of the absence of reform stimuli, unfavourable structural variables and the presence of implementation barriers. Subsequently, the main contextual features have changed through the governmental fiscal stress and dominating 'superiority of managerialism' doctrine (Lüder, 1998, p. 118).

Innes and Mitchell (1990, p. 4) pointed out, that contingency theory attempts to explain why accounting system exists in a particular form within an organization at a given point in time. The dynamics of moves or changes are not prescribed. Although the original contingency model of governmental accounting, developed by Lüder, included only contextual variables (see Chan *et al*., 1996, p. 19) during the next years the attitudinal and behavioural variables were added to the contextual variables. Consequently, the contingency model has been modified and improved during last decade. The latest version – the Financial Management Reform Process (FMR) Model (Lüder, 2003) consists two contextual features (legal system and institutional arrangements of the process of setting accounting norms and rules; main stimuli that trigged the reform), three behavioural features (reform drivers; political promoters; stakeholders) and two instrumental (attitudinal) features (reform concept; implementation strategy). Some can distinguish three generation of contingency models in governmental accounting (see Monsen and Näsi, 1998). At the same time the attitudinal and behavioural variables can be regarded as drivers of the accounting innovation or change (Mattisson *et al*., 2004). Bailey (1998, p. 1462) suggested that the phased approach could be used to divide an accounting reform into periods. In the current paper, the phased approach has been involved in order to divide the accounting reform into periods and to expand the scope of the Estonian governmental accounting reform. Literature analysis revealed that the phased approach has been used through different steps of the reform describing governmental accounting innovations in Portugal (Jorge, 2005, p. 34-35). Ellwood (2002) argues that an effective reform of public sector financial management is a long and incremental process.

Changes in accounting systems are often part of wider changes in management process. Therefore, the change drivers itself can be influenced by a wide range of management decisions and changes in the organisation. Innes and Mitchell (1990) describe the mismatch between the accounting system and its environment, which creates a tension and pressure for change. They explain the accounting change process drivers in terms of facilitators, motivators and catalysts, which have been widely used also by other researchers (see Laitinen, 2001; Luther and Longden,

2001). Facilitators are drivers, which are necessary but not sufficient for a change to occur (such as, for example, an adequate number of accounting staff). Motivators are drivers, which influence the change in a general manner (such as competitiveness of market). Finally, a third set of drivers directly associated with the timing of change is termed catalysts (such as arrival of a new accountant). Innes and Mitchell (1990) point out that motivators and catalysts act positively to generate change but could only become effective where suitable facilitating conditions exist. Besides the positive influences on accounting change Lüder (1992) and Groot and Lukka (2000) distinguish also the impact of barriers or obstructers on the accounting change. Facilitators, motivators and catalysts may be necessary to create a potential for change and innovations, but action by individuals is needed to overcome the barriers to change.

Therefore, to analyse the conceptual aspects of the accounting reform in Estonian local governments, we use an integrated theoretical framework of contingency approach describing the factors influencing governmental accounting change and the phased approach to the change, which we try to merge into a single theoretical framework.

3. Development of local governments in Estonia

Having regained independence in 1991, Estonia has undergone fundamental political and structural changes over the last decade, which has also affected the operation of its governmental units on the State as well as on the municipal level. The principles of the local government are stipulated in the Constitution of the Republic of Estonia which was adopted by a referendum held in 1992. The Chapter 14, article 154 of the Constitution provides that all local issues shall be resolved and regulated by local governments, which shall operate independently in accordance with law. Duties may be imposed on local governments only pursuant to law or by the agreement with the local government. Expenditures related to the duties of the state imposed by law on local governments shall be funded from the state budget. According to the article 155 the local government units are rural municipalities and cities. Nowadays the territory of Estonia is divided into 15 counties (*maakond*) and 241 local government units, comprising 39 cities (*linnad*) and 202 rural municipalities (*vallad*).

At the beginning of 1990s Estonian local government system was based on two tiers. Counties formed the local government units of the second tier, those were formed on the basis of the former Soviet administrative units. The first tier of the local governments comprised cities, rural municipalities and towns. Upon providing state support to local budgets, the Soviet principles based on standard expenses calculated on the basis of the expenses of the previous year prevailed in several occasions. Such system did not allow for sufficient separation of the local budgets from the state budget. By the autumn of 1993, all the administrative units of the first tier had acquired the status of local government and from 1994 a new local government organisation was put into effect, which completed the local government reform. The local government system began functioning at one tier, which consists of rural municipalities and cities. The counties became the regional administrative units, the

county governors became the representatives of the state in the counties. During 1993-1994 a package of the laws regulating the local government was adopted. This set includes the following acts, which have also impact on the regulation of financial management and accounting issues in local governments:

- Local Government Organisation Act (adopted in 1993);
- Rural Municipality and City Budgets Act (adopted in 1994);
- Rural Municipality and City Budgets and State Budget Correlation Act (adopted in 1994, in force up to 2002);
- Local Taxes Act (adopted in 1994);

According to the Local Government Organisation Act, section 10, an each municipality is an independent public legal person and an economic and accounting entity. Highest decision-making in the local governments belongs to the municipal council elected for three years by the residents. In addition to the council, municipal organs comprise a municipal board, which is responsible for administration and financial management of local authority, and committees and sub-committees.

Local budgets are separated from the state budget. The procedure for preparation, approval and implementation of local budgets has been established by the Rural Municipality and City Budgets Act.

4. Regulatory framework for the governmental accounting reform

The FMR Model has been applied to explain the different variables that have been involved in the governmental accounting change on the example of several countries (see Lüder and Jones, 2003b; Bourmistrov and Mellemvik 2005). Lüder's FMR Model (2002) uses two groups of contextual features (see figure 1):

- the legal system and institutional arrangements of the process of setting accounting norms and rules;
- the main stimuli that triggered the reform.

Proceeding from this list of the features, we shall subsequently analyse their impact on the accounting reform in Estonian local governments. In the process of improving Estonian financial accounting and reporting regulation one can distinguish between three stages:

- the introductory stage (1990-1994);
- the system-building stage (1995-2002) and
- the system improvement stage (since 2003).

These stages are discussed in more detail by Haldma (2004). In what follows, within the framework of the development of Estonian accounting and reporting regulation, we will analyse the contingencies of local government accounting.

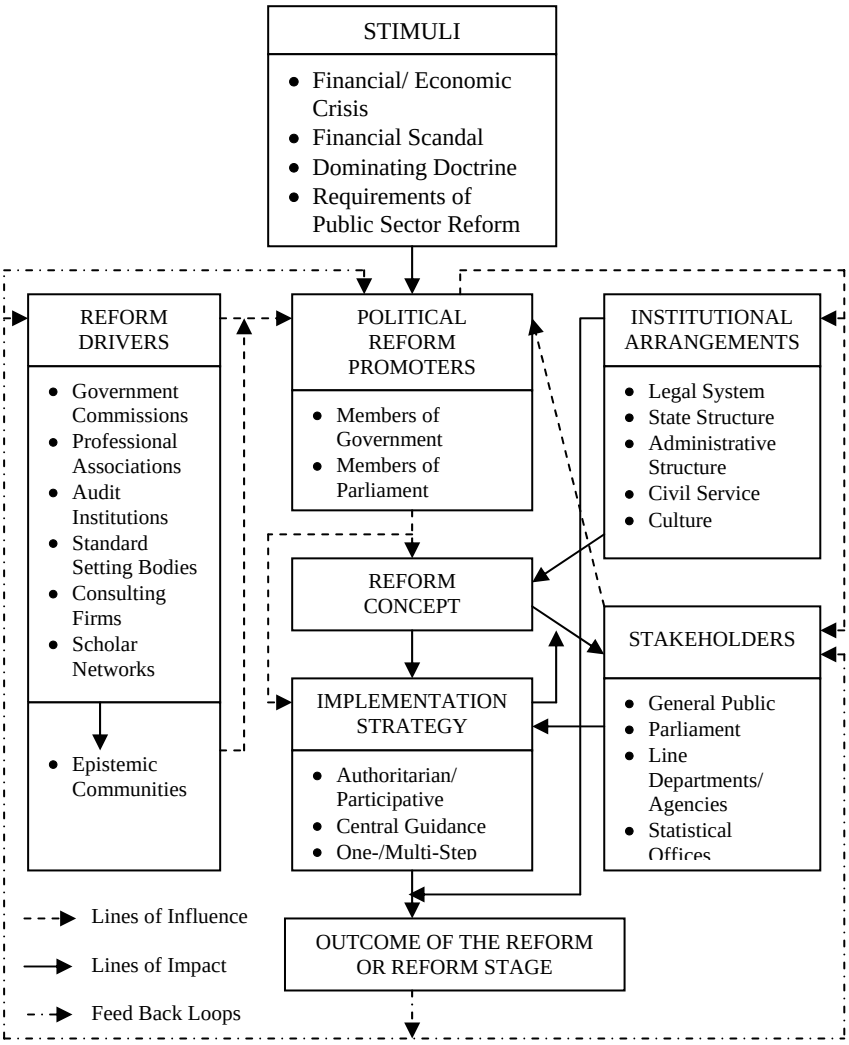

Figure 1. Financial Management Reform Process Model (Lüder, 2002, p. 12).

Lüder and Jones (2003a, p. 43) pointed out that in those countries where the responsibility for national and local government accounting is split between different ministries of a government or between autonomous government levels, one can observe a diverging development of accounting systems for a longer period of time. The authors added that accounting reforms are first initiated at the local government level and are followed much later by corresponding national

governmental accounting reforms. As this evidence was based on the experience of developed countries, we will analyse the appropriateness of this statement in the circumstances of Estonia as a transition country undergoing its accounting reform.

The introductory stage

Estonia started its accounting reform at the beginning of the 1990s when it was still a part of the Soviet Union. In July 1990, more than a year before independence was regained in August 1991, the Regulation on Accounting was adopted by the Estonian Government. This event was the first step towards creation of market-economy accounting environment in Estonia. The Regulation on Accounting came into effect from 1 January 1991. In the contemporary sense, the Regulation was quite modest in content and volume, consisting of only ten pages. But the introduction of subjective valuation elements (depreciation rates, inventory valuation methods, assets valuation methods, etc. decided by companies) into the accounting practice, formation of a particular accounting policy, institution of some (unfortunately, not all of them, but under the particular circumstances this was also understandable) basic accounting principles, such as the realization principles, the matching principle, the historical cost principle appeared to be extremely radical changes in the accounting framework of Estonia.

The Regulation on Accounting, section 2, stipulated that the bodies of State and local government funded from the state and local budgets are required to organize their accounting recording and reporting. Section 4 added that state and local governments have based their accounting in accordance with instructions and recommendations issued by the Ministry of Finances. As it was mentioned above, the local government reform was first completed in 1994 and therefore accounting issues were not improved substantially during the first stage of national accounting reform. The Local Government Organisation Act provides the general framework for municipal economic management and budgeting. Chapter 5 of the Act is entitled 'Economy and budgeting'. This chapter regulated only general requirements on annual budgets, for example a requirement of a balanced budget was introduced. Any particular accounting issues were not mentioned. The Local Government Organisation Act is not reformed very often. Consequently, by the end of the first stage of Estonian accounting reform, local government accounting issues have not given much attention.

The system-building stage

In the middle of the 1990s, the development of the business environment in Estonia was affected by the conceptual changes and improvements in the legal system (particularly in taxation), ownership changes (the most intensive period of privatization was 1993-1995) and increasing FDI inflow.

Therefore, the main problem was: how to build a forward-looking and flexible accounting regulation system, which would enable Estonian accounting integration into the European accounting framework. After a comprehensive exploration,

internal discussions, careful consideration and some testing in practice, the Estonian Accounting Law (EAL) was passed by the Estonian Parliament in June 1994 and came into effect in January 1995. One of the most conceptual issues of the EAL was an attempt to create the facilities for merging the Continental European approach with the Anglo-American approach. In these circumstances the accounting framework and procedures in Estonian companies and institutions have since 1995 been legally regulated by the Estonian Accounting Law as a frame-law and by the Estonian Accounting Standards issued by the EASB. This combination had a number of advantages, in particular in the initial period of the accounting reform, speeding it up and enabling the transition process to be flexible.

According to the EAL, section 2, the law applied among other institutions also to central and local government entities. They were required to comply their accounting with the general principles of the EAL (sections 1-16), but the majority of the guidelines were still issued by the Decrees of the Ministry of Finance. On the one side, section 4 of the EAL stipulated that business transaction of the institutions, which applied the EAL, are recorded on an accrual basis. On the other, these sections excluded the requirements on financial statement (were disclosured in sections 18-24). In June 1996 due the amendments to the Law, the application was expanded also to public legal persons. As it was mentioned above, according to the Local Government Organisation Act, an each municipality is an independent public legal person. The public legal persons were required to apply the entire EAL. Consequently, the accounting issues of local government entities were regulated by two different EAL sections, which caused some confusion among the local government entity officials.

More detailed accounting guidelines were given by the Decrees of the Estonian Ministry of Finance. First accounting guidelines for central and local government entities were adopted in 1995. In the introduction to guidelines it was mentioned that this regulation will replace the central and local government accounting regulation issued by Decree of the Ministry of Finance of the Soviet Union in 1987. It means, that up to 1994, three years after Estonia regained its independence, the accounting issues for central and local government entities were regulated by guidelines, which originated from the period of centrally planned economy. Through the new guidelines, referring to the sections 1-16 of the EAL, it was made the first attempt to apply a business or accrual accounting model to municipal accounting. Theoretical suitability of Estonian business sector accrual model, which itself was first applied for four years, since 1991 only, was taken to the local governments as granted and therefore the change was considered to be first place technical in its nature. In the contemporary sense, the guidelines included some obscure sections and contradictions to the EAL. According to the section 7 of the guidelines, an accounting entity was required organize its accounts in such a way as to ensure relevant, objective and comparable information. At the same time all items of the financial statements were prescribed. The same section also required to prepare and publish financial statements and report on the implementation of the state budget, although the EAL did not require within the sections 1-16 of the EAL the preparation of financial statements.

The operating transactions were recorded with a mixed system, including as a cash-basis as well accrual basis principles. According to the section 8 of the guidelines, the utilization of state budgetary resources was recorded on cash-basis and accounting issues for non-budgetary resources (for example, for revenues from municipal enterprises, municipal agencies and municipal assets) on accrual basis. This mixed system was replaced by solely accrual basis through the amended guidelines in 1998. But it seems that for the governmental institutions the mixed accounting system has posed a lot of problems and confusion. This reflected also in the formats of the financial statements, required by the guidelines. For example, according to the Rural Municipality and City Budgets Act and the formats of the financial statements, the loans were recorded as revenue. Although the EAL defined the format of the balance sheet basing on decreasing liquidity (beginning from cash and ending by intangible assets), for local governments required a balance sheet and a chart of accounts basing on increasing liquidity. In addition, the financial statement formats change almost every year without giving any reason or substantial explanations. However, since 1998 the accrual-basis principles of accounting have been formally introduced.

The system improvement stage

The new, amended version of the EAL, which came into force in 2003, has also expanded the scope of the Law, involving in accordance with sections 2 and 35-40 also central governmental institutions (the Law has applied to them since January 2004). The Ministry of Finance is responsible for the organization of state accounting and financial reporting pursuant to the EAL. This objective is conducted by the general rules for organisation of the accounting and financial reporting of the state and the state accounting entities (*riigi raamatupidamise üldeeskiri*) which are based on and are in compliance with the accounting principles generally accepted in Estonia and the international public sector accounting standards and in accordance with which the state accounting entities are required to organise their accounting and financial reporting.

Section 36 of the EAL stipulates, that the general rules also explain and specify the requirements of the accounting principles generally accepted in Estonia as regards the state and the state accounting entities and serve as the accounting policies and procedures for the state as a whole. The existence of the general rules does not release the state accounting entities from the obligation to establish their own accounting policies and procedures.

The general rules establish also the procedure, necessary for the Ministry of Finance to organise state accounting and financial reporting, for regular reporting by the state accounting entities, local governments, legal persons in public law, and other accounting entities which are not state accounting entities or companies but over which the state exercises dominant influence.

According to the section 37 and 38 the state accounting entities shall prepare their annual reports in accordance with the requirements of the EAL and the general rules. The annual accounts of the state shall contain an additional report on the implementation of the state budget, subdivided according to the state budget adopted by the Estonian Parliament (*Riigikogu*) for the accounting year. According to the section 41 the annual reports of local government entities shall contain an additional report on budget implementation of local government entity.

Therefore, it can be concluded that beginning from 2004, the EAL covers the regulation of the accounting principles of all types of institution. The business entities and public legal persons have followed the EAL and the accounting standards for years and are accustomed to doing so. But our observations revealed that for the central governmental institutions the switch from cash-basis to accrual-basis accounting in January 2004 has posed a lot of problems and confusion.

Thus the public sector has adopted the main principles and rules of private sector accounting. Our general observation showed, that the development of Estonian public sector accounting from cash-basis to accrual basis one can be regarded, in particular in the light of the New Public Financial Management Framework, as an attempt to adopt the accounting principles that applied in the private sector. Our finding supports Jorge (2005), who argued that the strong influence of business accounting seems to favoured the governmental accounting development, namely introducing accrual based accounting. Still, public sector accounting is different from private sector accounting. Public sector organizations shall prepare budget and perform within limits of approved budget. Budgeting is interrelated to accounting, because accounting gives budget execution, i.e. actual amounts of revenues and costs. According to Lüder and Jones (2003a, p. 33), budgeting and budgetary control are fundamentals of government accounting.

5. Stimuli for governmental accounting change

In this section, using the theoretical framework described in section 2, we try to analyse the main set of change drivers influencing the development of local government accounting issues. According to Groot and Lukka (2000, p.6) the drivers of change are actions, development, actors and circumstances that cause, provoke or facilitate change processes to take places. In our opinion a local governmental accounting system can be regarded as an information system. Changes in organizational arrangements of the system are influenced by facilitators and barriers. We argue, basing on the analysis of the development of local government accounting, described in Section 4, that the local governmental accounting regulation (acts, laws, guidelines etc.) serves as the main facilitating condition of the change. But as it was revealed in section 4, the accounting guidelines for central and local government entities, adopted in 1995, included some unclearness and variability concerning the implementation of the accrual basis accounting procedures. Other barriers were, firstly, a weak knowledge about business accrual based accounting principles, while the accountants in local governments were used to use cash-basis and fund accounting principles for years. Secondly, proceeding

from the latter, a limited retraining of the officials of local governments and also ministries. Thirdly, a weak inspection and control from the side of Ministry of Finance. The main responsibility of local authorities was to submit the require statements, the substantial or methodical control was not arranged from the side of Ministry. An official from a local government commented: "If you have submitted in proper time the statements, they were also accepted already without any control".

Stimuli (motivators and catalysts) create a potential for change, and corresponding actions by individuals are needed to overcome the barriers to change. According to Lüder and Jones (2003a), stimuli are events that trigger accounting reform activities. These events can be problems facing governments, external or internal requirements, and opportunities for the governmental accounting reform. An analysis of the Estonian governmental accounting reform stimuli revealed that neither financial scandals nor fiscal/economic crises happened in Estonia to precipitate the need for a reform in governmental accounting. The first significant incentive for an accounting reform seems to have been European integration, whose influence increased since the middle of the 1990s, when Estonia submitted an application to join the European Union. Similar consequences have been pointed out by Jorge (2005) concerning an investigation of Portuguese variables and by McKendrick (2005) about Romania. These stimuli are oriented towards securing public sector reputation – nationally in comparison with the business sector, internationally in order to regain an image of a modern and progressive country (see Lüder and Jones, 2003a, p. 45). As the second stimulus in Estonian circumstances we point out expanding the NPM concept, improving the efficiency and effectiveness of the public sector based on better financial and non-financial information. Since the beginning of the 21st century "the management by objectives" has been an important term in Estonian public sector management. A number of authors have seen government accounting reforms as a part of NPM (see Lüder, 1994; Guthrie, 1998). On the basis of our analysis in section 4 we argue that the third very important stimulus has been the dominating doctrine about superiority of business accounting as suitable for public management (Laughlin and Pallot, 1998). An analysis of the business and governmental accounting issues during the three stages of the Estonian accounting reform revealed that during the second, system-building stage (1995-2002) and the third, system improvement stage (since 2003) the strong influence of business accounting seems to have favoured the introduction of accrual-based financial accounting. Our interviews with financial officials in Estonian municipalities revealed the auditors' requirements as the fourth group of stimuli. The auditors' demands for governmental accounting change mainly result from the legal requirement to fairly present the government's financial position (Lüder and Jones, 2003a, p. 45) or a gap between this requirement and the actual financial reporting (see above section 4). In our opinion, the auditors' influence on the development of local government accounting issues can be regarded as a motivator. The latter was characterized by Innes and Mitchell (1990) as drivers supporting the change in a general manner. The requirement of professional auditing of local governments in Estonia has been changing: in some periods the audit was required by the Local Governments Organisation Act, while in others it was excluded. Only since 2004, due to the requirement of the EAL, depending on the size of local government budgets, the

majority of local authorities are required to audit. It has to be noted that even before that date a relevant number of local authorities were audited in Estonia. Therefore, although Lüder and Jones (2003a, p. 46) mentioned that auditors' requirements are not a significant stimulus for governmental accounting reforms in Europe, in our opinion, these requirements substantially improved the accounting procedures in Estonian local governments moving towards accrual basis and business accounting, and supported the formation and delivery of fairer and more reliable financial information. The above tendencies can mainly be observed in the second and third stage of the accounting reform.

6. Conclusions

The present study, focussing on the evolution of the Estonian local government accounting framework and developments in the local government accounting system in association with improvement of the business accounting environment, revealed the following.

First, the development of the Estonian local government accounting system is following the development of business accounting system, which can be divided into three different stages - the introductory (1990-1994), system-building (1995-2002) and system improvement stage (from 2003 onwards).

Second, the Estonian local government accounting regulation, including different regulatory acts has succeeded a remarkable evolution on the way to transfer cash-basis accounting onto accrual-basis procedures.

Third, to analyse the conceptual aspects of the accounting reform in Estonian local governments, we used an integrated the theoretical framework of Lüder's FMR Model describing the factors influencing governmental accounting change, and with the phased approach to the change.

Our analyses revealed that the overall climate has been rather favourable for local government accounting innovations in Estonia. This also provides encouragement for future new and deeper innovations.

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Kokkuvõte

MAJANDUSARVESTUSE ARENGUT MÕJUTAVAD TEGURID EESTI KOHALIKES OMAVALITSUSTES

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Siirdeperioodil on Eesti kohalike omavalitsuste (KOV) süsteem läbi teinud nii finants- kui ka administratiivreformi, millised avaldavad mõju majandusarvestuse kontseptuaalsetele aspektidele kohalikes omavalitsustes.

Artikli eesmärgiks on käsitleda Lüderi (2002) poolt loodud avaliku sektori finantsjuhtimise reformi mudeli rakendamisvõimalusi selgitamaks Eesti kohalike omavalitsuste majandusarvestuse süsteemile mõjuvaid tegureid. Teoreetiliste lähtekohtadena kasutatakse avaliku sektori arvestusele suunatud sõltuvusteoorial põhinevat mudelit (Lüder 1992, 2002) ja Bailey (1998) poolt soovitatud majandusarvestuse reformi etapilist käsitlust. Sõltuvusteoorial põhinev mudel määratleb sotsiaalse, poliitilise ja administratiivse keskkonna ning selle mõju avaliku sektori majandusarvestuse arengule. Majandusarvestuse reformi etapiline käsitlus võimaldab majandusarvestuse reformi jagada etappidesse.

Artiklis analüüsitakse lähtudes etapilise lähenemise teoreetilistest seisukohtadest KOV-de arvestussüsteemi arengut läbi Eesti majandusarvestuse kolme arenguetapi -

sissejuhatava (1990-1994), süsteemi loomise (1995-2002) ja süsteemi arenduse (alates 2003) etapi. Sissejuhatavas etapis kujundas arvestuse arengut 1990. a. vastu võetud raamatupidamise põhimäärus, mis rakendas esmakordselt turumajanduslikke majandusarvestuse põhimõtteid Eestis. Riik ja KOV-d kohustusid nimetatud põhimääruse järgi majandusarvestust pidama vastavalt rahandusministeeriumi juhenditele ja soovitustele. Üldiselt ei pööratud siiski KOV-de majandusarvestusele esimeses arenguetapis olulist tähelepanu.

Süsteemi loomise etapis lähtuti 1995. a. jõustunud raamatupidamise seadust. Kuigi nimetatud seadus reguleeris ka KOV-de majandusarvestuse põhimõtteid, said KOV-d täpsed juhised majandusarvestuse pidamiseks rahandusministeeriumi määrustest. Esimene rahandusministeeriumi määrus anti välja 1995. a. ja selle abil püüti esimest korda rakendada KOV-des erasektori tekkepõhist arvestusmudelit. Kuni 1998. a. kasutati avalikus sektoris majandustehingute kajastamiseks tekkepõhise ja kassapõhise arvestuse segasüsteemi, alles seejärel mindi täielikult üle tekkepõhistele arvestuspõhimõtetele.

Süsteemi arenduse etapis hakkas 2003. a. kehtima raamatupidamise seaduse uus versioon, mis pöörab varasemast enam tähelepanu ka riigi tasandi majandusarvestusele. Vastavalt raamatupidamise seadusele korraldab riigi raamatupidamiskohustuslaste raamatupidamisarvestust rahandusministeerium, kes kehtestab riigi raamatupidamise üldeeskirja. Riigi ja KOV-de raamatupidamise aastaaruanded peavad raamatupidamise seaduse kohaselt sisaldama täiendava aruandena vastavalt riigieelarve või KOV eelarve täitmise aruannet. Kokkuvõttes on avalik sektor võtnud järjest enam kasutusele üldtunnustatud erasektori arvestuspõhimõtted. Peamiseks avaliku sektori ja erasektori arvestuse erinevuseks on avaliku sektori raamatupidamisarvestuse seotus eelarvestamisega.

Tuginedes KOV-de majandusarvestuse arengu analüüsile võib väita, et õiguslik regulatsioon on olnud peamine majandusarvestuse muutusi motiveeriv tegur. Takistavad tegurid olid selgusetus ja ebastabiilsus tekkepõhise arvestuse sisseviimisel, KOV-de raamatupidajate piiratud teadmised tekkepõhise arvestuse põhimõtetest, vähene KOV-de ametnike koolitus ning nõrk ministeeriumite poolne kontroll. Eesti KOV-de majandusarvestuse arengut motiveerivate teguritena võib käsitleda integreerumist Euroopa Liiduga, uue haldusjuhtimise (NPM) põhimõtete rakendamist, tugevat erasektori arvestuse mõju ja audiitorite poolt esitatavaid nõudmisi.

ENTREPRENEURSHIP POLICY IN ESTONIA

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Abstract

The main task of this article is to explore the entrepreneurship policy in Estonia. The idea proceeds from the book by Lundström and Stevenson (2001)[1], in which the authors describe, analyse and discuss the development of entrepreneurship policy in ten economies — six EU Member States[2] and four members of APEC. In some respects, this article strives to be a "missing chapter" in the aforementioned book concerning entrepreneurship policy in Estonia. It should be considered as an attempt to apply their approach to a country without a long history in SME development. The article starts with an overview of the theoretical background and goes on to examine entrepreneurship policy (or even economic policy) in Estonia. Examination of SME / entrepreneurship policy documents shows that Estonia is moving towards entrepreneurship policy, but with certain minor reservations. The current Estonian entrepreneurship policy may be regarded as a combination of an extension to SME policy and a holistic policy, the trend of development is towards the latter. The "old" (effective in 2002–2006) policy was almost SME policy and has been mentioned as a basis in the new (for 2007–2013) policy document, which is being prepared now. The policy structures followed the vertical model in the period 1996–2000 (and also earlier), but now Estonia is moving towards a horizontal or multi-ministerial model.

Introduction: Entrepreneurship and Entrepreneurship Policy

In order to speak about entrepreneurship policy, we should look behind the two words — entrepreneurship and policy, but in-depth look into these broad phenomena seems impossible for the scope of a conference paper.

The term entrepreneurship is widely used nowadays, standing for a phenomenon and/or for an academic discipline (field of research and studies). In some cases it is useful (or even necessary) to distinguish between them. When we look at characterisations of entrepreneurship in academic literature, some authors use word(ing)s like eclectic (Verheul et al 2001) or lacking a conceptual framework (Shane & Venkataraman 2000), etc. Certainly, this does not sound good for a "solid" academic discipline, but it is very disputable for a phenomenon, because entrepreneurship (or entrepreneurial behaviour) is probably as old as mankind. Nevertheless, there is still no unambiguous definition of entrepreneurship. Of course, such a statement could be criticized, especially by those scholars who have proposed a definition for entrepreneurship.

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[1] "Patterns and Trends in Entrepreneurship / SME Policy and Practice in Ten Economies - Volume 3 of the Entrepreneurship Policy for the Future Series", issued by the Swedish Foundation for Small Business Research.
[2] EU stands for the European Union and APEC for the Asia-Pacific Economic Cooperation.

Because defining of entrepreneurship has been challenging for many scholars, there are many definitions. So the problem does not consist in the lack of definitions. As Davidsson (2003) wrote, "the literature is full of definitions of entrepreneurship, which differ along a number of dimensions …". This means that there is still a long way to go to a common definition and (more importantly) to a common understanding of entrepreneurship. Speaking about entrepreneurship, some authors like Acs (2005), Busenitz et al (2003) and Richtermeyer (2003) have used the phrase "emerging field" (or "themes"). So far we cannot speak about a consistent, universal theory in entrepreneurship; it consists of several different disciplines, such as psychology, sociology, regional science, economics, etc, and there is no common theoretical framework to synthesize these different approaches. (Virtanen 1997). Considering this, it is not surprising that there is still no unambiguous definition.

At the time, some scholars are more positive about entrepreneurship. For instance, Richtermeyer (2003) points out that entrepreneurship is continuously evolving and also expanding. Davidsson (2003) perceives progress in entrepreneurship research, relying mainly on important works in entrepreneurship, which increasingly appear in highly respected, mainstream journals. Behind this he sees conceptual development that attracts attention. Davidsson also refers to compiled handbooks, providing the field with more of a common body of knowledge (ibid). Thus we can conclude that the "emerging field" is promising, as Shane and Venkataraman (2000) pronounced.

The other word is policy. Avoiding a long (and probably not as fruitful) discussion about policy (or even economic policy) in general, it will be useful to go directly to entrepreneurship policy and start from its roots.

Audretsch (2002) has stated that (new) entrepreneurship policy has grown out of traditional SME[3] policy, but is different from its precursor. He sees two important distinctions in current entrepreneurship policy: Firstly, it focuses on enabling, rather than constraining of economic actors. The second is new orientation, which differs from traditional SME policy. This is caused by the changed role of entrepreneurship in society. During the post-World War II era, the importance of entrepreneurship seemed to be fading, but nowadays entrepreneurship has been recognised as the driving engine of economic and social development. Audretsch (ibid) also brings out two fundamental shifts in entrepreneurship policy. The first one is the policy focus. The "old" constraint approach was sensible as long as the main issue was restraining of large firms in possession of considerable market power. The new policy approach focuses on enabling the creation and commercialisation of knowledge. Such policies usually stimulate research and development (R&D), venture capital and new-firm start-ups. The second is the locus of these enabling policies. Downsizing of government agencies in charge of regulation of business has often been interpreted as the eclipse of government intervention. At the same time, a broad spectrum of enabling policy initiatives, presented during the last decade, fall outside the jurisdiction of traditional regulatory agencies.

[3] SME stands for small and medium enterprises (or entrepreneurship) or small business

Lundström and Stevenson (2001) also speak about evolution from SME policy to entrepreneurship policy and refer to facts that some governments have focused on traditional SME policy for a longer period of time than others, policy development has progressed through a series of waves, and the move to entrepreneurship policy is quite recent. They (ibid) also provide a historical overview on SME policies. In 1953 the USA passed a specific Small Business Act and founded the Small Business Administration (SBA). In 1954 the Taiwan government formulated its initial SME policy to address the financing needs of SMEs, but an institution (SME Guidance Office) was founded in 1966 — thus much later than the SBA in USA. In 1954 the Netherlands Government published its first White Paper on SMEs.

Comparing the chronology presented above to another — courses in the field of SME and entrepreneurship — we can observe concurrences, which are probably not incidental. In 1953 Peter Drucker started his first Entrepreneurship and Innovation course at New York University; in 1954 the first MBA small business course was offered at Stanford (eWeb 2006). The same was also stated by Cooper (1998). This leads to a logic conclusion: entrepreneurship policy is as old as entrepreneurship, but two reservations should be made here. First, this concerns the academic discipline, not the phenomenon; and second, concerning the given period, we should talk about SME policy, not about entrepreneurship policy.

As seen above, entrepreneurship policy is a relatively new phenomenon. According to Audretsch (2002), the main difference between (traditional) SME policies and entrepreneurship policies is that the latter have a much broader focus. SME policies are mostly targeted at existing enterprises and the instruments are designed to promote their viability; entrepreneurship policies include also potential entrepreneurs. It means that entrepreneurship policies are more process-oriented but SME policies are focused on organisational units on the enterprise-level. Entrepreneurship policies encompass multiple organisation units, ranging from individuals to enterprises, as well as clusters or networks, which might involve a sectoral and/or spatial dimension — a city or region, or even country. At the same time Audretsch (ibid) considers it important to emphasise that SME policy still remains at the core of entrepreneurship policy, but the latter tends to be more systematic.

Proceeding from this, Audretsch (2002) points out another distinguishing aspect. Traditional SME policies were implemented by ministries or specific government agencies. Such institutions exist in (almost) every country and by now there are well established policy instruments to promote SMEs, but there are no institutions for the promotion of entrepreneurship. Entrepreneurship policies cover a broad spectrum and belong to a number of ministries/agencies, from education to immigration, trade, etc. Thus, no agency exists (and probably cannot exist) for entrepreneurship policy.

Audretsch (2002) also mentions a common problem in SME policy (and research) — it is the actual definition of SMEs, which varies considerably across countries, ranging from enterprises with less than 500 employees in some (the most developed) countries (such as the USA and Canada) to less than 250 employees in the EU or to 50 employees in some developing countries.

Lundström and Stevenson (2001) also note that up to the early 1990s, the SME development was usually driven by acute problems in economic development, such as high unemployment, downsizing of large corporations, etc. During the past decade the situation has stabilised, but there is a growing recognition that dynamism, innovation and entrepreneurship are central elements in transition to an "entrepreneurial" economy. The concept of "entrepreneurial economy" has been taken from Audretsch and Thurik (2004[4]) and is a contradistinction from "managed" (or traditional) economy. The differences between these two types of economies have been presented in Table 1.

Table 1 Differences between entrepreneurial and managed economy

Category	Managed economy	Entrepreneurial economy
Underlying forces	Globalisation	Localisation
	Continuity	Change
	Jobs or high wages	Jobs and high wages
External environment	Stability	Turbulence
	Specialisation	Diversity
	Homogeneity	Heterogeneity
How firms function	Control	Motivation
	Firm transaction	Market exchange
	Competition or cooperation	Competition and cooperation[5]
	Scale	Flexibility
Government policy	Constraining	Enabling
	Output targeting	Input targeting
	National locus	Local locus
	Incumbent	Entrepreneurial

Source: Audretsch and Thurik 2004

For comparison, Pages et al (2003) provide a (somewhat wider) approach to four waves of regional economic development thinking. Comparing these approaches we can notice a general concordance, or at least no serious dissention. As Audretsch and Thurik (2004) do not (at least not clearly) set the time boundaries for their periods[6], the main difference seems to be in the timescale. This is mainly because of the first wave, which is jutting forth. Another open issue is about the 30–40-year-long "grey" period between the first and the second waves. At the same time we can notice that the essential content of the second and the third waves (and in some respect also the first wave) resembles the attributes of managed economy.

[4] Lundström and Stevenson (2001) actually refer to an earlier (2001) publication of Audretsch and Thurik ("What's New about the New Economy? Sources of Growth in the Managed and Entrepreneurial Economies" Industrial and Corporate Change, 10 (1)), but here I use their later publication, which contains some further developments of their ideas.

[5] A new term "co-opetition" is also used for such symbiosis (author)

[6] In fact, Audretsch and Thurik (2004) see the different types of economy as periods, but particularly the beginning of managed economy has left open. Characterizing this period, they refer to publications dating mainly from 1960s, but also Coase's seminal (1937) article.

Describing the path to entrepreneurship policy, Lundström and Stevenson (2001) underline the basis for entrepreneurship policies — the efforts to increase the supply of entrepreneurs in the economy and thus the number of new firm entries. According to their view, governments develop the SME sector using a set of policies – Policy Mix, which change in content over time.

A traditional policy mix consists of four elements (ibid):
1) Ensuring efficient functioning of markets and institutions through the adjustment of legislation and regulations;
2) Provision of information and advice;
3) Provision of debt and equity financing;
4) Provision of tax incentives.

As a certain government moves towards entrepreneurship policy, the mix broadens to encompass another four elements (ibid):
5) Elimination of barriers to entry;
6) Promotion of entrepreneurship;
7) Entrepreneurship education;
8) Creation of new structures, products and services to meet the needs of new starters and under-represented target groups.

In addition they (ibid) mention that movement towards entrepreneurship policy will be associated with promotion of entrepreneurial culture. Also they accent the access to seed financing and other start-up support and note that in this movement different governments (countries) display considerable diversity in how, and to what extent, entrepreneurship policy elements are being applied and implemented. (ibid)

To sum up the overview, I would like to provide a compact definition of entrepreneurship policy. Because the following discussion will rely mainly upon the approach of Lundström and Stevenson (2001) and their definition has been cited in many publications, I shall proceed from their definition.

Lundström and Stevenson (2001) define entrepreneurship policy in four clauses:
- policy measures taken to stimulate entrepreneurship,
- that are aimed at the pre-start, start-up and post-start-up phases of the entrepreneurial process,
- designed and delivered to address the areas of Motivation, Opportunity and Skills,
- with the primary objective of encouraging more people to start their own businesses.

We should recognise that entrepreneurship policy (in the contemporary sense) is a complex, interrelated multidisciplinary phenomenon and thus it is not an easy task to provide an unambiguous definition. Thus the situation is similar to the definition of entrepreneurship. Of course, such a statement could also be criticised.

Types of Entrepreneurship Policy

Lundström and Stevenson (2001) have not built their typology of entrepreneurship policy on "an empty place". They refer to Verheul et al (2001), who outlined five types of policy intervention influencing entrepreneurial activity. These types are briefly referred to below (ibid).

Type 1 — demand side intervention that (in)directly impacts the type, number and accessibility of entrepreneurial opportunities. Some of these policies help to create demand for entrepreneurship (like policies stimulating technological developments and income policy); others enable small firms to make use of the space created by market demand (like competition policy and establishment legislation).

Type 2 — intervention to affect the supply (or pool) of potential entrepreneurs at the aggregate level, influencing the characteristics or the number of people within the population. This includes immigration policy, regional development policy (dealing with (sub)urbanisation processes), also fiscal treatment of families with children, including family allowances or child benefits.

Type 3 — intervention that impacts the availability of resources, skills and knowledge of potential entrepreneurs (these are all internal individual characteristics that can be acquired or developed through training or education). The intervention aims to overcome finance and knowledge gaps by increasing the availability of financial and other (informational) resources. This includes stimulating venture capital, also providing direct financial support and relevant business information (advice and counselling), and offering entrepreneurship education in schools. These policies can also be typified as input-related policies, since they refer to both material (financial capital) and immaterial (knowledge) inputs in the entrepreneurial process.

Type 4 — intervention that works through the preferences of individuals to become an entrepreneur. Preferences of people, as expressed through values and attitudes, are developed during upbringing. Although preferences are culturally determined, government intervention may help to shape positive attitudes towards entrepreneurship by introducing entrepreneurship elements in education and paying attention to entrepreneurship in the media. These policies are characterised by a broader role for government, including the educational system and overlapping with culture.

Type 5 — intervention, directed at the decision-making of potential entrepreneurs, influencing opportunities, resources, ability, personality traits and preferences, and the risk-reward profile of entrepreneurship. Relevant policies include taxation and labour market legislation regarding hiring and firing (determining the flexibility of business and the attractiveness of starting or continuing a business), also bankruptcy policy. These are generic macroeconomic policies that apply to all economic actors.

The most important contribution of Lundström and Stevenson (2001) consists in discovering a set of different entrepreneurship policy orientations and organising them into a set of Entrepreneurship Policy Typologies.

Briefly these Entrepreneurship Policy Typologies are (ibid):

- **SME Policy 'Extension'** — focusing on starting and new firms or broader stimulation of entrepreneurship is 'an add-on' to existing SME programmes and services (where it tends to be somewhat marginalised and weakly resourced), the broader areas of regulatory barriers to entry, entrepreneurship education and promotion of an entrepreneurship culture are not normally strategically addressed.

- **'Niche' Entrepreneurship Policy** — targeted entrepreneurship efforts are formulated around specified population groups. There are two types of 'niche' policies:
  1) targeted on groups that are under-represented as business owners — women, youth, ethnic minorities, unemployed, or Aboriginals, etc;
  2) targeted on people with the highest potential for starting high-growth firms — researchers, inventors, university graduates, people with technology experience, etc. — a 'techno-entrepreneurship policy' because the focus is on R&D support, venture capital support, university-based incubators and incentives for graduates and researchers to build technology-based firms.

- **New Firm Creation Policy** — focusing on facilitating the business creation process, could include a review of business creation processes and procedures, a reduction in the time and costs associated with the business registration process, facilitation of the start-up process through the creation of one-stop shops and streamlined delivery of information and advisory services, etc; efforts are also devoted to encouraging start-ups among specific target groups like women, etc.

- **Holistic Entrepreneurship Policy** — cohesive approach, encompassing all of the policy objectives and measures and integrating other E-policy[7] types.

Lundström and Stevenson (2001) point out a quite common problem related to such typologies — the real objects (in this case the countries or governments or policies) do not fall neatly within these types. In other words, in real life we may not find any country with purely one or another type of policy. It means that there may be certain combinations and the situation (or "picture") is probably changing over time.

Structures of Entrepreneurship Policy

Audretsch (2002), referred to above, argued that there are no single institutions able to promote entrepreneurship or implement real entrepreneurship policies because they cover a wide spectrum and thus should belong to a number of ministries or agencies. Lundström and Stevenson (2001) affirm that all SME and entrepreneurship policy measures are designed and implemented through different structures. According to their findings every government[8] has a unit responsible for small business / entrepreneurship agenda and these differ in name, size, ministry location, mandate, scope of responsibility and influence.

[7] E-policy stands for entrepreneurship policy here, but prefix "E-" or "e-" is (more often) used also for electronic (or virtual) and thus the usage of such abbreviation may be confusing.
[8] Their research covered ten countries.

Irrespective the structural diversity, Lundström and Stevenson (ibid) noted three prevailing structural approaches, each with its strengths, problems and challenges.

Briefly, the three structural approaches are (ibid):

- ***umbrella agencies with special authorities***. Can effectively influence activities of other departments and target their actions on the SME sector, but (because the responsible agency has own programmes to manage) the management may take a lot of time. Over time, this could result in a more vertical than horizontal focus.
- ***horizontal, multi-ministerial models***. One ministry co-ordinates E-policy, but has a plenty of consensus and co-operation. The policy agenda tends to be transparent and coherent; usually is presented in one document that combines the objectives and measures being pursued by each co-operating ministry, but programme and service delivery is very much devolved to the regional or local level.
- ***vertical or 'silo' models***. Responsibility for different parts of E-policy is split among several departments, each responsible for its sector, region or objective, with minimal collaboration in an integrated manner. Policy objectives are crushed along bureaucracy and buried in documents of several government departments. Each department focuses on its own agenda, which does not support a coherent and integrated policy. Any entrepreneurship development activity tends to take place at the local or regional level with minimal national guiding frameworks.

It is easy to agree with Lundström and Stevenson (2001) that the vertical model has more disadvantages and the umbrella and horizontal models aim to overcome them. In addition they (ibid) note that there is still a lot of experimentation in search of the optimal structure, frequent attempts at restructuring and rationalizing, but structures are difficult to change and often governments end up with 'more of the same'. Because a cohesive E-Policy is impacted by a number of government policy areas, a horizontal approach makes sense, but strong central leadership is also needed. They have noted that the more integrated E-policy becomes in a government's agenda, the more horizontal is its approach.

Regardless of structure, there are a series of challenges to overcome (ibid):
- managing the horizontality of policy issues across many government departments,
- coordinating the activity of different levels of government from federal to local,
- maintaining links between policymakers and entrepreneurs,
- maintaining links between research and policy and between policy development and local, programme delivery,
- maintaining linkages with the network of non-profit and private sector actors.

Summing up with E-policy structures, they (ibid) point out that "sharing a common vision for entrepreneurship development and ensuring that all policymakers and support providers have the knowledge and skills they need to serve the small business client is a big challenge." Also they emphasise the continuity of effort. If normal government terms of office are short and/or there are frequent changes in the government, it is difficult to maintain a steady (E-)policy course.

Entrepreneurship Policy Measures and Initiatives

Summarising the theoretical overview, Lundström and Stevenson (2001) outline the major categories of action in an E-policy agenda. These categories fall within the collective framework of entrepreneurship policy measures and include (ibid):
1) regulatory environment for start-ups,
2) promotion of entrepreneurship,
3) entrepreneurship education,
4) small business support infrastructure,
5) target group strategies,
6) access to financing and seed capital.

For some categories (or areas) they provide more detailed subdivisions. For instance, a comprehensive entrepreneurship education programme requires (ibid):
- inclusion of entrepreneurship as a component in national curriculum guidelines;
- development of curricula, teaching resources and teaching models that emphasize student-centred learning and 'hands-on' project-oriented activities;
- professional development of teachers;
- building of resource centres and networks for the exchange of best practice;
- business-education partnerships;
- entrepreneurial orientation of schools and administrations;
- building of community support;
- opportunities for students to experiment with venture projects and activities;
- student venture programmes and student business loans;
- significant budget allocations;
- commitment from both ministries (economic affairs and education).

Under the small business support infrastructure they point out some of the emerging innovations and approaches geared to reducing the barriers of new entrepreneurs and business starters to information, know-how, networks, expertise, advice on quality, etc.
These are (ibid):
- one-stop shops;
- online portals;
- mentoring;
- incubators;
- target group enterprise centres;
- professional development for business advisers;
- orientation for all professional actors (beyond the business advising community);
- networks (some governments have specifically made this an E-policy issue).

In order to remain within the scope of a conference paper, in-depth discussion of all these major categories or areas is not possible, but most of them will be examined in the subsequent analysis of entrepreneurship policy in Estonia.

Entrepreneurship Policy in Estonia

This part will examine the actual entrepreneurship policy (or in some context even economic policy) in Estonia. The theoretical overview presented, which summarised the best practices in developed countries, is taken as a normative basis. The structural example is taken from Lundström and Stevenson (2001), but the analysis is presented in a much more compact format.

Estonia is a small country — the population in 2005 was ca 1,332 thousand, the total area ca 45 thousand square km. Estonia attained independence in 1918, but was forcibly incorporated into the USSR in 1940. Estonia regained its freedom in 1991 with the collapse of the Soviet Union and joined NATO and the EU in the spring of 2004. Estonia has performed an effective transition to a modern market economy with strong links with the West, including the pegging of its national currency to Euro. The current account deficit remains high; however, the state budget has had a surplus in the recent years. GDP per capita (purchasing power parity, in 2004) was USD 14,300, which is 53% of the EU average (USD 26,900), but the Gini index is 37, which is much higher than the average index of EU countries (31.2). The GDP composition in 2004 was: agriculture 4.1%, industry 28.9% and services 67%. From the total labour force (ca 660 thousand), 11% was occupied in agriculture, 20% in industry and 69% in services. (CIA 2005)

Before Estonia regained freedom, its economy developed in the context of a system, which is different from countries examined by Lundström and Stevenson (2001). According to Kilvits (2002), at the end of 1930s the Estonian industry was rather competitive; it standards were nearly equal to Finland (the neighbouring country, which is an advanced industrial country today), but the natural evolution of Estonian industry was interrupted by the Soviet occupation. The industrial policy of the Soviet Union was paternalistic and extremely centralised with strong interventions in local production patterns, migration flows and financial redistribution (Jauhiainen & Ristkok 1998). When Estonia regained freedom (in 1991), its economy was in a structural crisis: the structure that had developed during the Soviet occupation did not fit the new situation. In fact, the Estonian industry was a set of enterprises located on the Estonian territory. During the independence, all Estonian governments have pursued a very liberal and un-protective industrial policy. This was not because of a clearly formulated ideology, but simply because Estonia had no choice. (Kilvits 2002) But nevertheless, there are different opinions. For instance, de Jager et al (2001) distinguish two stages in the post-Soviet economic development of Estonia. The first (1991-1997) was “wild West capitalism”, without too much rules and government intervention and without a strong business support infrastructure. From 1999 onwards, they notice a tendency towards more strategic planning, stronger government intervention and stronger business support services. This is not only because of an internal paradigm shift: the accession to the EU and the implementation of pre-accession programmes (like PHARE) are also important in this respect. They also point out a problem – the wish for stronger economic development policies conflicts with the very strict monetary policy, aimed at low taxes. (ibid) The author agrees more with the latter opinion.

In developed industrial countries a special policy focus on SMEs appeared at the end of 1970s. At that time Estonia was a part of the Soviet Union, where the common ideal was a large plant. Despite of the ideal, there were smaller firms, which meet the current SME criteria by the number of employees. So it might seem possible to speak about SMEs in the Soviet system, but none of the "socialist enterprises" (neither small nor big) met another important criterion — the autonomy. It seems somehow paradoxical, but the in the middle of 1980s the Soviet authorities understood the positive experience of Western countries and started to promote small "socialist" enterprises. A special legislative act was passed at the end of 1986 and a number of small state enterprises were founded. Private ownership was not yet accepted this time, but these enterprises had more freedom than "normal" (large) socialist enterprises. (Kuura 2001) It means that the Estonian SME policy has its roots in the late Soviet system, in the period called *perestroika*. In addition, at about the same time private business was legalised, but only in the form of co-operatives and self-employment. Estonian people were quite keen to use these new possibilities and this had a certain positive impact on the development of entrepreneurship after the regaining of freedom (ibid).

During the first years of independence the economic policy of Estonia was oriented to minimal intervention. In rhetoric, all political forces declared support to business, sometimes (but not always!) specifically to small (and medium) business, but at the beginning there was not much beyond the rhetoric. However, developments started to appear. In 1994, State Support of Enterprise Act[9] was passed. This created a legal basis for SME support, but it took some years before it was followed by more serious state budget allocations. But it is already possible to speak about SME policy in that period. Here I would like to point out two specific issues regarding the origin of SME policy in Estonia. First, the process got a strong impact form abroad (from foreign countries and international organisations). During 1992–1998 a Swedish organisation NUTEK implemented a project "Support to Regional Development in Estonia through Business Development". In parallel, an EU project "Technical Assistance for SMEs in Estonia" was implemented and there were more similar initiatives (Lindahl 2002). These projects forced Estonian authorities to start the formulation of SME policies. The second specific aspect is close relation to regional policy. As Lindahl (ibid) wrote, the projects must be seen in the context of Estonia's young and shifting framework of regional development. According to Jauhiainen and Ristkok (1998), the regional disparities appeared at the very beginning of the transition period and the new government (from 1992) even acknowledged the necessity of regional policy activities, but no public funds were assigned. Even the few regional policy measures like regional tax reductions were cut off, mainly because they did not fit the *laissez-faire* ideology. Another reason was inefficiency: the benefits, like establishment of new businesses in depressive regions, were minor compared to the costs like decrease in budgetary revenues. As a conclusion (ibid), the main target of regional policy in this period was business development and other priorities were almost forgotten.

[9] This act did not mention small or medium enterprises but set criteria for enterprises eligible for support: up to 80 employees and this was *de facto* criterion for SMEs in Estonia until 2000.

The aforementioned international (foreign aid) initiatives had a significant influence also on the development of SME policy structures in Estonia. According to Lindahl (2002) the abovementioned initiatives started to develop such structures in Estonia. The main aim of the NUTEK project was to support the establishment of three regional business centres, located in Võru, Viljandi and Jõhvi. This initiative was a pioneer in terms of efforts to stimulate private small businesses in economically depressed areas. It was inspired by the "Swedish model" as the key persons have extensive personal experience from Sweden. In 1993 the EU PHARE programme started to support the creation of Business Advisory Service (BAS) Centres – four centres were established in major Estonian cities Tallinn, Narva, Tartu and Pärnu. In 1993 also a programme "Estonian Jobs and Society" (J&S) was initiated and under this (initially provided with Finnish support) programme, business centres were established in Tallinn, Harjumaa, Saaremaa and Hiiumaa[10]. The ideology of J&S was based on the concept that larger businesses would promote establishment of smaller enterprises. Besides these initiatives, some Estonian counties (those which were not covered by any of these three programmes) established their "own" business centres – this happened in Paide, Rapla and Haapsalu. The difference between the two bigger programmes (NUTEK and PHARE) consists in locations. The PHARE centres were located in main cities where the development of small entrepreneurship was the highest in Estonia, unlike NUTEK centres which were located in depressed regions. Lindahl (2002) also notes that four types of centres had different approaches, objectives, organisational cultures, financing and external ownership. PHARE centres were administratively under the Ministry of Economic Affairs, the NUTEK centres under the Ministry of Internal Affairs and the J&S centres mainly under the local or regional authorities. The PHARE centres were initially set up to eventually become self-financing (like private service providers), while the NUTEK centres were designed to be government agencies. The PHARE centres were assumed to be self-contained, while the NUTEK centres were based on a philosophy of small core staff and buying services from a network of consultants. Also the resources varied considerably – while the original NUTEK centres and the PHARE centres were relatively well financed, the J&S and the "county" centres generally were plagued by limited resources. The need to consolidate these diverse centres was felt in Estonia and amongst the donors. (ibid) As noted before, the SME policy in Estonia emerged in close relation to regional policy and thus it is probably not surprising that the same concerns also the structures – the SME support system.

In late 1996 the Estonian government started to form an "umbrella" for the business centres (and also other regional programmes). In May 1997 the Estonian Regional Development Agency (ERDA) was established with two key functions: 1) implement the government's regional programmes and 2) implement the programme for small and medium enterprises *Business Support Network*. (Lindahl 2002)

[10] Thus, two similar (BAS and J&S) centres operated in Tallinn, and were mainly competing. The cited source does not mention the Pärnu J&S center, which was probably in the oddest situation – two centres shared a room and partially even equipment and supporting staff. This information is from first-hand source as the author was the manager of the Pärnu BAS centre.

As a part of this reform, various business centres were organisationally harmonised. ERDA's strategy was to assure "minimum services" through a business centre in each county of Estonia, and in Tallinn. These services would be provided through a contractual arrangement between the centre and ERDA. The centres would become independent foundations, set up by county governments and with representation of local interest groups like municipalities and local entrepreneurs in their boards. The contract implied that ERDA would finance these "minimum services"; the centres would be free to undertake own initiatives and find financing for additional services from other sources. (ibid) Because credit was a big problem for most (new) SMEs in this period, a special credit scheme was also introduced. The role of the Centres was to assist in the supply of credit by assisting SMEs in preparing business plans and (once a loan had been approved by ERDA) monitoring the use of the credit. (ibid)

The reformed Business Support Network (BSN) functioned quite well, but some problems emerged. As noted in the PHARE (1999) report, there was a dramatic plurality of institutions supporting small business: in addition to BSN (and ERDA), a number of private organisations (Chamber of Commerce and Industry, Estonian Small Business Association, etc) and also public organisations (Investment Agency, Trade Promotion Agency, Technology Agency and Tourism Board). Therefore the report (ibid) suggested that "… it is time to change from quantitative to qualitative development of the institutions …" This was realised also by the government and another reform began: a new organisation "Enterprise Estonia" (EE) was established in September 2000. This was also an "umbrella", but much wider than ERDA. The latter was also incorporated into the new organisation in July 2001. The task of EE is to support the development of Estonian entrepreneurship by implementing approved and effective public measures. EE is a foundation subordinated to the Ministry of Economic Affairs and encompasses all aforementioned agencies. Until now EE has undergone reorganisations, but is still acting according to almost the original model, providing financing, advice, partnership opportunities and training to entrepreneurs, research and development institutions and the public and third sectors. (EE 2006)

The reformed SME support system has a transparent structure, consisting of three agencies. In addition to aforementioned EE, the structure includes the Credit and Export Guarantee Fund "KredEx", which aims to improve financing of small and medium enterprises and to decrease export-related credit risks[11]. (KredEx 2004) The third part of this structure is the Rural Development Foundation (RDF), which was founded by the Ministry of Agriculture in 1996. The purpose of RDF is to support economic development in Estonian rural areas through specific programmes. The main tools are long-term loans, granting of leases and specific support services (RDF 2006). So there is still some overlapping, the reason of which is probably the *lobbying* of some political parties, which have a significant electorate in rural areas and among farmers. KredEx and EE are independent institutions, but in fact they are closely related and co-operate. During the reform there was a proposal to have one institution instead of two, but the main reason for having two separate institutions was (and still is) to ensure the transparency of state funding and guarantees.

[11] KredEx has also an additional function — to enable individuals to build and renovate homes.

In October 2003 the previous subunits of EE were reorganised into three divisions: the Business Start-Up Division, the Business Development Division and the Business and Living Environment Division. The structural change was based on updated strategy, which stipulates that the priorities are to support newly-established enterprises, enhance and develop existing enterprises and develop entrepreneurship and living environments on a regional level. (EAS 2003) The previous structure of EE was functional; the new one is divisional, based on client groups. Surely the new structure allows ensuring stronger service and client orientation. Besides the internal structure of EE, changes involved the network — its contractual partners in counties were reorganised into Development Centres[12] (ibid).

The development of the SME support system is surely an ongoing process and will never end, but in Estonia the process will probably be normal and evolutionary in the foreseeable future. It is possible to discern different periods in this development process (see Table 2). When the source was published in 2001, the last bigger reform was ongoing and it was difficult to anticipate its results. So the end of the last (III) period was left open and it is actually still open.

Table 2 Periods of Development of the SME Support System in Estonia

Periods / years		**Main characteristics**
I	Until 1996	Foreign initiative and support, absence of coordination
II	1996 – 2000	Domestic state initiative and support, low coordination
III	Since 2001	Domestic state initiative and support, sufficient coordination

Source: Kuura 2001

In early 1990s the main goal of Estonian SME policy was the balancing of regional development, especially job creation in deprived areas. This policy has not been very successful because there are still significant regional disparities in Estonia and so far we cannot see a firm trend towards a positive change. Anyway, without this policy the situation could probably be worse. Looking at the developments in SME policy agenda in Estonia, we can refer to Lumiste et al (2004). They see three periods in SME and innovation policy development: until 1991, 1992–1997 and 1998–2004. The keyword for the first period was transition (from planned to market economy), the second was the formation period. The most essential is the third period, because the aim of SME policy became increasingly linked to improving the competitiveness of firms in domestic and foreign markets associated with a need for institutional harmonisation with EU requirements. In general there is no significant contradiction with de Jager et al (2001), but Lumiste et al point out another important direction — harmonisation with EU. In my opinion there was no rapid change in 1998 because the "European orientation" (also influence and support) could be seen earlier. The reason why Lumiste et al (2004) see the breakpoint in 1998 is probably in their speaking about SME and innovation policy and not making a clear distinction.

[12] Earlier, they were called "Enterprise Centres" or "Entrepreneurship Centres" – there are several possibilities to translate the Estonian word "*Ettevõtluskeskus*".

In my opinion these are closely related but not the same. However, I agree that with regard to innovation policy they (ibid) have placed the breakpoint correctly — in 1998 the National Innovation Programme was adopted, which promoted a more active and explicit innovation policy and set out a series of general priorities (like improvement of the quality of products and services; development of innovative products based on local R&D; creation of innovation networks). In addition the industry chapter of the National Development Plan (2000–2002) defines a series of measures for fostering innovation and new technologies. The government[13] has also prepared two programmes related to the National Development Plan: *Inno-awareness* program (aimed at raising awareness of innovation in the society) and *Spin-off* programme (aimed at commercialising the results of university research). (ibid) This will lead to closer relationship of Estonian SME (or entrepreneurship) policy to innovation (or R&D) policy and having "European" orientation (also influence).

At the beginning of January 2002 the Estonian Government approved the national policy for the development of small and medium enterprises for 2002–2006 – "Enterprising Estonia" (Ettevõtlik Eesti 2002). The primary agency responsible for its implementation is the Ministry of Economic Affairs and Communications with agencies in its administrative area, especially Enterprise Estonia. This national policy document contains a quite sizable overview and analysis of main problems and points out several remarkable strengths of Estonian (small) business environment (such as a relatively low tax burden and a simple tax system, good business service infrastructure and trustworthy banking, etc) and weaknesses (such as problems with financing, especially with start-up capital, relatively small co-operation network (in Estonia and internationally), limited domestic market, etc). The analytical part contains also an analysis of support measures applied in 1998–2000. The second part of the document defines the objectives, target groups and SME support measures. The main objectives include the promotion of enterprising spirit, job creation and competitiveness of Estonian SMEs; balanced regional development is emphasized. The objectives include the development of human resources, improvement of financing possibilities, creation of suitable environments (like incubators and technology parks), provision of information and simplification of business management. The target group is the whole SME sector, particularly start-ups, micro-, small and medium enterprises, and potential entrepreneurs. There are no sectoral preferences, but there is one exclusion — agriculture (ibid). This is understandable because the RDF has to serve agricultural businesses. The measures are divided into 13 groups and there are objective(s), target group(s) and description of support measure(s) defined for every subgroup. Implementation of most measures is the task of "Enterprise Estonia" and "KredEx", but implementation of some measures involves regional business centres, also the Ministry of Economic Affairs. Some measures (like the promotion of enterprising spirit) envisage the involvement of Ministry of Education and Research. (ibid) This is a trend in contemporary entrepreneurship policy.

[13] This source and some others refer to the Ministry of Economic Affairs, the official name of which is Ministry of Economic Affairs and Communications since November 2002.

Because the “old” (but still valid) national policy document covers the time period from 2002 to 2006, in 2005 the Ministry of Economic Affairs and Communications initiated the elaboration of a new entrepreneurship policy for 2007–2013. This has not been completed yet but a lot of work has been already done and the interim results have been presented in the third draft of the new policy document (Eesti ettevõtluspoliitika … 2006). This document drafts a quite ambitious vision: by the year 2013 Estonia will be the best place in the world for entrepreneurship (or business activities). Such vision should be supported by four main objective areas: 1) strong entrepreneurial culture, 2) legal environment favourable for entrepreneurship; 3) access to capital, 4) growth and international success of businesses. Also “horizontal” recurrent values have been pointed out, described with such keywords as sustainable development, cultural inheritance, regional balance and the social dimension. In the draft of the new policy document one can find some evaluation of the impact of “old” policy measures. For example, it states that the entrepreneurial activity level is still low — in Estonia we have merely about 30 acting businesses per 1,000 inhabitants[14], whereas in most EU countries this figure is about 50. (ibid)

Looking at the four objectives one can notice several new elements and elements of modern entrepreneurship policy. For instance, the area of entrepreneurial culture itself is quite a new term, compared to the previous policies. Planned activities in this area include promotion of entrepreneurship and innovation awareness among different groups of population, including students and teachers, researchers, opinion-formers and the media, civil servants and policymakers, entrepreneurs, investors and company managers, as well as general public. The planned activities include also the addition of entrepreneurship education to the curricula of general, vocational and higher education institutions, and the development of supplementary entrepreneurial training in order to increase the number of people with relevant knowledge for setting up and running of businesses. The area of development of a legal environment favourable for entrepreneurship includes such activities as development of a methodology for the analysis of the economic impact of legal acts, simplification of legislation in order to reduce the possible negative impact on entrepreneurs and the administrative expenses of entrepreneurs, also simplifying communication between enterprises and the government by creating “single shops”. The area of ensuring the access to capital for SMEs has an emphasis on venture capital; the planned activities include the development of a network of “business angels” (to direct their money and knowledge into local enterprises), creation of a public venture capital fund (which will offer equity loans to start-ups), also development of knowledge and skills of new and growing companies through training and consultation (in order to improve their ability to obtain equity and loan capital). The area of supporting the growth and international success of businesses includes activities like supporting Estonian SMEs in the training of their staff (including managers) in introduction of contemporary management methods, providing information and consultation in the fields of technology, entrepreneurship and internationalisation, and also supporting of internationalisation activities of companies (with emphasis on export support). (Eesti ettevõtluspoliitika … 2006)

[14] This indicator is also called „enterprise density" (index)

Concluding the brief overview of the prospective entrepreneurship policy in Estonia we should note that the elaboration process is not yet completed and therefore some changes may appear. However, the third draft version of the new policy document referred to does not look very "draft" any more. In fact, the incompleteness is clearly seen in one place only — some qualitatively defined indicators (for activities under the third objective) still lack the values. And finally, one more comment. The new policy (document) claims to be complete (document), but there is an exclusion: the relation to the research and development strategy. The new draft entrepreneurship policy document (Eesti ettevõtluspoliitika … 2006) states that "*Estonian Entrepreneurship Policy* and *Estonian Research and Development Strategy* are strategic documents complementing each other".

Discussion and Conclusion

The following discussion will attempt to position the Estonian entrepreneurship (or SME) policy in accordance with the typology of Lundström and Stevenson (2001). As they (ibid) wrote, the governments of the Netherlands and Finland have adopted the "entrepreneurship policy" lexicon and only occasionally make references to SME policy. Reading the new policy document (Eesti ettevõtluspoliitika … 2006) we can notice that it also speaks about entrepreneurship policy and the "SME lexicon" is used occasionally. It is possible to point out two types of such occasions: when referring to older documents or when addressing to SMEs as a specific target group of entrepreneurship policy. When reading the old policy document (Ettevõtlik Eesti 2002) it may also seem that it speaks about entrepreneurship policy but only on the surface. The short name of the document is "Enterprising Estonia", but the extension[15] should be translated into English as "National Policy for the Development of Small and Medium-sized Enterprises in Estonia in 2002–2006".

Because the linguistic approach may be inadequate[16], it is vital to look at it more practically. According to Lundström and Stevenson (2001), movement towards entrepreneurship should broaden the policy mix by encompassing such elements as elimination of barriers to entry, promotion of entrepreneurship and entrepreneurship education, and the creation of new structures, products and services for new starters and under-represented target groups. The new policy document (Eesti ettevõtluspoliitika … 2006) is targeted to elimination of entry barriers of activities under the objective of favourable legal environment. In fact, there is no strong emphasis on that but we have to consider that bureaucratic barriers are not high in Estonia. There is another barrier, however — financing of new ventures (Eesti elanike … 2004). Therefore a whole main objective in the new policy document is addressed to the improvement of access to capital. Another main objective (entrepreneurial culture) focuses on the promotion of entrepreneurship and entrepreneurship education.

[15] In Estonian: "Eesti väike- ja keskmise suurusega ettevõtete arendamisele suunatud riiklik poliitika 2002–2006"

[16] The new (draft) policy document is available only in Estonian and there may be a linguistic problem: usual term for "entrepreneurship policy" is „*ettevõtluspoliitika*", for "SME policy" „*väikeettevõtluspoliitika*". So the first part of the compound might be occasionally left out.

Looking at the issues related to the creation of new structures, products and services for new starters and under-represented target groups, we can find activities oriented to new and growing SMEs, some of which are intended for the creation of new structures and services — like the creation of a public venture capital fund. At the same time, the new policy document does not pay attention to under-represented target groups like female and minority entrepreneurs. On the other hand, we cannot say that the main (the Russian-speaking) minority group is totally out of attention. For example, a web portal[17] for entrepreneurs functions also in Russian.

Concluding with the question — is the new Estonian policy a real entrepreneurship policy or is it still a SME policy — it is possible to say that the answer should be yes, but some smaller reservations could be made. The next question to ask is: what type of entrepreneurship policy is it? This is not a simple question. The authors of the typology (Lundström & Stevenson 2001) have claimed that real policies do not fall neatly within types and this is also true about the Estonian one.

It seems that an appropriate way to answer the main question could be the exclusion of some types which do not fit the Estonian policy. The first type to exclude seems to be the 'niche' policy, especially the first subtype (targeted on under-represented groups). The second 'niche' subtype (targeted on the highest potential and growth) cannot be excluded so confidently — there are some signs of that, but not many. Going further with exclusion it seems to become more difficult and there is only one type which can be excluded in some respects — the new firm creation policy. However, this could be done with considerable reservation because of appreciable focus on new firm creation in Estonian E-policy documents. This concerns mainly the "old" (2002 – 2006) policy, but also the new draft document for 2007–2013.

Considering these exclusions, the Estonian entrepreneurship policy has to be a SME policy extension or holistic. Explaining their typology, Lundström and Stevenson (2001) note that they observed countries with longer histories in SME development and these are more likely to fall in the SME extension category; countries newer to the SME policy domain could move more quickly to the 'entrepreneurial' approach. Also they allude to possible combinations and to changes in the situation over time. It seems that the current Estonian entrepreneurship policy is a kind of combination of the SME policy extension and the holistic one and there is a trend of development towards the latter. Despite of the not so long history of SME policy, this was focused on in the first (valid in 2002–2006) policy, and the "old" (SME) policy has been expressly mentioned as a basis for the new (draft) policy document. Whether it is be appropriate to call the new Estonian policy holistic remains a matter of discussion — it is possible to find a lot of arguments for such evaluation, but possible opponents could find some arguments as well.

In addition to identifying the type of Estonian entrepreneurship policy we could also identify the type of the policy structure.

[17] In Estonian http://www.aktiva.ee, in Russian http://rus.aktiva.ee

Similarly to the policy, we should recognise that the Estonian system probably does not fit to any "pure" type of Lundström and Stevenson (2001) and there have been (and probably still are ongoing) significant changes over the time. Looking back at the overview provided on the SME support system (or structures) in Estonia, the system in years 1996–2000 (Table 2) seemed to be quite similar to the description of the vertical model. Before 1996 the same principle was used, but in a grotesque way — the subsystems were dominating over the whole. Although the ERDA was some kind of an "umbrella", several institutions were supporting small business. Since 2000 (when "Enterprise Estonia" was established) the umbrella agency model was actually introduced. Now Estonia is moving towards a horizontal or multi-ministerial model. These changes started in October 2003, when functional subunits of "Enterprise Estonia" were reorganised into divisions (by client groups), and branch offices in counties were reorganised into Development Centres. As the new strategy document envisages the involvement of Ministry of Education and Research, moving towards multi-ministerial model seem to be apparent.

Summing up, we can state that Estonia is moving towards entrepreneurship policy. This is evident in the draft of the new policy document. Hopefully this draft will be approved without significant changes and become a basis for the actual policy. As Lundström and Stevenson (2001) said, the countries newer to the SME policy domain could move more quickly to the entrepreneurial approach. So the Estonian case could be empirical evidence confirming their statement. The present compact study should be considered as an attempt to apply their approach to a country, which does not have a long history in SME development.

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Kokkuvõte

ETTEVÕTLUSPOLIITIKA EESTIS

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Artiklis antakse ülevaade Eesti ettevõtluspoliitika ja seda teostavate institutsioonide kujunemisest ning analüüsitakse poliitikat ja ka institutsioone. Analüüsi eesmärk on määratleda Eesti ettevõtluspoliitika ning institutsioonide tüüp vastavalt Lundström'i ja Stevenson'i (2001) esitatud tüpoloogiale. Nende tüpoloogia on kirjanduses suurt tähelepanu leidnud, kusjuures mõnedki autoriteedid (nt D. Audretsch) on arvamusel, et see tüpoloogia on laiendatav kogu majanduspoliitikale ning mõjutanud majanduspoliitilise mõtte arengut XXI sajandil. Eelviidatud monograafias vaadeldakse kuue Euroopa Liidu liikme ja nelja Aasia arenenud riigi poliitikat, kus on pikemaajalised traditsioonid väikeettevõtluspoliitika kujundamisel ja teostamisel. Käesolev artikkel on seega katse rakendada eelnimetatute tüpoloogiat (hiljutise) siirderiigi tingimustes, kus ei saa olla nii pikki traditsioone (väike)ettevõtluse arendamisel. Mingis mõttes tahab käesolev artikkel olla „kirjutamata peatükk" eelnimetatud monograafias, kuid konverentsiartikli maht ei võimalda monograafia peatükiga võrreldavat põhjalikkust.

Peamine teoreetiline lähtekoht on, et väikeettevõtluspoliitika ja ettevõtluspoliitika ei ole samastatavad: esimene on küll viimase alus, kuid viimane on märksa arenenum (sh üks ettevõtluspoliitika tüüp ongi „väikeettevõtluspoliitika jätk"). Autori arvates on Eesti üle minemas tõelisele ettevõtluspoliitikale, tüübiks „väikeettevõtluspoliitika jätku" ning tervikliku (holistliku) väikeettevõtluspoliitika kombinatsioon, kusjuures areng toimub viimase suunas. Seega võib Eesti juhtum olla empiiriliseks kinnituseks Lundström'i ja Stevenson'i (2001) väitele, et lühema väikeettevõtluspoliitika „ajalooga" riigid võivad olla kiiremad tõelisele ettevõtluspoliitikale üleminejad.

Vaadeldes (väike)ettevõtluspoliitikat teostavate institutsioonide arengut võib öelda, et kui aastatel 1996–2000 (ja ka varem) oli kasutusel vertikaalne organisatsiooniline mudel, siis nüüd ollakse üle minemas horisontaalsele mudelile, mis eeldab mitmete ministeeriumite jm asutuste ja organisatsioonide koostööd ühiste eesmärkide nimel. See kinnitab teoorias levima hakanud seisukohta, et tõelist ettevõtluspoliitikat ei saa teostada üks ametkond.

Viimaste suundumuste analüüsi põhiallikaks oli Eesti Ettevõtluspoliitika 2007–2013 viimane kättesaadav (kolmas) tööversioon, milles võib mõistagi tulla ka muudatusi. Kuigi autor loodab, et olulisi muudatusi enam ei tule ja uus poliitiline alusdokument võetakse vastu käesoleval aastal, võivad edasised arengud mõjutada artiklis esitatud seisukohtade paikapidavust.

Autori arvates võiks artiklis esitatu alusel edaspidi üritada süstematiseerida (Eesti) majanduspoliitikat ja seda teostavaid institutsioone.

PUBLIC SECTOR SUPPORT TO ADULT JOB TRAINING IN ESTONIA

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Introduction

Rapid technological change and the emergence of the knowledge society have changed the nature of economy and the demand for labour. There have been changes in the content of work as the specific, narrowly defined and routine tasks have been substituted with less standardized and more varied activities (Eamets *et al* 2003). The employees are not only expected to work productively, but also to be able adjust to the changing circumstances during their whole career (Bainbridge et al 2000). The changes in the demand for labour have created changes in the demand for education. Besides formal education, the importance of lifelong learning has increased significantly. As the demand for skills and knowledge of employees changes continuously, re-training the labour force during the entire working career of employees is necessary. Therefore adult education plays an important role in keeping the skills and knowledge of employees up to the standards required by employers.

Adult education is a wide concept including several types of education and it can be defined as an integral organised study process regardless the content, level and method of study where adults develop their skills, enhance knowledge, increase the level of technical or professional competence or change their behavioural habits with the aim of achieving their balanced development or participating in the processes of society (Jarvis 2002). Adult education can be divided into adult general education, job-related education and liberal adult education. The scope of this paper is limited to job-related education, which is also known as adult job training, as the most important of type of life-long learning. It includes all kinds of training programs, which are aimed at the improvement of adult job-related skills and that kind of training can take place both as on-the-job training or training outside the workplace.

The results of previous analysis on adult education have indicated that the most important barriers, which hinder participation in adult education, are financial and economic. These barriers are associated with the high costs of adult education. In order to overcome these barriers, participation in adult education is supported by public sector in developed countries and Estonia is no exception to this case. But the problem is that in Estonia there has been done little scientific research in the field of public sector financial support to adult education and this paper tries to fill that gap. Therefore the aim of this paper is to analyse the public support to adult job training in Estonia and to propose new measures for subsidising job training.

The paper is organised as follows. First, there will be given an overview of the theoretical background of financing adult education by public sector. It includes analysis of the market failures in adult education as well as pointing out the costs and benefits of it. Next, public support measures to adult education in OECD

countries are reviewed. Following, adult job training and its finance in Estonia will be analysed. In that section, conclusions on the results of previous research of adult job training in Estonia are drawn. Finally, there will be made propositions on improving the public sector support to adult job training.

Theoretical background

Public support to adult education like any other public sector economic activity can be justified by the presence of the market failures, which do not let the economy to achieve Pareto-efficient allocation. This kind of market failures may be external effects, imperfect competition, public goods, incomplete markets, information asymmetry etc. In case of the private economy individuals and firms will finance adult education only through private resources. As adult education is a certain type of human capital investment human capital theory can be applied to the analysis of adult education.

Probably the best-known external effect associated with human capital is the poaching externality (Ericson 2005). It occurs when a company offers its workers training, as the benefits of the whole society from training are greater than the benefits of that company. The externality occurs when the trained worker leaves the initial firm. In that case the firm that employs that worker benefits also from training regardless the fact that this firm did not pay for the training. The kind of external effect differs from positive external effects associated with physical capital investment by the fact that in that case this effect does not only increase the income of other firms but also decreases the income of the initial firm as the initial firm gets no return from training is the trained worker leaves. The reason for that kind of the difference the fact that in the absence of slavery human capital cannot be owned by firms like physical capital.

Other types of human capital investment external effects are associated with health, children, crime, democracy and innovation. Human capital investment can improve the health of the population and reduce mortality and healthcare costs. This can happen for example in case of job safety training. In that case not only the participants of these training programs benefit from it, but also the other individuals and firms have increased utility or profits (McMahon 2001). The reason for that is the fact that job safety training decreases the risks of accidents, which may harm or cause losses to the third parties. It is also possible that training has an effect of the life style of the trainees, which may become healthier. For example, training may increase the motivation of individuals, which might reduce alcohol abuse.

It is also a known fact that parents' educational level is positively correlated with the children's educational level and performance on the labour market. More educated parents usually provide their children better pre-school care and also give more support to attaining formal educational process of their children. That kind of externality occurs in the field of health too as more educated parents care more for their children's health (Strauss *et al* 1993).

Human capital investment can reduce crime, especially in case of training those individuals, who have insufficient knowledge and skills for making living with legal activities. Human capital investment increases the wage rate of trainees and as punishment for committing crime often entails incarceration and higher wage rates increase the opportunity costs of time spent in prison. Therefore human capital investment increases the costs of committing crime (Moretti 2004). Education can also change the values of individuals; more educated people are usually more risk averse, which decreases the probability of engaging in crime (Becker and Mulligan 1997).

Human capital investment may improve the functioning of the democratic society as more educated citizens are more interested in the political issues, which is necessary for the democratic decision processes. Educated citizens participate more actively in political processes and they make more rational choices on the elections. Investment in education reduces the risk of emergence of undemocratic regimes as countries with high average educational level have democratic governments in most cases (Meja and Posada 2005).

In addition to the previously mentioned external effects human capital is also crucial for the development of science and technology. It will enable innovation and diffusion of knowledge, which are considered as one of the most important factors of long-term economic growth (Lucas 1988).

Public sector activities in the field of adult education can be also justified with the capital market imperfections. Individuals and firms have worse possibilities to get loan from capital markets for financing human capital investment in comparison to borrowing for physical capital investment. Unlike physical capital, human capital cannot act as collateral for loans. Except in the irrelevant case of slavery, there is no equivalent to the possibility of securing the loan by repossessing the human capital in the case of default, the means by which loans are secured in other markets, the housing market being a prime example. Furthermore, different people have different possibilities of financing human capital investment. Wealthier individuals have usually higher savings and better credibility on the capital markets and therefore they can pay for the training to a greater extent. It means that human capital investment increases the income inequality as individuals with higher initial income or wealth make more investments due to better possibilities of financing them (OECD 2001).

Human capital investments include risk, as returns from investments are uncertain. It is not possibly to predict the returns from investment with absolute accuracy, but the decision of making an investment has to be made before the returns are known. During the period of training unpredicted changes in the economy can take place, which can affect the returns from investment. For example, there can be changes in the structure of labour demand. Uncertainty can rise also from the information problems, for example individuals may not have full information about their abilities and therefore they can not be sure whether they can complete the training program or how well will the program match with their abilities. Individuals and firms can be

risk averse and therefore they might not undertake risky investments, which are profitable on the average. Those kinds of risks cause human capital investment to be less than socially optimal (Brown and Taylor 2002)

There can exist additional information problems too as there can occur information asymmetry between the buyer and the seller of a training program. The training company, which sells training, has better information about the contents of the program than the individual or firm, who buys this training. This informational advantage allows the training company to raise the prize of the training above its marginal cost and earn rent on training. The other option for training company to earn rent, which will also result in the situation, where price of the training program is higher than marginal cost, is to lower the quality of the training programs and therefore public regulation and requirement of minimum quality standards can be useful (Malcomson *et al* 2003).

Public sector interaction in human capital investment can also be justified for the reason that taxation of income and profits decreases returns from human capital investment and it distorts economy as taxes lower the incentives to invest in human capital and the level of investment will be less than social optimum. Subsidizing human capital investment can increase investment and increase social welfare (OECD 2001)

Even if there would exist none of the market failures described previously and the Pareto efficient allocation is reached, public policies in that field can be justified by the aim of decreasing income equality. As the social welfare may depend not only on aggregate income but also distribution income then public intervention in human capital investment in order to make the income distribution more equal can increase the social welfare.

If human capital investment causes no externalities then the returns from it will affect only the participants of the training programs and their employers. If the externalities exist then also third parties are affected.

The benefits for the participants from training programs can be divided into indirect and direct benefits. Indirect benefits are the increases in the utility through the increased income. Training can increase both wage income and non-wage benefits. Direct benefits are the increases of utility directly from increased knowledge and skills. Usually indirect benefits have greater importance and therefore indirect benefits have been turned more attention by the researchers. Income increases after the completion of training program can be the cause of increased labour productivity, which can raise the wage of a worker on the present job or will make it possible for him to get a better paid job. Training can also increase the probability of becoming employed for the unemployed and decrease the probability of becoming unemployed for the employed. Non-wage benefits from human capital investment can besides the emotional benefits of finding job or making progress on the career ladder also be increased prestige, better work environment, more satisfying job content and new social contacts (Weisbrod 1962). Direct benefits are increased

satisfaction from new skills and knowledge and the learning process itself can also give positive emotions to the participants although different empirical results have occurred in case of different types of human capital investment. The results of analysis on the U.S. data has shown that acquiring new knowledge increases utility directly in case of higher educational levels, but decreases utility in case of lower educational levels (Lazear 1977). Osterbeek and van Ophem (2000) have found similar results as they point out that the utility increases from attainment of education are greater for those, who had higher initial educational level and who have better social backgrounds. It has also been pointed out that participants of training programs make new social contacts, which increases their welfare directly (Alstadsæter 2004). As in case of adult education the trainees are grown-ups, who have previous experience in learning, it can be assumed that the direct effect on utility is positive but it may be negative for some groups of people for example long term unemployed or those with low formal educational level, who can have low abilities for learning.

Benefits for employers from human capital investment result from the increased labour productivity of their employees. Labour productivity can result in increased output of products and services, reduced time per task, reduced error rate, reduced waste in production of goods and services. There can also be indirect benefits from increased labour productivity such as improved quality of work, better team performance, improved capacity to cope with change in the workplace and improved capacity to use new technology (Bloom and Lafleur 1999). Additionally, investment in specific human capital will decrease the incentives for employees to quit as they are likely to suffer a wage loss in that case as their productivity after the investment in other firms will be lower than in the present firm (Parent 1999).

If there are positive externalities of human capital investment then also third parties benefit from it. That kind of benefits were mentioned before, when describing human capital investment externalities. Public sector belongs also to these third parties. The most important benefits for the public sector from human capital investment are increased tax revenues due to increased productivity and employment as well as reductions of several expenditures like expenditures on healthcare, law enforcement, justice systems, unemployment benefits and other subsidies to the households (OECD 2004)

Public support to adult job training in OECD countries

Different alternatives for financing the costs of adult education are possible and different OECD countries use different financing schemes. In most countries a number of schemes are used in a combination. As employees and employers and public sector all benefit from adult education, then the finance is based on the principle that all these three parties should bear some portion of the costs. The measures of finance can be divided into three broad groups: covering direct costs, covering indirect costs and reducing risk (OECD 2004).

Direct costs of adult job training include costs of training courses, training materials and transportation costs associated with training. Following financing schemes are used for covering these costs: individual learning accounts, voucher schemes and direct subsidies, loan subsidies and tax policy measures.

Individual learning accounts (ILA) are employees' accounts in commercial banks or other funds, which can be used for covering the direct costs of training. Both employees and employers can make contributions to these accounts and these contributions are matched with contributions from public sector. Usually not all employees can hold ILA-s, but they are usually allowed for low-skilled workers, unemployed or low-income workers. Not all types of training programs can be financed by ILA-s but in most cases only training outside workplaces is allowed and the training program has to be approved by a public institution. Some schemes allow using ILA-only for covering a portion of direct costs, for example 50% or 70% of it and this portion depends on the characteristics of the ILA owner and type of training program. ILA-s are a new and novel financing scheme, which has been successful in most cases, but in some cases there have been problems with the quality of training programs, for example in UK ILA-s were terminated for that reason (OECD 2005).

Voucher schemes and direct subsidies are similar measures as in both cases training costs are covered directly by public sector. Vouchers are directly given to individuals or firms by public authorities and they can be used for buying training programs. Direct subsidies include covering the costs of training programs directly by public sector. The target groups of these measures are generally similar to the target group of ILA-s, but voucher schemes are in many cases used for subsidising training of young employees. The amount of vouchers distributed can be different in different regions with the aim of supporting human capital investment in less developed regions or regions with high structural unemployment. In Italy voucher schemes are partially financed from European Social Fund. They main problem with the voucher schemes is the lack of quality of subsidised training programs and therefore relevant supervision is necessary.

Loan subsidies include lowered interest rates for individuals for financing training costs and in that case interest costs are shared between individuals and public sector. In some cases government may bear all the interest costs. Loan subsidies lower the costs of training and therefore increase the net benefits from it. Another type of loan subsidies is public guarantees to the loans. That kind of measures counteract the capital market imperfection that human capital cannot be used as a collateral for loans.

Tax policy measures can be targeted to firms or individuals. Measures targeted to firms are tax subsidies on the profit or payroll taxes. In most countries cost of personnel training can be deducted from company's revenues, but in some countries companies are allowed to account these costs greater than they actually are. For example in Luxembourg firms can deduct 110% of training costs from revenues, in Austria and Netherlands 120% and in Italy in case of some training programs up to 150% of actual costs. In Austria companies, which did not earn profits on current

year are allowed to get tax credit to the extent of the training costs. Other possibility is to allow companies additional deductions from the payroll taxes. In some countries like Canada or France companies are required to spend some fraction of labour cost on training and they have to pay extra taxes if they violate that law. Another possibility is to redirect some proportion of the payroll taxes to a special training fund, which is used for subsidising training, in Korea unemployment insurance fund is used for that purpose. The main positive aspects of tax policy measures are the simplicity and low administration costs as introducing these measures does not need creating new institutions. The main drawbacks of tax subsidies are possible dead weight losses as in many cases the companies would train their workers even if those measures did not exist. Tax policy measures targeted to individuals include subsidies on income or other taxes. In most countries training costs can be deducted from taxable income, but in Japan, Korea and Spain social security taxes paid by individuals can be used for covering training costs. In Netherlands individuals can deduct contributions to ILA-s from taxable income.

Indirect costs of adult education consist of the alternative cost of time devoted to training. Participating in training programs decreases the time spent in production for trainees and therefore their income will decrease. If during participation in training the trainee does not work at all then he does not earn any wage income at all. Indirect costs also include decreases in the amount of leisure time. The measures for covering indirect training costs in OECD countries are direct subsidies, training leaves, ILA-s, loan subsidies and collective agreements.

Direct subsidies for covering indirect costs of training are used only in Sweden and UK. Although research results have shown that indirect costs of adult education are often much bigger than direct costs, policy measures for covering indirect costs are much less implemented (Pont 2003). In Sweden direct subsidies for indirect costs are paid for unemployed and workers, whose educational level is less than secondary education. In UK adult education subsidies are paid for that reason to those workers, who need additional qualifications.

In many other countries paid training leaves are used for providing trainees income during the participation in training programs. In most cases individuals are required to have been employed and paid social security taxes before training leave. Payments to trainees can be financed through labour market offices, unemployment insurance funds, general governmental budget or special training funds. The size of the compensation varies across countries from 14.5 Euros per day to full average wage. The extent of implementation of train leave is quite modest as in different countries only from 0.01% to 0.7% of work force are involved in this measure during one year.

ILA-s are used for covering indirect costs only in Sweden. The main argument against using ILA-s for covering indirect costs is the fact that indirect costs are usually larger than direct costs and therefore it would take much longer time to save for covering these costs. Loan subsidies for indirect costs are also rare and they are used only in UK, where career loans can be used for that purpose. In some countries,

for example Germany covering indirect costs is regulated through collective agreements between unions and employers.

Reducing risk of human capital investment is not a wide spread measure and among OECD countries it is currently used only in Australia. It is included in The Higher Education Contribution Scheme, where students are entitled to get loan for financing their studies but they are required to start paying back their loans only if their income exceeds a certain threshold. Therefore this measure reduces the risk of investment because in case if the investment is unsuccessful, i.e. the income of investor does not increase sufficiently then the investor does not pay back the loan.

Adult job training in Estonia

There have been conducted several surveys about adult job training in Estonia, some of them at the national and some at the regional level. Differences among these surveys also come from the fact that in some cases individuals and in other cases firms are questioned. The most important surveys are Adult Education Demand and Possibilities Survey, Järva County Enterpises Labour and Training Demand Survey, Euro barometer surveys and Lifelong Learning Requirement Analysis. Following, the main results of these surveys are briefly presented.

The results of these surveys indicate that in 2001 13% of population aged 15-74 years participated in some form of adult education, including general education for adults (Vöörmann 2003). According to the Euro barometer survey 5.2% of population aged 25-64 years participated in job training. As the scope of this paper is limited to adult job training then the latter percentage is more relevant for this paper. The adult education participation rate in Estonia is lower than the average of EU, but it is higher than in the other Central and East European countries (Zelloth 2003). The main motivators for participation in training are self development, career development and increasing competitiveness on the labour market. The most wide spread reasons for not participating training are age, lack of motivation and financial problems. The highest participation rates are among individuals aged 20-29 years and the lowest participation rate is among individuals aged over 60 years. Estonians are slightly more active learners than national minorities. It has also found evidence that participation rates are positively correlated with the formal educational level of individuals. Individuals with higher income participate with greater probability. Also individuals employed on the high-skilled occupations, i.e. managerial workers have higher participation rates. The most popular training programs are language and computer courses and in most cases the training took place during the working hours of employees, which also points to the fact that most of the participants were employed as among unemployed and inactive people participation rates were remarkable lower (Vöörmann 2003).

The results of different employer's surveys point out that 63-75% of companies offer their employees' job training. In most cases only training programs, which are closely linked with the content of job tasks, are provided by firms as only 25% of firms have offered general training programs. Across different economic sector

companies operating in secondary and tertiary sectors offer training to a greater extent than companies operating in primary sector. This result is to a great extent caused by the fact that agricultural companies in Estonia are relatively small. Smaller companies provide training less than big companies. Analysis of the training costs indicates that training costs per trained worker are smaller in companies with bigger number of employees. This result indicates that there exist positive returns to scale in job training. High-skilled workers are more often offered training programs outside the company, whereas low-skilled workers are offered more training inside the company (Leping and Eamets 2005).

The costs of one adult job-training course are about 7000 Estonian kroons per participant (Elukestva… 2005). The employers pay about one half of aggregate training costs. The employers' share of covering training costs has decreased during the last years as earlier studies from 1990s show that employers covered about 60-70% of training costs. In 2001 companies spent 1.8% of their labour costs on personnel training and this share is higher than in majority of Central and East European countries. The trainees pay about 20-30% of training costs. It is worth mentioning that non-Estonians are more likely to pay for their training costs than Estonians (Zelloth 2003).

The remaining part of the adult job training costs is covered by public sector, including EU structural funds. The public sector financing measures for adult job training in Estonia are public sector funded job training for pedagogues and civil servants, job training for unemployed, tax subsidies on training costs, training leave and project-based finance of training through the European Social Fund.

Pedagogues like teachers in the public secondary, vocational, comprehensive or elementary schools and kindergartens, teaching stuff of public universities and teachers in public extracurricular schools are entitle to be offered 160 hours of training each five years. These training costs are covered from central governmental budget and the size of the training costs is 3% of pedagogues' wage costs, which is approximately 50 million kroons per year. The content of the training programs offered is decided at the school level (Õpetajate…. 2000). Civil servants are entitled to job training financed from general government budget and the expenditures on training range from 2 to 4% of the wage bill of civil servants. Civil servants in this meaning are the employees of the following institutions: ministries, State Chancellery, Office of The President, Chancellery of the Riigikogu, Office of the Chancellor of Justice, State Audit Office, The Supreme Court of Estonia, public offices and county governments.

Labour market training is offered to the unemployed and it is the most widespread active labour market policy measure in Estonia. In 2001, about two thirds of active labour market policy expenditures were used for financing labour market training and more than 10000 individuals participated in training programs. In the following years, the extent of labour market training has slightly decreased and in 2004 there were about 8400 participants (Tööturu koolitusele…2005). According to the Labour Market Service Law there are two types of labour market training: occupational

training and adaptation training. Occupational training involves training programs of developing occupational skills and adaptation training is orientated to making the unemployed acquainted with the situation and requirements of the labour market and to prepare them psychologically for job search. Participants of labour market training are entitled to scholarship, which is paid to those trainees, who participate in training programs with duration minimally 80 hours. The government sets the amount of scholarship paid and it must be at least equal to the 150% of unemployment benefit. Labour market training is financed through central governmental budget and it's costs were 53.7 million kroons in 2003. (Töötu… 2005). The average duration of the training programs in 2000 was 37 days and after the completion of training program 67% of the participants became employed. The most popular training programs are computer, entrepreneurship, accounting, sales, driving and construction courses. According to the research results labour market training raises the probability of exit from unemployment to employment for participants about by 7% one year after the completion of training program and by 15% two years after training. The results of the cost-benefit analysis indicate that labour market training is an efficient policy measure as the total benefits are about three times bigger than costs (Leetmaa *et al* 2003).

Tax subsidies on training cost consist of tax subsidies on income tax as according to the Income Tax Law residents of Estonia can deduct training cost from taxable income. Training costs in that meaning are expenditures on studying in public or municipal schools, universities or foreign educational facilities. Interests on student loans are also accounted as training costs.

Another public sector support measure is project-based finance of job training through the European Social Fund (ESF). ESF is targeted mostly to the training programs, which are necessary for increasing the competitiveness of labour. One of the most important sources of support is measure 1.1. "Educational System Supporting the Flexibility and Employability of the Labour Force and Providing Opportunities of Lifelong Learning for All". The goal of this measure is during a period 2004-2006 to provide training to 26 050 people and 45% of them should be men and 55% women. These training programs should be divided between different types as follows: training of pedagogues (1800 participants), adult training (24 000 participants) and entrepreneurship practice (250 participants). The planned costs of this measure are 629 million Estonian kroons and 25% of them will be covered by Estonian public sector. Measure 1.2 "Human Resource Development Increasing the Competitiveness of Enterprises" offers also support to job training. In the framework of this measure enterprises are paid subsidies for training their employees. The goal of this measure is to offer training to 12 000 people (6000 men and 6000 women.) Project based finance of job training is also organised through measure 1.3 "Inclusive Labour Market". Through this measure training of the unemployed is supported. The aim is to increase the number of participants in active labour market policy measures, including labour market training, to 30000 people, which is 35% of total unemployment. The planned costs of this measure are 517 million Estonian kroons and 20% of them will be covered by Estonian public sector. To lesser extent job training is also supported through measure 1.4. "Enhancing Administrative

Capacity" in the form of training 3600 civil servants and measure 5.2. "Information Dissemination, Publicity and Computerisation", which is used for providing training of clerks and other officials, who are associated with administration the of EU structural funds.

According to the Adult Training Law training leave is provided for the employees working under the job contract or in public service. For the purpose of participation in job training programs employees are entitled to 14 days of training leave per year. During the training leave the employer is required to pay employees their average wage.

Propositions

According to the theoretical aspects of job training, experiences from OECD countries and the current situation of adult education in Estonia propositions for improving the public sector financing of adult job training will be developed. Several authors, for example Ok and Tergeist (2003) have pointed out as all three parties employees, employers and public sector benefit from the job training all these three parties should cover some proportion of training costs. The priority of public sector activity should be supporting training programs, which public sector benefit the most or where the private financing of training does not lead to socially optimal level of training. At same time it is clear that the resources of public sector are always limited and choices have to be made. The main priorities of public sector support to adult job training should be:

- general training programs should be preferred to company-specific training programs;
- training of individuals with low-income;
- training unemployed should be preferred to training employed;
- training of individuals with low educational level;
- training programs associated with implementation of new technologies.

In order to find public resources for financing adult job training there are three broad possibilities (OECD 2001):

- using the existing resources more efficiently;
- decreasing funding of other public sector activities;
- increasing public sector revenues.

Using the existing resources more efficiently consists of lowering the costs of existing adult training support measures or increasing the efficiency of these measures. One possibility for lowering the costs is increasing competition between different educational facilities, which could result in the decrease of the price of the training programs subsidised by the public sector. In Estonia that kind of possibility can exist in case of the job market training of unemployed as well as training offered to pedagogues and civil servants. The options for increasing competition can be including different training institutions in the programs as well as subsidising individuals or firms instead of training institutions. In the latter case the training institutions have to compete with each other for the training programs bought by individuals or firms. Another option for reducing costs can be decentralizing the

management of training institutions and giving more power to the lower decision levels. If subsidising training institutions is preferred then introducing results-based management can lead to lower costs. Additionally organising supervision and evaluating results of training programs is important for keeping the costs under control.

Increasing public sector costs of adult education at the expense of other public sector costs is a political decision as such choices depend on the priorities of the policy makers. Such decision should not always result in lowering public sector costs in other areas, but it is also possible to increase the costs of adult education faster than some other public sector expenditures. At the same time results of adult job training can reduce public sector costs in some areas like unemployment benefits and other transferred payments, expenditures on healthcare, justice system and police protection.

The third possibility is to increase public sector revenues. As the main source of income for public sector is tax revenues, then the solution can be introducing new taxes or increasing the rates of existing taxes. Basically, all kinds of taxes can be used for that purpose, but it would be preferable to use that kind of taxes, which are paid both by employers and employees as both these parties benefit from training. In Estonia, unemployment insurance payments fit to that criterion. Therefore a recommended possibility can be raising the rate of unemployment insurance payments or introducing a new tax, which is similar to unemployment insurance payments.

In the majority of OECD countries several support measures are used parallel by public sector and that is the case for Estonia too. Using different measures in combination makes the system more flexible and suitable for different firms and individuals. At the same time these measure should be integrated into a single system and public policies in the field of adult job training should be harmonised with other public policies. Still it would not be favourable to make the system very complex and to use very large number of measures especially when some of the measures are similar like voucher schemes and direct subsidies. In order to prevent waste of resources and ensure the fulfilment of the policy targets new measures should be introduced gradually and they could be launched as pilot projects. During the same time the efficiency of these measures should be evaluated and if necessary changes to the measures should be made.

Taking into account Estonia's situation as rapidly growing economy undergoing technological change and receiving support from EU structural funds, two different types of policy measures are proposed. The first of these is a long-run measure, which is financed through resources of Estonian public sector. The other one is short-run measure for period from 2007 to 2013 and it will be financed through ESF.

The long-run measure will consist of individual learning accounts, direct subsidies, tax policy measures, loan subsidies and training leave.

Individual learning accounts should be the core of the adult job training support system. These accounts should belong to individuals and they could be held in the banks or other financial institutions and another option is to establish a specific fund for that purpose. The payments to ILA-s from individuals and firms could be voluntary or compulsory. These payments will be matched by the contributions from public sector. Public sector contributions should vary across different individuals, companies and training programs. Such variation will make the system flexible and adjustable according to the policy makers aims. Public sector contributions should have an upper limit and it may not be available for all individuals, but for some special groups of them, who have the most urgent need of training. This option is useful at the starting stages of ILA-s as it helps to keep the expenditures under control. Payments to the ILA-s by individuals and firm should be deductible from the taxable income. ILA-s will act as a savings account in that way, as firms and individuals can save money for future training programs and get their tax reduction before the training actually takes place. This feature will likely to increase the national savings rate and make the behaviour of individuals and companies more forward looking. It is important that ILA-s are used only for the training programs which they are meant for. Therefore it is necessary to introduce a supervision system in order to guarantee that ILA-s are used purposefully and they quality of the training programs is sufficient. The supervision system should be integrated with the general vocational standard system, as it is important that employers acknowledge the qualifications acquired through training programs. There is also a hazard of supervision costs becoming too large and therefore it is important to determine the optimal level of supervision.

Direct subsidies should be an additional support measure for individuals, who have difficulties making payment to ILA-s. Unemployed or inactive individuals belong to this category as they do not have labour income and they also do not have an employer, who could make payments to his/her ILA. Labour market training for unemployed is an example of direct subsidies in present situation but that kind of subsidies should be extended to other groups of individuals. They groups could include new entrants to the labour market, including graduates of universities and vocational schools. It will help them to overcome problems associated with transfer from learning environment to working environment and increase they possibilities of becoming employed. The amount of subsidies paid can be different across regions, training programs, individual characteristics etc. This will make this measure flexible and easily adjustable. Direct subsidies could be also used in case of individuals returning from the maternity leave in order to compensate the human capital depreciation during time away from employment. That kind of measure can increase the confidence of mothers and it can even have a demographic aspect as increase in the birth rate may result from it. Training of released prisoners should also be directly subsidies as it will increase the possibilities for these people to start earning legal income and there for it can reduce crime. It should be turned attention that a major problem with the direct subsidies can be significant dead-weight loss as it can happened that individuals, which training was subsidies, could be trained without the presence of subsidies anyway. Therefore it is necessary to use this

measure to a limited extent and offer it to the individuals, who really need it urgently.

The existing tax policy support measures should be extended. They should be integrated with other support measures and especially ILA-s. As it was mentioned earlier, payments to ILA-s should be deductible from taxable income. One possibility extend tax policy measures is to allow individuals and firms to deduct a greater amount than actual training costs from taxable income. Another option is to increase the effect of income tax subsidies is paying back the income tax on training costs back to individuals immediately after paying for the training program instead of the present system when the excess income taxed paid will be returned on the following year. It will increase the present value of this tax subsidy and give individuals a more clear signal of public support to job training. Tax subsidies alone are not likely to increase participation in the adult job training very much, but they will provide extra incentives for participation especially for middle-class individuals as individuals with low income usually do not have resources for financing their training on their own and the richest individuals' training decisions are probably not significantly influenced by the tax subsidies, which lower the training costs to some extent.

Another additional support measure could be loan subsidies. As the previous support measures were meant more reducing the direct costs of job training, loan subsidies can be applied for indirect costs too. Loan subsidies could appear in the form of lowered interest rate on training loans, which could be used for covering both direct and indirect costs of adult job training. In that case individuals could borrow from commercial banks, but public sector will pay some proportion of the interest costs. Loan subsidies probably have greater effect on the individuals with less comparatively low risk aversion.

Training leave should also be a support measure for reducing indirect costs of job training. At the present situation employees are entitled to14 days of paid training per year, but as the duration of training programs is remarkable longer in many cases, the duration of training leave should be increased. In that case it should be decided, how the trainees are paid during the training leave. The cheapest possibility is to introduce an additional training leave without any pay. It will definitely improve the employees possibilities of participating in training programs to some extent as in that case employers are required to enable their workers additional unpaid leave for training purposes, but paid training leave will be more useful for employees. In case of additional paid training leave there are two possibilities for financing it. The first option is to oblige firms to pay their employees during training leave and the second option is that public sector will cover the costs.

The short short-run measure for a period from 2007 to 2013 will include direct subsidies from ESF, which will be integrated with the companies' training accounts. The aim of this measure is to support adult job training programs, which are necessary for implementation of new technologies and increasing the exports of

Estonian companies. Therefore the main principles of the short-run measure should be:

- training costs should be shared between companies and public sector;
- subsidising small and medium sized companies should be preferred to subsidising large companies;
- subsidising training programs, which are targeted to implementation of new technologies should be preferred.

At present much of the ESF support will be given through training institutions, but it would be more favourable to subsidise the demand-side of training instead of the supply-side. There could be more differentiating in the own finance rates of the companies as it would introduce more flexibility to this measure. It would be beneficial to distinguish between small and medium sized enterprises and to lower the required own finance rates for small enterprises. Additionally the own finance rates could be differentiated on the regional basis, which could help to promote job training in the peripheral and less developed regions.

In order to increase the enterprises' possibilities for getting support from ESF, a system of training accounts should be introduced. These accounts would be similar to ILA-s, except they will belong to firms instead of individuals. As for ILA-s, it should be possible to make contributions to these accounts and use them for financing training. These contributions should be tax deductible and they could be matched with the contributions from Estonian public sector. So training accounts will encourage saving by the companies and give additional support to the companies for financing adult job training. As in case of ILA-s, supervision of using these accounts is necessary in order to avoid using them not purposefully and for guaranteeing the quality of the training programs.

Conclusions

The aim of this article was to analyse the public support to adult job training in Estonia and to propose new measures for subsidising job training. First, there was given an overview of the theoretical considerations of public sector financial support to adult education. Like any other public sector activity public sector support in that field is justified in the cases when there exist market failures and private economy cannot achieve the social optimum of job training. That kind of market failures can be external effects, capital market imperfections, risks of human capital investment and asymmetric information. Additionally public intervention can be justified with the need to compensate the distortions created by taxation or concerns of lowering the income inequality.

In OECD countries public sector intervention is used for covering both the direct and indirect costs of adult education as well as reducing the risks of human capital investment. The most important types of support measures are individual learning accounts, voucher schemes and direct subsidies, tax policy measures, loan subsidies and training leave. In Estonia the present support measures are public sector funded job training for pedagogues and civil servants, job training for unemployed, tax

subsidies on training costs, training leave and project-based finance of training through the ESF. The adult education participation rate in Estonia is lower than the average of EU, but it is higher than in the other Central and East European countries. Employers pay the biggest portion of adult education costs in Estonia.

In the final section it is proposed that as all three parties employees, employers and public sector benefit from the job training all these three parties should cover some proportion of training costs. The priority of public sector activity should be supporting training programs, which public sector benefit the most or where the private financing of training does not lead to socially optimal level of training. Two general support measures for adult job training are proposed. The first of these is a long-run measure, which is financed through resources of Estonian public sector and it will consist of individual learning accounts, direct subsidies, tax policy measures, loan subsidies and training leave. The second is a short short-run measure for a period from 2007 to 2013 and it will include direct subsidies from ESF, which will be integrated with the companies' training accounts.

For future research, it is necessary do go more into the details with these proposed adult job training support measures. The cost-benefit analysis of these measures should be conducted and the implementation strategy should be worked out.

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Kokkuvõte

AVALIKU SEKTORI TOETUS TÄISKASVANUTE TÖÖALASELE KOOLITUSELE EESTIS

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Tehnoloogia kiire areng ja teadmistepõhise ühiskonna tekkimine on avaldanud olulist mõju majanduse olemusele ning muutunud tööjõule esitatavaid nõudeid. Muutunud on ka töö sisu ning ettevõtted ootavad töötajatelt üha enam oskust muutunud olukorraga kohaneda. Seetõttu on oluliselt suurenenud vajadus elukestva õppe järele, mistõttu täiskasvanuhariduse tähtsus on märkimisväärselt suurenenud.

Täiskasvanuharidus on lai mõiste, mis hõlmab täiskasvanud elanikkonna terviklikku organiseeritud õppetegevust, mis ei sõltu õppe sisust, tasemest või meetoditest, see võib asendada või olla jätkuks esmasele koolis, kutseõppeasutuses, rakenduskõrgkoolis või ülikoolis omandatud haridusele. Täiskasvanute koolituse liigid on: tasemekoolitus, tööalane koolitus ja vabahariduslik koolitus. Käesolevas artiklis piirdutakse vaid tööalase koolituse kui kõige olulisema täiskasvanuhariduse liigi analüüsiga. Teistes riikides tehtud täiskasvanuhariduse uuringud on näidanud, et täiskasvanu hariduses osalemist kõige enam takistavad tegurid on majanduslikud. Samas Eestis on täiskasvanuhariduse majanduslikku analüüsi tehtud seni suhteliselt vähe ning täiskasvanuhariduse avaliku sektori poolsete toetusmeetmete teaduslik analüüs puudub üldse. Seetõttu on käesoleva artikli eesmärgiks uurida täiskasvanute tööalase koolituse olukorda ja senist avaliku sektori poolset toetamist Eestis ning lähtuvalt analüüsi tulemustest töötada välja ettepanekud toetusmeetmete muutmiseks ja edasiarendamiseks.

Täiskasvanuhariduse riiklikku rahastamist saab teoreetilist põhjendada turutõrgete olemasoluga, mille tõttu erasektori poolt pakutava täiendkoolituse maht ei vasta sotsiaalselt optimaalsele tasemele. Sellisteks turutõrgeteks on välismõjud, kapitaliturgude ebatäiuslikkus, inimkapitali investeeringutega kaasnevad riskid ja informatsiooni asümmeetria. Lisaks sellele võib olla riiklik sekkumine täiskasvanute koolitamisse õigustatud vajadusega vähendada koolitust saadavate tulude maksustamisega kaasnevaid moonutusi. Samuti võib riiklik regulatsioon vähendada täiskasvanuharidusest põhjustatud sissetulekute ebavõrdsust.

OECD riikides on avaliku sektori poolseteks täiskasvanuhariduse toetamise vormideks koolituse otseste ja kaudsete kulude katmine ning inimkapitali tehtavate investeerinuga kaasneva riski vähendamine. Nimetatud eesmärgil rakendatakse järgmisi toetusmeeteid: individuaalsed õppekontod, vautšerskeemid ja otsesed

toetused, laenusoodustused, maksupoliitika meetmed ja õppepuhkus. Eestis rakendatavateks toetusmeetmeks on pedagoogide ja ametnike tööalane koolitus, töötute tööturukoolitus, tulumaksusoodustus koolituskulude pealt ja kursuste korraldamine projektipõhiste vahenditega ESF kaudu ja õppepuhkuse võimaldamine täiskasvanuhariduses osalejatele. Täiskasvanuhariduses osalemise määr on Eestis EL keskmisest madalam, kuid see on kõrgem kui enamikus teistes Kesk- ja Ida-Euroopa riikides. Kõige suuremas ulatuses finantseeritakse Eestis täiskasvanute koolitust ettevõtete kaudu.

Artikli viimases peatükis pakutakse välja võimalused täiskasvanute tööalase koolituse meetmete täiustamiseks. Kuna täiskasvanuharidusest saavad kasu erinevad osapooled: töötajad, ettevõtted ja riik, siis peaksid nimetatud osapooled osalema ka täiskasvanuhariduse rahastamisel. Eelkõige oleks avaliku sektori poolt on põhjendatud rahastada eelkõige sellist tüüpi täiskasvanuharidust, millest saab avalik sektor kasu ja mida eramajandus ei suuda sotsiaalselt optimaalsel määral pakkuda. Täiskasvanute tööalase koolituse riiklikuks toetamiseks pakutakse välja kaks erinevat meedet. Esimene nendest on pikaajaline meede, mida rahastatakse Eesti avaliku sektori vahenditest ja mis koosneb viiest omavahel süsteemselt seotud alameetmest, milleks on: individuaalsed õppekontod, otsesed koolitustoetused, maksupoliitika, laenusoodustused ja õppepuhkus. Teise meetme puhul on tegemist lühiajalise meetmega aastateks 2007-2013 ja see koosneb ESF kaudu ettevõtetele makstavatest koolitustoetustest ning Eesti avaliku sektori kaudu ettevõtete koolituskontodele makstavatest toetustest.

Järgnevate etappidena täiskasvanuhariduse toetusmeetmete väljatöötamisel on vajalik väljapakutud meetmete võimalike mõjude kulu-tulu analüüsi läbiviimine, mille tulemuste alusel oleks võimlik meetmete detaile täpsustada. Samuti oleks vajalik välja töötada toetusmeetmete rakendamise kava, kuna soovitavalt tuleks meetmed käivitada järk-järgult.

ENTREPRENEURSHIP AS A TOOL OF AN ECONOMIC POLICY: BACKGROUND, FACTORS AND POSSIBILITIES

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Europe's economies need to be able to move resources, both workers and capital, more swiftly to alternative uses to take advantage of new opportunities and potential income gains, and minimise adjustment costs.

Economic Policy Committee
European Commission

Introduction

That particular statement of the Economic Policy Committee of the European Commission is a great beacon for those who are looking for a formula for economic and social success. Let us make a simple visualization. If the Committee's statement is like a beacon, Economic Policy is like a ship and a Government is like a Captain, then global risks and trends are like a stormy ocean, which makes it either possible or impossible for the ship to land at the very right time at the specific seaport. Even if the beacon is perfectly visible, the Captain skilled and experienced, and the Ship in good condition, one will have to keep in mind the remarkable warning by Al Gore, the former Vice President of the USA: "Our civilization is at risk. We have to take responsibility for the fact that the relationship to our planetary home is forever altered. We can't just continue in the same old way" (Gore, 2005). To avoid sinking the ship, one has to bear in mind not only the global risk, but also some more material global trends, movements and forecasts in the World's political, economic, social and private life of people. With each passing day it is becoming more and more complicated for States and Governments to formulate and implement an Economic Policy, because there are a lot of factors that need to be taken into account. Newt Gingrich, American Enterprise Institute, has said that "it is simply impossible for the American government to meet the challenges of the 21st century with the bureaucracy, regulations and systems of the 1880s". According to Gingrich, "to get those results in the 21st century will require a profound transformation from a model of Bureaucratic Public Administration to a model of Entrepreneurial Public Management. It is an objective fact that government today is incapable of moving at the speed of the Information age". (Gingrich, 2005) Futurist Daniel Blatt believes that "the fundamental economic and political virtues of the American system will continue to spread to other nations: The International futurecast is that economic freedom (capitalism), political freedom (multiparty democracy), limited government (checks and balances on government powers, especially property rights and an independent judiciary), and individual liberty (legally enforceable individual rights), will be forced on reluctant politicians around the world as the only practical arrangements in a world of accelerating technological change. Capitalist markets are inexorable; they always eventually win. The great material prosperity obtainable

during the 21st century will be realized by only those nations that adopt and properly adapt to their own conditions the fundamental economic and political virtues of the American Way of Life". (Blatt, 1998) That idea might be only *propaganda* to support the so-called Americanization process, but it might come true over some years. I doubt, whether there is one person who surely knows, not just thinks, what will happen during the next decades. Is the the world going to move more towards America or Asia? Are we going to Americanize or Chineze or Indianeze? According to Daniel Blatt, "we start the 21st century with mixtures of entrepreneurial capitalism, welfare capitalism, and autocratic capitalism vying for supremacy. Leadership groups in the political and intellectual spheres prefer state-dominated and controlled economic systems that leave major levers of economic power in political hands where they can be used for political and/or ideological purposes. These leadership groups are powerful and articulate. However, their policies are wrong, and their victories will lead to many miseries for the people they ostensibly act for". (Blatt, 1998) Let the opinions develop or rest in peace. It is very clever to keep in mind that the world is under the impact of very different influencers and triggers at the very moment and in the nearest future as well. Let me list here a few of them: technological revolution, including digital revolution, nanotechnology, climate change, terrorism, urbanization, including slumanization, globalization, the rapid growth of population, the risk of energy crisis, ageing, ect. All the influencers and triggers, altogether and each one of them separately, are playing a tricky game with politicians and public servants, employers and employees, citizens and people at large scale. As a complex influence, they constitute the greatest challenge to the human kind ever. Because of that, an economic policy is no longer just a complicated area , but a very complicated one. Today's economic policy is not only pure fiscal policy, monetary policy and trade policy, not only a pure matter of supply and demand, but also anything surrounding these classical pillars as a background. Including different scientific theories and practices of different sciences.

Broad political, economical, ecological and social background

The economic policy and economic success of every state and society greatly depend on the attitudes, interests and activities of a Government and public administration. According to Michael, Kattel and Drechsler, "in public administration theory and practice, the 21st century has been marked by a shift of emphasis from efficiency (often simplified as cost-saving, downsizing, and outsourcing) to effectiveness, due to the realization that nothing is so expensive and unproductive as a badly-working civil service. In developing and transition countries, a productive civil service is even more important. Yet, in order for the public administration and "government" to work (and work well) "capacities to govern" must be developed. These capacities include capacities related to setting strategic direction, building capacity to implement policy, and building new ways of financing public goods and services, as well as – especially in development and transitional countries – to absorb funds and manage programs" (Michael, 2004).

As stated in the foreword, it is smart to keep in mind that our lovely world is under the influence of very different factors and triggers, which are playing a great role in the process of formulating and implementing economic policy.

"With a rapidly **changing climate**, the next 20 years will be a white-knuckle ride: droughts, floods, heat waves and hurricanes will probably occur more frequently (affecting regions that were previously untouched) and be longer-lasting". (Eden, 2005). "The warming seems to be accelerating. Computer models indicate a rise in temperature, averaged globally, of 0.5-1.0°C between 2006 and 2026. We can expect the hemispheric and continent/ocean differentials to continue, though not necessarily the transatlantic one, so substantial further warming is likely over both Europe and North America" (Eden, 2005).

The Trends Research Institute is of the opinion that "it's taken more than thirty years after the first **energy crisis** for it to happen, but now, with steadily rising fuel prices and oil companies raking in their highest on-record profits, the necessity for alternative and economic fuels (not only clean air) will be the mother of new energy inventions" (The Trends, 2006). From the very early days of the year 2006, we have had the possibility to see how the sources of energy, particularly land gas, are becoming a political weapon. The Russian Federation started political manipulations against the Former SU and European States. The closer we are moving towards the energy crisis situation, the more we will see and feel how strong political and economical weapon is energy going to be. The Trends Research Institute forecasts that "while there will be steady advancements in wind, water, solar, fuel cells, geothermal and other energy producing sources, the greatest earth changing and climate friendly developments will be found in breakthrough technologies that explore true new sources of energy. The most dramatic among them, and those with the greatest speculative investment and IPO opportunities, may be found in research and development in hydrino power, cold fusion, zero point energy, charged clusters and permanent magnets" (The Trends, 2006). Not only classical energy producing sources but also fresh-water will become a political and economical weapon.

We cannot overestimate the great role of **technological revolution**, including the digital revolution, in economic growth and entrepreneurial development all over the world. "As the revolution moves forward, virtually every aspect of life is captured and stored in some digital form. The economic impact of the digital revolution has been large. Without the Internet, for example, globalization and outsourcing would not be nearly as viable as they are today. The cell phone has had a large, measurable impact on the productivity of the American worker in the late 1990s" (Wikipedia). "For those living in the present, the digital revolution has ushered in an new age of mass surveillance, generating a range of new civil and human rights issues" (Wikipedia). Information technology and the Internet are causing major changes in how business is structured and operated, leading to changes in the organization of work, qualifications and management. According to Danes, "business life is adapting to knowledge based rather than a material resource based economy and to a society that communicates and trades in networks through IT and the Internet" (Global, 2000). According to Kurm, "Digital revolution is giving freedom to the

employees to work and have access to data stores where they just want to have, not just at their formal office, to employees and businesses to have just one universal digital address for e-mail, mail, video calls, cell-phone calls and phone calls, new public services and better access to public services" (Kurm, 2005). "Public Service offer may deliver kind of public service from one center to different localizations and one client have a personal service" (Kurm, 2005). According to Blake Harris, "the monopoly of government based on geographical territories is increasingly challenged by the new logic of transnational economic organization. Law enforcement, sales taxation, consumer and privacy protection and a host of other issues in the borderless world of the Internet no longer can be solely addressed within the geographical context of the nation state, let alone the jurisdictions of state or local government. Yet as complex and new as these realities are, they represent just the more obvious pressures that now challenge government" (Harris, 1999).

According to Erik S. Reinert and Rainer Kattel, "**globalization** as a form of asymmetrical economic integration is playing a crucial role here, and not only for the developing countries. Simultaneously with globalization we observe the decomposition of what used to be nationbased 'industrial sectors' into globally dispersed value-chains in a manner where geographic location and proximity are loosing their importance. (See also Boston Consulting Group 2004; Ernst 1997) This means that high technology sectors of developing countries might become part of larger international value-chains, leaving little reasons for increasing division of labour or clustering in the home (developing) country. It also means that economic sectors are becoming increasingly different in nature, which makes the traditional liberal policy of treating all sectors the same way impossible" (Reinert, 2004).

What about us, human beings? Anu Kasmel, University of Southern Denmark, argues that "in generally human beings would like to be happy and live long with good health in socially secure day-to-day life" (Kasmel, 2005). According to Õnne Pärl, "Generic Inhabitant does not care about interests and doings of state, when one is taggering with one's own problem solving" (Pärl, 2005). According to Lindkvist Jørgensen, "Inside of each country we may see a trend of enlargement and change of expectations and needs of inhabitants" (Lindkvist Jørgensen, 2005). Gunning argues that "it is uncertain, whether individuals would think that it is profitable to create a democracy or a constitution for reasons concerning public goods. For one thing, the pure public good that is so important to economists for illustrating the jointness and exclusion problems does not exist". (Gunning, 1997) Problems of one individual soul might cause acts of brutality and savagery.

Therefore, no one hasthe right to not take into account the risk of **terrorism**. According to Krueger "Deaths caused by terrorists are times less than deaths caused by traffic accidents, but the influence of terrorism on political, social and economical life of states via terroristic acts is much bigger than the influence of traffic accidents. Terrorists tend to come from non-democratic countries, both rich and poor, and generally target nationals from rich, democratic countries" (Krueger, 2004). It is surprisingly creepy to know that, according to Marc Sageman, "FPRI Senior Fellow, in terms of socio-economic status, two thirds of terrorists came from

solid upper or middle class backgrounds. As a group, the terrorists were relatively well educated with over 60% having some college education" (Sageman, 2003). Thus, they are smart and skilled. Because of that, unfortunately, the field of high technology and the Internet is becoming an important and easily accessible tool for terrorists and organized criminals. According to Golubev, "trends of future cyber wars are examined by the example of the recent "hacker war" between Palestinians and Israel. Deterioration of governments' websites was not the only result of some these operations. Also hackers inactivated some computer systems connected to critically important elements of national infrastructure. National infrastructure of any state is associated with global network and, obviously, is becoming a convenient target for cyber terrorism. Terrorists may take an interest, first of all, in control systems of nuclear reactors, huge strategic kinds of raw stuff (oil, gas), systems of water and energy supply, traffic centres, communications, secret biological labs, chemicals plants" (Golubev, 2004).

States in some parts of the world have to tackle **poverty**, an escalation of the gap between the rich and the poor. According to Reinert and Kattel, "if the world should move towards factor prize equalization under global free trade and relative upskilling of huge numbers of poor (China, India), the huge majority of unemployed, underemployed and poor in the world make it much more likely that equalization will be downwards rather than upwards" (Reinert, 2004). John Grimond argues that "the cities growing fastest today are not, as they used to be, in the richer parts of the world. They are in the poorer parts, notably Africa and the Indian subcontinent" (Grimond, 2005). Grimond also points out that "The current surge of urbanization is almost entirely driven by the relative impoverishment of the countryside. True, it is medical and other scientific advances that have in the past 50-60 years made possible the vast growth of the world's population, from roughly 2.5 billion to 6.5 billion people; and nearly two-thirds of these extra souls have been absorbed by the cities. But they have not been drawn by the demand for jobs so much as the hope of jobs" (Grimond, 2005).

Some countries, particularly old European countries, have to face thechallenging **ageing** process. According to Paul Wallace, "big demographical changes will happen during the next 30 years. Against one employed person we will have two not employed persons comparing with today. This leads to the need for governments, employers and employees to change their attitudes. Governments have to cut short welfare systems supporting early retirement and change strategies of state pensions" (Wallace, 2005). Wallace argues that "state pension age should be linked with the expected living age". "If taxation levels are to be reduced as a stimulant to entrepreneurial activity it seems clear that Public Sector costs will have to be reduced. This will be difficult given the high level of Public Sector activity and is likely to require greater operational efficiencies if a reduction in Public Services is to be avoided" (Global, 2000). According to Fritzell, "That will almost obvious that some well-known wealthy states, especially Denmark, will be in pretty risky situation. In Denmark (Global, 2000) and some more wealthy countries reduction of the tax burden is likely to be difficult to achieve (without placing public finances in jeopardy) given the size of the welfare state system. In the Nordic countries the

people's expectation of the welfare state is one that pursues a conception of equality, which emphasises equality of result (more precisely the distribution of annual income), rather than different equality of opportunity or different equity conceptions" (Fritzell, 2000).

There exist sufficient evidence to prove that education-oriented countries are ahead of those that do not pursue an education-oriented approach in the public sector or those who unfortunately do not have financial resources to invest into the national educational system. According to the Estonians Marek Tiits, Rainer Kattel, Tarmo Kalvet and Rein Kaarli, "the ability to create and use economically viable new products depends mainly on the level of education. In the framework of global free movement of capital the welfare of the developed countries relies on human resources. Therefore the economic growth of Estonia and other transition economies is in direct relation to their ability to raise the level of knowledge required in the competitive economy to the level of that of the countries with higher income, as well as on the ability to produce and implement strategically correct decisions" (Tiits, 2003). Tiits and others agrue that "Drawing on the experiences of Finland, Ireland and the Asian Tigers the main pillars for raising the competitiveness of Estonian economy are: purposeful effort to attract knowledge and technology intensive foreign direct investments; specializing on the sectors that are perceived to induce the highest rate of growth (IT, bio- and nanotechnology), and using these technologies to raise the productivity of the traditional industries; significantly raising the effectiveness of educational system, investments into education, skill conversion and retraining on all levels" (Ibid). The Danish survey confirms the relationship between educational attainment and entrepreneurial activity (Global, 2000). According to Lindkvist Jørgensen, "Initial and continuing vocational education and training policy has during the last decades become a still more important political instrument within and outside the political context of labour market policy in order to handle problems related to the global economic developments in trying to become a more learning society" (Lindkvist Jørgensen, 2005). Esko Aho, Chairman of the SITRA, is arguing also that "the success of Finnish society is based on education. Good basic education, well-organised professional training and the net of universities reaching the most gifted persons are the warrants of the implementation of the skills of Finns. Finland did have opportunities to offer strong professional knowledges in developing technologies and also basic skills of nation to implement those" (Aho, 2005).

Good education is a really strong basement for the economic success of every country. But the problem is that not all countries or even regions of states do not have such a good position in the total funding of education, especially higher education, like the US. For example, the United States and Denmark are far ahead of the other states as regards the total expenditure per student on higher education. USA spends 18,570 USD per student on higher education and Denmark 11,600 USD, whereas the other best performers in that particular aspect, spend less than ten thousand USD: Great Britain 8,970 and Austria 8,820 (Wooldridge, 2005).

Last but not least, an important aspect in respect of the political context, including the process of making and implementing economic policy, is the nature of the relationship between the government, the employers and the employees. To me it seems that it is rising the question whether we can see a conflict of interests between the government and entrepreneurs and between employers and social benefits seekers? Capital is going to concentrate more and more into the hands of smaller and smaller groups of owners, which means they are going to be more and more powerful. If the growth of one partner (employer) of three (employer, employee and the government) is too powerful, it will disturb the balance between the powers playing in the ground of policy making in a particular state as well as in a region of states and in the whole world. It is very hard to know and understand, whether and when, businessman, used to be known as honourable businessman, or World-wide acting business entity, used to be known as socially responsible entity, is fighting for public wealth, weather or when thatone is actually fighting for their very own solely interest (rent-seeking).

To sum up, there exists a growing number of the political, economical, ecological and social aspects to be taken into account before we can go ahead sufficiently armed to tackle the issues concerning policy-making possibilities. But I am of the opinion that we have got quite a good broad background for that now. In addition, we have to take a brief insight into the European Union issues. Otherwise we cannot treat a subject like economic policy making - at least in Estonia, but surely on a larger scale as well.

What is going to happen in the European Union, one of the greatest economic areas in the world?

According to Zadek, “The EU is seeking to develop a distinctive European competitiveness that builds on its diversity, consensual political processes, tendency to internalise costs into markets, and collaborative approach to education, health and public infrastructure” (Zadek, 2005). We can read in the News: “Ratification process of the Treaty Establishing a Constitution For Europe (Hereinfter the Treaty) failed. The Austrian presidency of the European Union (Hereinafter the Union or EU) is attempting to revive debate about the stricken EU constitution. EU leaders agreed in June 2005 on a "period of reflection" before deciding what to do in the wake of the constitution's rejection by voters in France and the Netherlands. The EU has still to decide, what it wants to be - a tight organisation in which member states surrender, or share significant sovereignty or a looser grouping of nation-states” (News, 2005). No matter how things are going to be under a public and legal way, it is clear that Union-minded politicians and public servants with the European Commission are pushing the European Community towards one single state. Because of that, it is useful to know what is stipulated on economic issues in the Treaty. The Union's objectives are, among others, an internal market characterised by free and undistorted competition, the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, a high level of protection and improvement of the quality of the environment, the promotion of scientific and

technological advance. According to the Treaty, “the Member States shall coordinate their economic and employment policies within arrangements as determined by the Treaty’s Part III, which the Union shall have competence to provide” (The Treaty, 2005). “The Union shall have exclusive competence in the following areas: customs union; the establishing of the competition rules necessary for the functioning of the internal market; monetary policy for the Member States whose currency is the euro; the conservation of marine biological resources under the common fisheries policy; common commercial policy” (Ibid, 2005). Shared competence between the Union and the Member States applies in the following principal areas, among others: “internal market; social policy, for the aspects defined in the Treaty’s Part III; economic, social and territorial cohesion; agriculture and fisheries, excluding the conservation of marine biological resources; environment; consumer protection; transport; trans-European networks; energy. In the areas of research, technological development and space, the Union shall have competence to carry out activities, in particular to define and implement programmes; however, the exercise of that competence shall not result in Member States being prevented from exercising theirs” (Ibid, 2005). “The Member States shall coordinate their economic policies within the Union and The Union shall take measures to ensure coordination of the employment policies of the Member States, in particular by defining guidelines for these policies. The Union may take initiatives to ensure coordination of Member States' social policies” (Ibid, 2005). “The Union shall have competence to carry out supporting, coordinating or complementary action. The areas of such action shall, at European level, be: protection and improvement of human health; industry; culture; tourism; education, youth, sport and vocational training; civil protection; administrative cooperation” (Ibid, 2005). “The European Central Bank, together with the national central banks of the Member States whose currency is the euro, which constitute the Eurosystem, shall conduct the monetary policy of the Union. The primary objective of the European System of Central Banks shall be to maintain price stability. Without prejudice to that objective, it shall support the general economic policies in the Union in order to contribute to the achievement of the latter's objectives” (Ibid, 2005). “The freedom to conduct a business in accordance with Union law and national laws and practices is recognised” (Ibid, 2005).

José Manuel Barroso, President of the European Commission, predicts that in 2006 Europe will concentrate less on ideology and more on results. Barroso argues that “the key to this is the discussion of growth and jobs. In 2006 Europe will concentrate more on results than on ideology. The EU’s leaders will recognise that the principles of equality and solidarity which underpin their countries’ economic and social models need to be fully compatible with competitiveness and sustainable growth; indeed, that they are interdependent. The EU in 2006 is shifting its focus squarely on to those things that matter most to our citizens, such as growth and jobs” (Barroso, 2005). We may continue, but even from before written observation, we can deduce that the policy making, including economic policy making, and implementing process of each European State will surely be more complicated and latitude of that will decrease. It is not easy to predict whether that will cause a

stronger capacity of international competitiveness and economic growth in each of the States in the Union solely or all of them together.

Entrepreneurial government, entrepreneurial state and entrepreneurial nation

There is no doubt that social success and economic growth are the fruits of entrepreneurship. There is no doubt that the entrepreneurial activity of people at large is dependent on the attitudes, interests and activities of a government. However, before discussing the particular subject there are some terms to be clarified.. Such words as “entrepreneurial government”, “entrepreneurial country or state”, “entrepreneur-friendly government” and “entrepreneurial nation” (read inhabitants) do not have the same drift in principal meaning. An entrepreneurial government is a government which is very keen to act itself as an entrepreneur and tries to keep more and more fields of business and business entities on the hands of the state or under very strong political management and control of the government. An entrepreneur-friendly government is a government which tries to create the best possible conditions and legal, economical and cultural environment for entrepreneurs and businesses. An entrepreneurial country or state is a country or state where the political establishment, entrepreneurial and business conditions and environment, as well as the overall social attitudes are entrepreneur-friendly. An entrepreneurial nation is a nation naturally born to think, live and act as entrepreneur not worrying very much about the part of world, where the individual lives, about the government under which the individual acts or the attitude of other nations to entrepreneurship.

Over the past seven years research done by the Global Entrepreneurship Monitor (GEM) has demonstrated the importance of entrepreneurship to the world economy. According to Jerry L. Wall and Larry E. Short, “the basic concept of entrepreneurship relies heavily upon the individual to use innovation to create products or services that will capture unique niches of a market and through this process increase personal wealth” (Wall, 2003). Wall and Short argue that “There appears to be at least three major elements involved in fostering successful entrepreneurship in a nation: an entrepreneurial oriented society, a government that supports entrepreneurship, and an open communication process among the parties. The first crucial component in an entrepreneurial society is the individual who has been introduced to the concept that one can create value through establishing a business endeavor using ideas. The second component is a willingness of the individual to act on this knowledge and take the necessary steps to move an idea through to product evolution. The third component involves the availability of the necessary resources to move the idea past inception, through product development, to successful introduction of the product into the market” (Wall, 2003). A prerequisite for entrepreneurial action is the sense that there are opportunities (or an opportunity) present which make starting a business a worthwhile activity. GEM: “Indeed, there is a strong correlation between perception of opportunity and business start-ups” (Global, 2000). According to GEM, “Once an opportunity to start a business has been identified, it will only be transformed into a "concrete" venture if the necessary skills and motivation to employ them are available. The

level of entrepreneurial activity in a country will therefore depend on the degree to which entrepreneurial opportunity meets entrepreneurial capacity" (Global, 2000). For an entrepreneurial culture to be established in a country, it is necessary for society to legitimate and place value upon the activity of entrepreneurship and also upon the activities of those pursuing it.

It seems to be a good idea to repeat the question earlier asked by Danes in the Danish National Executive Report – 2000 of the Global Entrepreneurship Monitor: "What makes a country entrepreneurial?" "Unlike measurements of entrepreneurial and economic activity, which are easily quantifiable, this question requires a greater degree of subjective judgement and understanding of the particularities of each country" (Global, 2000). "The role of culture and social norms in affecting entrepreneurship constitutes the strongest negative element," (Global, 2000) wrote Danish experts.

But there is not just a case of entrepreneurship present, but a very particular niche of entrepreneurship: high-expected entrepreneurship. As the findings in 2005 According to Autio "Report on High-Expectation Entrepreneurship show, high-expectation entrepreneurs[1], though relatively few and far between, are responsible for up to 80% of all jobs created by entrepreneurs and their significance should not be underestimated" (Autio, 2005). According to Autio, high-expectation entrepreneurial activity is rare (Autio, 2005). Autio: "High household income, high education level, and opportunity motivation are most strongly associated with high-growth expectations" (Autio, 2005). "The rate of high-expectation entrepreneurial activity varies significantly among world regions and individual countries. The prevalence rate of high-expectation entrepreneurial activity in Europe and highly developed Asia is worryingly low" (Autio, 2005). "Variation in economic optimism and overconfidence might be one reason. Differences in innovativeness might be another. A third underlying mechanism might be economic and structural conditions that prevail in the economies of the region" (Autio, 2005). "The relative prevalence of high-expectation activity appears positively associated with national entrepreneurial framework conditions" (Autio, 2005).

Today we are not thinking and talking just about entrepreneurship, high-expected entrepreneurship, freedom of business, competition between regions and states, but also about various other aspects concerning entrepreneurial attitudes linked to the economic growth of a state or society. For example, latest report of The Institute of Social and Ethical AccountAbility, **"**Responsible Competitiveness: Reshaping Global Markets Through Responsible Business Practices," argues that responsible business practices are becoming an important driver of national and regional competitiveness. According to Zadek, "Responsible Competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices, and penalised for the converse" (Zadek, 2005). Zadek argues, "The practice of Responsible Competitiveness is increasing, catalysed by

[1] According to GMO report, high-expectation entrepreneurial activity refers to entrepreneurial firms (nascent and new) that expect to achieve rapid growth in employment size.

diverse contexts and drivers: Under pressure - Responsible Competitiveness practices often evolve in response to a perceived economic threat. Owning standards – Responsible business standards have historically been seen as a constraint to developing country exports, but some countries are responding by establishing their own standards as a way of actively building competitive advantage. Building business infrastructure - Responsible Competitiveness practices can work by impacting on an economy's infrastructure and the way that its social characteristics contribute to competitive advantage" (Zadek, 2005). Zadek also argues: "A Framework is needed to aid our understanding of what circumstances are required to bring about systemic changes across entire markets and economies. Key elements of such a Framework include: Valuing Productivity, Structural Productivity and Civil Learning" (Zadek, 2005).

Zadek: "AccountAbility's latest report shows, that case studies from around the world demonstrating that many industries are now using responsible business practices to establish a competitive edge in their markets and contribute to the growth of their national economy" (Zadek, 2005). Simon Zadek, Peter Raynard and Cristiano Oliveira say that "all nations, regions and communities share the three-part development goal of satisfying the needs of their citizens; playing their part in securing broader global public goods including civil and environmental security and basic human rights; and generating economic development. Realising this goal requires markets and regulation that create a 'race to the top' of escalating productivity, human development and environmental responsibility. The potential exists for such a positive relationship, but a competition-driven 'race to the bottom' remains a very real possibility. The facts of pervasive poverty and inequality suggests that the 'trickle down' of undirected economic growth will not deliver sustainable development on its own. What is required is a more responsible form of competitiveness" (Zadek, 2005). According to Zadek, "Responsible business practices are no longer just a desirable luxury for global corporations and wealthier nations. They are an increasingly powerful competitive pre-requisite and opportunity for emerging economies to advance their business communities into the heart of the global economy" (Zadek, 2005).

Is it so easy or not? Osborne and Gaebler argue that "the way government agencies are organized has not changed with the times and the new demands of citizens". They present a new model of how governments should be structured to be efficient. They use 10 phrases to describe this type of "entrepreneurial" government (Leones, 1994). According to Osborne and Gaebler, "Governments that are fall, sluggish, over-centralized, and preoccupied with rules and regulations don't work well". Osborne and Gaebler recommend "Entrepreneurial Government", "government that can - and must - compete with for-profit businesses, nonprofit agencies, and other units of government". "Entrepreneurial Government Management is about strategic thinking, broadening your perspective and engaging in responsible creativity. It is about getting beyond the good idea to its actualization".

Why is it important to think and talk about the government and entrepreneurship together? According to Blake Harris, "people in and dedicated to public service

historically have been the innovators behind the innovators. The great leaps in science and the humanities have rarely taken place in the exclusive terrain of industry or commerce. The space program, modern medical research and many other scientific and social developments have been conducted under the auspices of government. Government and innovation go hand in hand. That we often don't think in these terms indicates how far we have been from the entrepreneurial style of government that this new age demands" (Harris, 1999). A surprisingly amazing statement. We used to hear and read that civil servants are mostly lazy, selfish and blockish. According to Jerry L. Wall and Larry E. Short, "It appears that nations with economic systems leaning more toward private ownership and control of property may be better suited for entrepreneurship than nations with economic systems leaning toward public ownership and control of property" (Wall, 2003). Wall and Short argue: "Entrepreneurship, in some form, appears to exist in both capitalistic and socialistic societies; however it is more successful in some than others". They also suggest that "entrepreneurship does not require a certain form of government to succeed; a successful entrepreneurial society appears to require only six major elements. If these elements are present, entrepreneurship should thrive in any political system. The six fundamental requisites of entrepreneurship are as follows: Private Property Rights, Free Market Place, Objective Capital Markets, Supportive Business Laws, Unbiased Law Enforcement and Impartial Judicial System" (Wall, 2003). Jan-Erik Lane is of the opinion that "there is no one way to make a difference between public and private sector. One has to keep in mind that public sector does have many interpretations: bureaucracy, plan-economy, power, distribution of public resources, distribution of public income, public ownership and public service. One does not have to make decisions for the government because of market failure argument. Public policy may failure also" (Lane, 1996).

We can read in GEM: "The promotion of entrepreneurship, its role in society and the opportunities it presents for personal gain, may be critical for facilitating economic growth". … "Policies geared toward enhancing the entrepreneurial capacity of a society (i.e., the skills and motivation to pursue opportunities) will have the greatest impact on the level of entrepreneurial activity" (Global, 2000).

It seems to me a good idea to close that section with the following idea from Tiits: "Every entrepreneur chooses whether his or her competitive advantage stems from a relatively lower cost base or from the ability to offer higher quality that permits to ask a higher price. The competitiveness of a nation in turn depends on how knowledge intensive are individual enterprises. The larger the number of entrepreneurs that rely on higher quality to gain their competitive advantage, the better the economy does overall" (Tiits, 2003). Last, but not least, I would say that I am not a fan of entrepreneurial government. I prefer entrepreneur-friendly government that does not forgot the very basic fact that the actual employer of politicians and bureaucrats is the taxpayer, who has to have the right for good political, economic and social background for entrepreneurial activities for his own as well. Not governments, but businesses and people have to form the basis for the economic growth and social welfare of each state. Politicians and the government

have to design and implement an economic policy that gives warranty to an entrepreneur for business freedom and wealthy, secure and humanistic life.

Are the hands of a government too tied for designing the "best" economic policy?

The reader has seen from the previous sections that the hands of a government are pretty tied by the international frames, global trends, increasing competition, financial possibilities, expectations of people, contrary interests of stakeholder groups, including politicians, voters, etc. Threats (negative aspects) and opportunities (positive aspects) are two inseparable ends of the stick. How to untie the hands of a government, if the hands are tied fast? The set of theoretical and practical options is endless. At least in theory. There exist numerous different theories concerning public sector behavior, public management, governance, public good, organization building, economical rationalism, etc. There are too many various opinions in the society of scientists and practicians. There is a conflict between the believers in a strong and effective government and ultra liberals.

According to David Boaz, "Americans are fleeing the declining quality of public services. They've given government so many tasks, and so undermined the old notions of personal responsibility and morality, that government can no longer perform its basic function of protecting us from physical harm" (Boaz, 2005). It is good to remember the opinion of Daniel Blatt, who said, "The Government futurecast for the 21st Century is that government will certainly have much more to do, but it will remain as inherently inefficient as ever. The battle over how much government is necessary or desirable will rage on unabated" (Blatt, 1998). Blatt states: "Government management is inherently inefficient: even the best of managers will operate with far less efficiency in a government program than in a private program. Government managers, at best, lack the tools essential to good management, such as profit incentives, meaningful accounting statements, profit-and-loss statements, and sales charts. Government managers lack the bracing spurs of competition and the right to fail. Government managers are also subject to a bewildering array of conflicting political, legal and bureaucratic imperatives far vaster and stronger than those applicable in even the largest of private economic entities" (Blatt, 1998).
Llewellyn H. Rockwell Jr stresses the following: "It is critically important that the management of the whole of the nation's infrastructure be turned over to private management and ownership. Only in private hands can there be a possibility of a match between expenditure and performance, between risk and responsibility, between the job that needs to be done and the means to accomplish it" (Rockwell Jr, 2005). According to him, "The problem here is public ownership itself. It has encouraged people to adopt a negligent attitude toward even such obvious risks. Private developers and owners, in contrast, demand to know every possible scenario as a way to protect their property. But public owners have no real stake in the outcome and lack the economic capacity to calibrate resource allocation to risk assessment. In other words, the government manages without responsibility or competence" (Rockwell Jr, 2005). Blake Harris is of the opinion that "in an

Information Age environment, government clearly must embrace continuous change as a fundamental process. Change must be central to its very existence. That means that innovation in government must involve far more than sifting through a few "best practices" or providing a few Web pages for citizen access. Continuous government innovation must itself somehow become institutionalized in ways we have yet to understand" (Harris, 1999). Clemens and co-authors are stating that "the main lesson from the facts as assembled by the Auditor General is that governments are not very effective vehicles for accomplishing outcomes. Therefore, the objective must be to minimize the tasks that are undertaken in the public sector" (Clemens, 2005). On the basis of my own, about 20-year-long experience in the public and private sector, I would argue that that phenomenon is known in Estonia as well. Does that mean that the government needs to have less functions and roles? Andres Arrak argues that formula of success is economic freedom, because we can find among economically succesfull and competitive states as well states with small government and states with big government as well (Arrak, 2006). So, the size of government does not play an important role in the game. Thus, a general possibility, though a very theoretical one, is to change the government very deeply and principally, in all aspects available in real life. There are a lot of ways to do it. There are plenty of theories concerning that particular matter. Each of them has its strengths and weaknesses. Whether to go to reengineer, reinvent or deregulate the government or change it into a quasi-government? Each of the ways has a different impact on economic policy.

Jerry Mechling, Harvard University's Kennedy School of Government, is the author of one of the clearest and most concise article written on the reengineering of a government. According to Jerry Mechling, reengineering is a radical change. He argues that "true reengineering means: Fundamental change, Rapid progress toward radical goals, Selective use of appropriate information technology" (Mechling, 1994). John J. Dilulio Jr says that "deregulating the public service is not reinventing government, but a potentially effective strategy for improving governmental performance at all levels. It probably comes closest to a universal strategy for inducing public servants to work harder and smarter" (Dilulio Jr, 1994). Hillmann argues that "Reengineering in the public sector is much more difficult than in the private sector. The reason for this is that very often it will "…require coordination and change across bureaucratic lines of authority." (Hillmann, 2000). Mechling is of the opinion that "to date, reengineering has been more rhetoric than reality, particularly in the public sector" (Mechling, 1994). According to Harris, "any management system unable to generate continuous innovation will appear increasingly antiquated and will find itself outpaced by other organizations for whom innovation has become second nature. That is as true for government as for any other organization" (Harris, 1999). Harris: "As the Information Age transforms all strata of society, government faces much the same dilemma – truly new innovations don't usually fulfil existing demands, but rather create new ones. One fundamental question in reengineering government is not, therefore, simply how to use new technologies to deliver existing services faster and cheaper. The difficult part is seeing the possibilities for new services and products, and new roles for

government, that will enhance and not hinder social prosperity and progress" (Harris, 1999).

One possibility is the partnership between public and private sector. These phenomena have different approaches and titles. One of them is the already mentioned quasi government. According to Ronald C. Moe and Kevin R. Kosar, several categories of quasi governmental entities are defined and discussed: (1) quasi official agencies; (2) government-sponsored enterprises (GSE); (3) federally funded research and development corporations; (4) agency-related nonprofit organizations; (5) venture capital funds; (6) congressionally chartered nonprofit organizations; and (7) instrumentalities of indeterminate character. Moe and Kosar argue that "The quasi government, not surprisingly, is a controversial subject. To supporters of this trend toward greater reliance upon hybrid organizations, the proper objective of governmental management is to maximize performance and results, however defined. In their view, the private and governmental sectors are alike in their essentials, and thus subject to the same economically derived behavioral norms. They tend to welcome this trend toward greater use of quasi-governmental entities. Critics of the quasi government, on the other hand, tend to view hybrid organizations as contributing to a weakened capacity of government to perform its fundamental constitutional duties, and to an erosion in political accountability, a crucial element in democratic governance. They tend to consider the governmental and private sectors as being legally distinct, with relatively little overlap in behavioral norms" (Moe, 2005). According to Moe, "Both, supporters and critics, of private and public sector cooperation have seen good and bad sides of that phenomenon. Time will tell whether the emergence of the quasi-government is to be viewed as a symptom of decline in our democratic government, or a harbinger of a new, creative management era where the purported artificial barriers between the governmental and private sectors are breached as a matter of principle" (Moe, 2005). We can all recall not very successful privatizations, and the so-called Public Private Partnership events failed in the UK, the USA and New-Zeeland.

Adshead Maura and Brid Quinn cite six categorical uses of the concept of governance: 1) reductions in government intervention; 2) increased use and influence of the private sector; 3) introduction of new public sector management techniques; 4) advocacy for fair and efficient government; 5) the supplanting of centralized, monolithic government by increasingly differentiated political systems; and 6) growth of autonomous, inter-organizational networks between public, private and voluntary groups. Maura and Quinn describe governance as a multi-dimensional process, encompassing social and political concerns, as well as economic ones. According to Maura and Quinn, conventional direct governmental intervention is replaced by more complex systems of policy making and implementation, involving new sets of actors and relationships (Maura, 1998). From previous chapters we can see that this is not so easy because of the risk of government failure in each of the mentioned category.

As pointed out above, a good educational base is a very big player in the development of entrepreneurship, economic growth and economic and social

success. The Danish government thus wrote in its action plan “Better education” in 2002: “In the global economy, production and application of new knowledge is the key to increased economic growth, jobs and prosperity. Education is a base for national science competitiveness of and capacity”. But Marek Tiits, Rainer Kattel, Tarmo Kalvet, Rein Kaarli are of the opinion that “just general upgrading of science infrastructure is of no help. This must be integrated into the elaboration of the necessary basis for the development of education and innovation. Neither does supporting single research and development projects per se create a significant amount of benefit. It is important to establish internationally renowned centres of excellence in science. Drawing on the experiences of Finland, Ireland and the Asian Tigers the main pillars for raising the competitiveness of Estonian economy are: purposeful effort to attract knowledge and technology intensive foreign direct investments; specialising on the sectors that are perceived to induce the highest rate of growth (IT, bio- and nanotechnology), and using these technologies to raise the productivity of the traditional industries; significantly raising the effectiveness of educational system, investments into education, skill conversion and retraining on all levels” (Tiits, 2003). Innovation and tha right approach are very important according to some experts. By Esko Aho, Finland has to became a most innovative society in the world to have a new wave of success. Esko Aho is of the opinion that the key is the right principle: innovative society is open, biasless, venturous, encouraging and innovative (Aho, 2006).

Businessmen and entrepreneurs are part of the same game. What do they advise? Marcus Wallenberg argues that “Government has to pamper labor market, enlarge private sector, change legislation more supportive to the economy growth and improve co-operation between Nordic and Baltic countries” (Wallenberg, 2005). Joakim Helenius, Trigon Capital, is arguing that we might be witnesses for the process one may call the “Third way” or Estonian-Finnish model. By Joakim Helenius, Estonia is very successful on driving on small state liberalism and Finland is driving on big state’s social welfare. If we will combine capital, both human and financial, of Finland and advantages of taxation and costs of Estonia, these countries may be like sort of catalyzers driving European society far from economical stagnation (Helenius, 2005).

According to Newt Gingrich, “Implementing policy effectively is ultimately as important as making the right policy. The better you use your resources the more things you can do. The faster you can respond to reality and develop an effective implementation of the right policy the more you can achieve. An information age government that operated with the speed and efficiency of modern supply chain logistics could do a better job of providing public goods and services for less money”. Newt Gingrich is of clear opinion that “moving government into the information age is a key component of America being able to operate in the real time 24/7 worldwide information system of the modern world” (Gingrich, 2005). He has also worked out 23 sample principles of the kind of thinking which will be required to move from a system of Bureaucratic Public management Administration to a system of Entrepreneurial Public Management (Gingrich, 2005).

Danes are of the opinion that increasing the participation of women in entrepreneurship is critical to long-term economic prosperity" (Global, 2000). They also suggest that for the greatest long-term impact, policies should encourage the involvement of people younger than 25 and older than 44 in the entrepreneurial process (Global, 2000). In addition, they stress that "any government committed to sustained economic progress must ensure that all aspects of its economic system are conducive to and supportive of increased levels of entrepreneurial activity" (Global, 2000). This includes minimizing taxation, ensuring access to labor, lowering non-wage labor costs, reducing the regulatory burden and making it easier to do business with the government. "Policies should facilitate the development of a professional venture capital industry and create incentives for private individuals to invest directly in early-stage businesses" (Global, 2000).

One possibility for a government is to focus on high-expectation entrepreneurship. Erkko Autio believes that "because of its potential impact, high-expectation entrepreneurial activity may help balance overall entrepreneurship deficit. Governments should be aware of the importance of high-expectation and high-potential entrepreneurial activity and consider introducing highly selective support measures and policies. It should be possible to design policy interventions that selectively target high-expectation entrepreneurial activity. Policymakers should develop sophisticated support measures to deal with the specific support needs of high-expectation entrepreneurial ventures. It is unlikely that public sector agencies alone would possess the skills necessary to provide competent services for high-growth ventures. Rather, policy-makers should attempt to catalyze private sector provision of such services, either on a stand-alone basis or through public-private partnerships" (Autio, 2005). Acs and others argue that "there are differences in advices of specialist concerning high income and low-income countries. An important policy priority for high-income countries should be to address and, if feasible, remove disincentives for entrepreneurial growth. The challenge for low-income countries may therefore not be increasing the overall level of entrepreneurial activity, but rather, the supply of high-quality jobs, as well as improving the overall infrastructure for business" (Acs, Arenius, Hay, & Minniti, 2004). Autio advises: "For low-income countries, therefore, achieving economies of scale may be the first priority, and achieving this calls for attention to general national framework conditions, instead of framework conditions specific to entrepreneurial activity" (Autio, 2005).

Gideon Gartner, Giga Information Group: "One idea I have with respect to entrepreneurship in government is that there is the reality and there is the perception. And government needs to sell internally that it values entrepreneurship and to reward people in some way; either monetary rewards or psychic rewards such as fringe benefits, going to professional conferences or improving the job environment. And you could create sabbaticals where the person leaves government for a year or two, comes back and doesn't lose their retirement benefits" (Gartner, 1999).

"I think that one of the changes is what successful public and private organizations now have in common when they seek to answer the new question of what do we do

next, and next after that, rather than old question of how we are doing," says William Parent, Executive Director of the American Government Program (Parent, 1999).

Conclusion

The world is so different in most of the aspects, but there surely exists one common process : each single part and the world in general is looking very intensively and creatively for a development process towards an everlasting welfare society via "the Golden Egg" of public management. In other words, the entire world is looking for the *Perpetuum Mobile* of public management under the circumstances of continuous deterioration of the overall environment in that very particular aspect. . How long this is going to last, we do not know at the moment. But we do know, that public management is one of the key factors in the general policy making, coordinating and implementation process. An everlasting welfare society and the process of making, coordinating and implementing economic policy are not separate independent results and driving processes, but an outcome and a process linked with the making, coordinating and implementing of all other policies. All other policies have an impact an economic policy and an vice versa. All policies together will either lead or not towards the welfare society. It is quite obvious that only a state or group of states that finds more rapidly "the Golden Egg" of the Public Management Model, will go very fast ahead and rule solely in economical, political and social matters for a very long time. It is also obvious that the success of changes would need paradigmatic alterations in the entire sector of public services, including the education of future civil servants, hiring, competencies, motivation and remuneration policies and systems, the social security system, public procurement, budgeting, etc. The Public Sector and the Private Sector are two ends of one stick. They are quite similar, but they remain very different. Gingrich wrote: "It is not enough to think that you can simply move the new developments in the private sector into the government. The public has a right to know about actions which in a totally private company would be legitimately shielded from outside scrutiny." Autio argues that "there will inevitably be Congressional and news media oversight of public activities in a way that would not happen in the purely privately held venture" (Autio, 2005). Audio is of the opinion, that "we must shift from professional public bureaucrats to professional public entrepreneurs. We must shift from administrators to managers. The metrics will be profoundly different. The rules will be profoundly different. The expectations will be profoundly different" (Autio, 2005). Edward B. Grane, The Cato Institute, expressed in 1995: "It seems to me that the 20th century's been a grand experiment in big government, run by those who "believe deeply in government." What the voters were saying on November 8 is that the experiment has failed. It's failed in the command economies in Eastern Europe. It's failed in the welfare states of Scandinavia. And it's failed in the so-called mixed economies of Western Europe and the United States. The recent election was less a rejection of Bill Clinton than it was a rejection of the New Deal - of, to put it plainly, too much government involvement in our lives. And no amount of dressing up the nature of the state in jargon about mission-driven government, customer-driven government, anticipatory-government, and market- oriented

government is going to change that reality" (Grane, 1995). Anu Kasmel is of the opinion that we have to have more wide look and different approach in the process of working out future vision of society". According to Anu Kasmel, the government has to focus on the balance between social and economical sphere, not just narrowly on the forsying development of economy (Kasmel, 2005).

I really do not know, whether the process of finding "the Golden Egg" is going to result in a big success or not. During my 17–year-long experience in public and private management I have not come across an Ideal Management Model, or an Ideal Manager. I have seen a lot of long-lasting processes of change with scanty outcomes. I really do not know whether there exists a satisfactory solution at all under the Democratic order of Governance or under the dictatorship of an Enlightened Imperator. But I did see that politicians and a government cannot wait until their great new ideas come true. They cannot wait for that because of a lot of different reasons, not just because of impatience. According to Lane, "manipulation with economy might be decisionable tool for granting the victory in elections, if politicians trying to maximise the probability of their possible win. Famous political business cycle model forecasts that sitting government is stimulating economy just before and after elections" (Lane, 1996). According to Blatt, "demagoguery will remain the strongest force in democratic politics: The public will tend to vote for those who promise them benefits from the public treasury" (Blatt, 1998). Hope does die last and we surely hope that we will see a great success both in Public Management and Economy Policy Implementation. Anyway, it does not matter how it will go ahead, but for sure, we will have a good possibility to analyze that very particular, interesting and fascinateing process and meaningful matter again soon, 10 or 15 years.

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Kokkuvõte

ETTEVÕTLUS MAJANDUSPOLIITIKA TÖÖRIISTANA:
TAUST, MÕJURID, VÕIMALUSED

Raivo Linnas
Tallinna Tehnikaülikool

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THE GOVERNMENT GRANTS TO ENTERPRISES: THEORETICAL ARGUMENTS AND THE POSSIBILITIES TO MEASURE THEIR EFFICIENCY

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1. Introduction

The public support of enterprises with governmental subsidies and grants has been an important instrument of industrial policy in many countries. The objectives of governmental support might include the need to improve small and medium sized enterprises' access to finance[2], to promote new start-up's[3], to help the firms to adapt new technologies or to enhance economical development in some certain (e.g. peripheral) regions or branches of the economy[4] (Girma et al 2003).

It is important to evaluate the effectiveness of adapted measures. Girma et al (2003) have pointed out that the indicators for measuring effectiveness have been very various. For example, effectiveness has been measured as the better use of technology, higher productivity, higher probability of firm survival or creating new jobs, whether subsidies crowd out or add to the firm's private expenditures (e.g. concerning R&D subsidies).

The aim of this article is to give a survey of theoretical opinions and standpoints for supporting enterprises and different methodological approaches to the estimation of the effectiveness of entrepreneurial support measures. This writing is not very focused around any specific type of government grant, we analyze both the grants to start-up and incumbent enterprises, grants to certain regions or those with no regional policy objective, both employment related, capital and R&D grants. We concentrate almost exclusively on reviewing the results of the micro-econometric studies on the topic. Though, there are also macro-economic studies on the subject (David et al. 2000). Our main focus is on the estimation methodology and the results of the previous studies.

Despite the great number of studies on this topic in the literature and the growing amount of government grants towards enterprises in Estonia, there have been so far made no studies in Estonia. However, there is a clear need for these as well as to educate the policy-makers about the theoretical arguments in favour of government

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[2] The Deutsche Ausgleichsbank has supported SME-s with low interest rate loans (Almus 2001).
[3] As the number of registered trading enterprises per 1000 inhabitants is less than half the average for the EU, Estonian government is also subsidizing start-up's (Sepp et al 2003).
[4] As it has been done in Sweden (Bergström 1998) and Ireland (Girma et al. 2003).

grants. For instance, in the government document it has been postulated that the aim is to increase the proportion of start-up firms surviving till the 3 year after creation to the level of 68% (Riikliku struktuurvahendite… 2005; Eesti ettevõtluspoliitika 2007-2013). Authors of this article try to explain how the theoretical arguments in favour of public subsidies towards enterprises can be explained with theory or with the practice so far.

2. Theoretical arguments for public support of enterprises

The scope of theories that justify or try to explain governmental intervention into economy is rather wide. Some of the theories and approaches that could be used for explaining government actions in entrepreneurship politics sphere are briefly listed below:

- Neo-classical economic theory and the concept of market failures.
- Issues of equity that argue that pure economic efficiency won't lead to the fair distribution of income and resources. It justifies the governments' interference into the economy in favor of certain groups even if the outcome in the pure economic sense is lower efficiency.
- "Public choice" theory - politicians are motivated by self-interest and tend to support those measures that strengthen their political position (Buchanan, 2004). If it is useful for politicians to promote entrepreneurship support measures, they also consider implementing them.
- Bureaucratic theories – as it is stated by one of the most acknowledged author of bureaucratic models W. A. Niskanen, bureaucracy is preoccupied with resource (budget) maximization (Meier *et al*, 2003). They tend to promote those measures that would guarantee their position and work (e.g. governmental measures for entrepreneurship support).
- Theories that concentrate on different power structures in society - state can be treated as stage, where different interest groups compete with each other to strengthen the possibilities that government focuses on issues that are of their interest.

Although all the aforementioned approaches might be used to explain the governmental policies towards small- and medium sized enterprises (hereinafter also SME-s), the most common way to explain it is neo-classical economic theory and the conception of market failure. The problems that arise from market failures are briefly discussed in the proceeding sections of this chapter.

2.1. Market structure

According to neo-classical economical theory the governmental interference could be explained by problems that are connected to market structures and firms' entry and exit to and from the market, asymmetric information and externalities (Johnson 2005). The aspect that makes market structures and entry and exit problems important is a result of the need to strengthen competition.

The neoclassical model assumes the existence of perfectly competitive markets in which there are large numbers of buyers and sellers, none of which can affect the market price by their individual decisions and the market price equals the marginal cost of production. Another assumption in the perfect competition framework is that the entry and exit to and from the market is equally free for everybody and that it is costless. It also means that there are no legal as well as practical barriers to market entry for new firms. This condition should ensure that whenever new participants are interested in participation on the market (because there is a possibility to earn profit in the market), they are free to do that without any binding constraints.

In reality it is very difficult to find a market that would correspond to all these assumptions and therefore monopolistic and oligopolistic markets appear often. If the market structure has only one seller, rather than an infinite amount, and a barrier to entry (or exit) which guarantees only one market player, there is allocative inefficiency. Due to extra market power, the monopolist or oligopoly restricts quantity, sells at a higher price and earns supernormal profits. In these cases the governmental interferences should provide markets with free competition. From the SME point of view this would mean the support of business start-up's and implementing measures that would allow them to compete with already existing enterprises on the same conditions (Johnson 2005).

2.2. Job generation and training

Another argument used in debate on government intervention has been that usually small firms have been found to create more jobs than their large counterparts (Davis et al. 1996). This finding has been used extensively to the policies targeted at the formation and growth of small businesses, especially in times and areas of high unemployment based on the hope that the new jobs created thorough SME development will be filled with the unemployed (Johnson 2005). A significant element of such policies involves grants to unemployed people to encourage them to become self-employed.

Another argument for SME support base on the market failure concept is that small firms tend to provide less training their workers than large firms. Small firm may be reluctant to provide training in general (transferable, those that are not firm-specific) skills if their particularly vulnerable to the hiring of their workers by other companies (Johnson 2005). Thus, while in case of employment creation the good performance of SME's is used in order to argue for government intervention, in relation to training the under-performance of SME's has raised calls for policies. Thus, in different countries programs have been implemented to subsidize the training activities of SME's.

2.3. Issues related to the asymmetric information: liquidity constraints

Another assumption in neo-classical economical theory presumes that all the information about current market situation is equally available to all market

participants. In reality the information is neither freely accessible nor free of charge. Asymmetric information problems affect thoroughly also small and medium sized enterprises.

One area where asymmetric information problems emerge concern different financing opportunities of SMEs' operations. The core of the problem is that the finance provider (either creditor or equity investor) doesn't possess all the necessary information about the enterprise or project that needs financing and the acquiring of relevant information is not possible without costs. The majority of small and medium sized enterprises are new enterprises that have not accumulated past information (track record) on their performance, ability to service debts and payments in time etc. This kind of information is obtained only in the course of firm's operations and actions due course of time[5].

These factors set new and small and medium sized enterprises into unfavorable conditions concerning their financing needs. They increase the cost of external financing (for example in case of loans or equity issues) compared to internal financing (so called external financing premium). This might leave effective yet small enterprises or projects without necessary finances; this phenomenon is referred to as financing constraints or liquidity constraints. These arguments give governments the rights to interfere with credit guarantees, soft loans, government-backed venture capital and also thru different financial subsidies.

In transition economies sever problems originate from market imperfections, especially in the field of financing that might justify the discussion around the use of government grants in these countries. There are a number of studies showing that the lack of financing constitutes one of the most important impediments to investments in physical capital in the transition countries. The studies on Estonia have shown that the size of the firm's investments into fixed assets have been heavily dependent on the firm's cash flow and the stock of liquid assets at firm's disposal, and the latter applies especially to the domestic capital based firms while foreign companies are not so much constrained by the availability of inside-firm financing (Mickiewicz et al. 2004). The results of the Estonian innovation survey (CIS3) sowed that main sources for financing innovations were self-financing (especially in case of high-tech enterprises) that might indicate the existence of market failures in the filed of financing (Jürgenson et al. 2005). It has been claimed that (Jürgenson et al. 2005) in Estonia public sector measures should be more targeted to the purchase of new equipment than they actually are at the moment. Raudsepp et. al. (2000) claimed that in Estonia the lack of subsidizing of small firms by the government of Estonia has resulted in too high cost of capital for small firms that exceeds the internal rate of return of investment projects.

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[5] For empirical survey of the literature see e.g. Hubbard (1998). The literature of this sphere has mainly researched the impact of enterprises' cash flow (or the state of their liquid assets) on the investments into fixed assets, circulating capital or research and development operations. The literature of this sphere was launched by Fazzari et al (1998) article and has given causes for many studies in this area.

2.4. Externalities: location disadvantages and knowledge creation

According to the economic theory, the government interference is justified if the goal is not to encourage activities (by the means of tax exemptions, information campaigns or regulations) that act in combination with undesirable consequences but to encourage activities with desirable consequences (through subsidies, legislation). There are a number of externalities associated with small scale entrepreneurship that justify the government intervention, these are connected to job creation, schooling and development of skills, technological advancements, social cohesion and inclusion, activities connected to the assistance of less developed regions. For instance, it is often claimed that with government support it is possible to soften the location disadvantages of peripheral regions for economic development. The agglomeration effects arising from market failures (economies of scale, easier access to large markets, skilled work force) can lead to the growing polarisation of the different types of regions (Bergström 2000). With the use of different grants, the state may try to equilibrate and soften the impact of these developments. Concerning the particular channels for productivity growth due to grants, Bergström (2001) stated that the productivity of supported enterprises can grew either through increasing technological level or the better use of economies of scale.

The concept of external effects is used to justify, *inter alia*, the support of research and development activities. The basic idea is that knowledge is a *nonrival* good. Because the private return from firm's R&D activities remains below the *social return*, some of the projects that are profitable from the society's point of view, are not profitable for the enterprise. By subsidizing such activities it is possible make them profitable for the enterprise. Thus in most of the developed countries there exist publicly financed support schemes for R&D activities, that aim at supporting either fundamental science, R&D in certain technical areas that are priority to the state, research activities that are intended to generate large spillover effects, subsidies targeting firms based on new technologies and start-ups firms especially in high-tech (Heshmati and Lööf 2005).

In principle, public support of R&D is supposed to augment or complement private R&D. However, for various reasons the relationship between public and private R&D may differ in sign and magnitude (as we will see soon in the empirical section, the evidence on the relationship between the two is ambiguous). Government activities may fail to generate the intended growth in R&D activities if the financing is directed to projects that the enterprises would have carried through even without the state support: although governments are supposed to finance projects with large gap in private and social rate of returns, the governments tend to "pick up the winners", the most promising projects that the firms would have financed anyway (Wallsten et al. 2000, Burger et al. 2006). Additionally, firms have an incentive to apply for R&D even if it could undertake the R&D project with own funds (Almus and Czarnitski 2002). Secondly, firms may have a tendency to adjust their portfolio of R&D projects by closing (or slowing-down) non-subsidized projects. Thirdly, the

R&D subsidies may increase the demand for and hence the prices of the R&D inputs (Burger et al. 2006).

2.5. Problems and risks that might arise with governmental support

The supporting of enterprises involves various potential problems and risks which are briefly summarised below (Bergstöm 2001):

- The optimal use of resources may be threatened by the orientation of politicians and bureaucrats to the political goals instead of economic efficiency; subsidizing the less efficient firms may slower structural changes.
- Allocative inefficiency (non-optimal combination or mix of production resources), for instance capital grants may result in overinvestment in capital.
- Technical inefficiency (also X-inefficiency), e.g. the grant recipient does not search for the ways to reduce costs.
- The potential recipients of grants may invest into activities connected to the receipt of grants (e.g. *lobbying*) instead of more productive activities.
- Competition weakens on the supported industries that reduces efficiency; see e.g. the results of the study by Lee (1996) on Korea.

One aspect of the unwanted consequences of entrepreneurial support measures is more deeply analysed by Santarelli and Vivarelli (2000). They base their analysis on Jovanovic's "noisy selection" or passive learning model. This model assumes that new enterprises don't possess information about their cost function at the time of market entry. In other words – they don't know their relative effectiveness and they learn about it only during the first phases after the enterprise is founded. Entrepreneurs who discover that their enterprise is effective stay on the market and grow. Entrepreneurs who discover that their enterprise is ineffective leave the market. Many stylized facts warranted in empirics are in accordance with this model, for example, the positive correlation between entry and exit rates, high rate of infant mortality and higher growth rates of new and small enterprises compared to their bigger counterparts (which means that Gibrat's law[6] doesn't hold in the case of new firms).

Santarelli and Vivarelli (2000) raised the question of the role of subsidies to support the startup of new firms. Subsidies might allow the cost functions to move downwards and thus heavily interfere with the market selection of less efficient entrepreneurs. Accordingly, the subsidies have twofold effect – they increase entry rates and also the survival rates in the first years following start-up. But if entry can be seen as a "try and see" process, the subsidies can cause severe distortions. On the

[6] Gibrats Law (or the proportionate effect hypothesis) states that the following. If firm growth rates in a fixed population (i.e., entry and exit are ruled out) are independent of initial size (i.e., no tendency for small firms to grow faster than large firms), the variance of growth rates shows no heteroscedasticity with size and there is no serial correlation in growth rates, then the variance (and the degree of concentration) of the size distribution of firms will necessarily increase over time (Caves 1998).

one hand, increased entry rates may also involve an increased number of early failures once the effect of the subsidy is over. On the other hand, the process of market selection is biased and delayed, so that less efficient entrepreneurs are allowed to remain in the market until the subsidy ceases to be in operation. In other words, if the enterprises leave the market after finding out their cost function and admitting that they are not efficient enough for further operations in the market, the subsidies may be both useless (the more efficient entrepreneur does not need them, while the less efficient one leaves the market once the subsidy ceases to be in operation) and harmful (less efficient entrepreneurs are given an artificial seedbed, while market competition would have induced them to leave the market). If the former situation is prevalent, the industrial policy supporting entry is affected by a "deadweight" component and also "substitution" effects might arise.

Santarelli and Vivarelli (2000) suggested that the entrepreneurial policy could be made more effective either by shifting from subsidizing entry to a post-entry policy or by making the incentives to entry conditional on some measure of efficiency, like the enterprise's size. A larger startup size can be seen as either a measure of substantial sunk costs which implies higher barriers to exit or as a strong commitment by the entrant and thus a signal of a higher efficiency. Though this kind of decision might decrease the risk of wasting public money, the problem of deadweight effect may be increased (the enterprise who receives the subsidy does not really need it).

The preceding arguments need to be considered especially in the case of transition economies. McMillan and Woodruff (2001) argue that firm-level learning is more important during transition than in mature market economies because there is greater uncertainty concerning costs and demands, and through experimentation entrants provide information on how to do business that could become common knowledge allowing others to observe the outcome of the experiment. Further, the EBRD (1995) emphasizes that small and medium sized enterprises generate positive spillovers in that small firms contribute to experimentation with new products and ideas, and such effects are stronger in transition than in advanced market economies.

The various analysis due by using Estonian enterprises' microeconomic data (Masso et al. 2005, Masso et al. 2006) have indicated that Estonian firms' dynamics is characterized by the similar features mentioned above in case of other countries, like high job creation and destruction rates, many start-up enterprises exit during a few years after entry, start-up firms are often relatively small[7]. The empirical evidence shows that behind the firm dynamics there are strong selection and learning effects, through which inefficient enterprises exit the market while efficient firms grow relatively rapidly. The reallocation of production factors that accompanies with that process plays important part in the productivity growth (Masso et al. 2005). In addition, the aforementioned Gibrat law does not hold in case of Estonian

[7] Still the start-up's survival rates are relatively higher in transition countries (including Estonia) compared to other countries thanks to the possibilities to fill new market niches during the transition processes.

enterprises, i.e. small enterprises grow faster than the larger ones, and this can be seen especially among the firms belonging to the domestic private capital (among the foreign firms the firm's growth rate was not dependent so strongly on the firm's initial size). All this refers to that in case of transition economies the interference of the selection process that may accompany with the use of grants may result in large costs. The threats resulting from public supporting of firms can be seen from the slower restructuring in some CEE countries due to the of *soft budget constraints.*

3. Estimating the efficiency of government grants to enterprises

It is necessary to evaluate the effectiveness of the governmental support. In empirical literature the definition of efficiency has included many different domains and opportunities – the effectiveness has been defined through improved usage of technology, increased productivity or whether it has increased the probability of enterprise survival.

Among the methodological approaches that have been used for the study of government's grants efficiency, the two most often used ones are parametric and non-parametric selection approaches and matching techniques. When estimating the impact of grants, the problem is that the value of the efficiency indicator we are interested in is not known in case when the enterprise was not granted a support. Let us use Y to denote the variable under interest that is used to evaluate the grant's impact (e.g. labour productivity, level of employment, probability of survival etc.). Let $GRT_{it} \in \{0,1\}$ be an indicator (a dummy variable) whether the firm i received a grant or not at time t. Let us also denote $Y^1_{i,t+s}$ the value of the outcome with grant and $Y^0_{i,t+s}$ without grant. The causal effect is then defined as $Y^1_{i,t+s} - Y^0_{i,t+s}$ (the impact of the grant, treatment effect). The problem is that for those treated, the first term is observable but not the second; for those not treated, the situation is vice versa. Thus we can only observe $Y_{i,t+s} = Y^0_{i,t+s} + GRT_{i,t} \cdot \left(Y^1_{i,t+s} - Y^0_{i,t+s}\right)$. Without strong assumptions, the treatment effect can not be estimated at the firm level, however the average treatment effect can be estimated without bias if the selection is due to observables. Average treatment effect of the treated (ATE_1) can be written as

$$ATE_1 = E\left\{Y^1_{i,t+s} - Y^0_{i,t+s} \mid GRT_{i,t} = 1\right\} = E\left\{Y^1_{i,t+s} \mid GRT_{i,t} = 1\right\} - E\left\{Y^0_{i,t+s} \mid GRT_{i,t} = 1\right\} =$$

$$= \frac{1}{N^1} \sum_{i=1}^{N^1} \left(Y^1_{i,t+s} - Y^0_{i,t+s}\right)$$

The term N^1 denotes the number of treated (grant receiving) firms. Since the last term ($E\left\{Y^0_{i,t+s} \mid GRT_{i,t} = 1\right\}$) is unobservable, the causal inference is dependent on the construction of the counterfactual that is the outcome of the grant recipients in case they would not have received the grant. That is estimated by the value of the outcome of the firms that did not receive grants, i.e. $E\left\{Y^0_{i,t+s} \mid GRT_{it} = 0\right\}$. The calculation of term as an average over all of the firms not receiving grants will yield

biased estimates if the receipt of grants is not random but correlated with observable firm characteristics. Thus in order to obtain unbiased estimates, the valid counterfactual needs to be constructed. Let us denote the outcomes of the firms chosen to the comparison group as $Y^c_{i,t+s}$.

The complete econometric selection models simultaneously estimate participation in and success of the program or measure. The Heckman 2-step model includes two equations. The first one is for the receipt of public funding and the second one is the outcome equation that includes in addition to the usual regressors also the inverted Mills ratio as the selection correction term estimated from the probit model of probability that the firm receives a grant (Hussinger 2003). The model is then as follows:

$$Y_{i,t} = \alpha + \beta_1 X_{i,t} + \delta \cdot GRT_{i,t} + \beta_2 \cdot \hat{\lambda}_{i,t} + u_{i,t}$$
$$P(GRT_{i,t} = 1) = \gamma Z_{i,t} + v_{i,t},$$

where

$$\hat{\lambda}_{i,t} = \begin{cases} \phi(\hat{\gamma}' Z_{i,t}) / \Phi(\hat{\gamma}' Z_{i,t}), \text{ if } GRT_{i,t} = 1 \\ \dfrac{-\phi(\hat{\gamma}' Z_{i,t})}{1 - \Phi(\hat{\gamma}' Z_{i,t})}, \text{ if } GRT_{i,t} = 0 \end{cases}$$

The selection models have been criticized because they are based on restrictive assumptions regarding the error terms and their distribution that often cannot be interpreted economically. However, Heckman and Hotz (1989) point out that the application of parametric models leads to satisfying results. Parametric instrument variable estimators that have increasingly gained attention in the last few years may be seen as variant of this class of estimators.

Many studies have used the instrumental variables methods (e.g. Wallsten 2000, Piekkola 2005). The approach is based on a 2-step regression method. In the first step, the method the participation variable GRT_{it} is regressed on the exogenous variables and instrumental variables, and an estimate on the probability to receive a grant is estimated (e.g. from probit, logit, OLS). The instruments are the variables that influence the participation decision, but do not affect the result (treatment effect) in any other way than through participation. In the second step, the output variable $Y_{i,t}$ is regressed on the variables affecting it and the estimate of the program participation (GRT_{it}) obtained from the first step. The issue connected to the application of that method is (as usual) finding the appropriate instrumental variables that are correlated with the probability of receiving the grant.

Many studies have tried to estimate the efficiency of the enterprise grants by using matching techniques[8] that have gained popularity with the evaluation of the impact of labour market programs, though they are used. In case of matching techniques the

[8] For an overview on the matching techniques see e.g. Caliendo and Kopeinig (2005).

goal is to form a *counterfactual* for the treated unit (in this case supported enterprise), that is the expected potential outcome of the supported enterprise in case of not being granted the support, by using the performance of the enterprises not granted a support. Rosenbaum and Rubin (1983) point out that matching "[…] is a method for selecting units from a large reservoir of potential comparisons to produce a comparison group of modest size in which the distribution of covariates is similar to the distribution in the treated group." Therefore, we seek a 'perfect twin' for each observation of the treatment group, i.e. at least one observation of the potential control group that is as similar as possible to the treated observation with respect to a given distance measure. The success of these approaches depends on several conditions that allow the identification of the potential effect (Heckman et al. 1999).

One of the most popular ones among the matching techniques is propensity score matching that used for matching the probability of receiving the grant (propensity score) conditional on several firm-specific indicators, i.e. the following probit model is used

$$E\left[GRT_{i,t} \mid X_{i,t}\right] = P\left(GRT_{i,t} = 1 \mid X_{i,t}\right) = F\left(X_{i,t}\right),\ \forall i = 1\ldots, N^{0'} + N^{1},$$

where $X_{i,t}$ is the vector of covariates including possibly firm lever variables, regional and industry dummies, lagged values of $GRT_{i,t}$. The choice of variables should capture the factors that are connected to the funding agencies decision making (Girma et al. 2005) and the firms decision to participate in the program (like the return from the participation). Usually the probit model is used to estimate the participation probability, in that case $F\left(X_{i,t}\right) = \Phi\left(X'_{i,t} \cdot \hat{\beta}_{i,t}\right)$, where $\hat{\beta}$ is the vector of parameter estimates of the participation equation and $\Phi(\bullet)$ is the cumulative density function of the standard normal.

Let us denote P_{it} the predicted probability of receiving grants (probability of treatment) at time t for firm i that actually receives the grants. This matching criterion is denoted also as "bounded propensity score", sometimes the "unbounded propensity score" $X'_{i,t} \cdot \hat{\beta}$ is used for matching, too. A firm j not receiving the grants is then chosen as the match for the firm i according some matching algorithm. Different matching algorithms are used, among which the most often used ones are the nearest neighbour matching (the firm to the comparison group is chosen is the one with the propensity score P_{it} closest to the treated firm P_{jt}), caliper matching (that imposes a tolerance level on the maximum propensity score distance $P_{ij} - P_{it}$) etc. (Caliendo and Kopeinig 2005). After the matching has carried through for all firms that have received the grant, the ATE^1 can be calculated as by taking the average of the treatment effect over all firms treated (given a grant). As to the Hausman (2001), matching leads to more robust results on the treatment or casual effect compared with other methodologies approaches.

A few studies have combined the matching method with the difference-in-differences method that became popular with the availability of panel data sets. Here, potential selection biases due to observable time-invariant variables vanish in the linear model if differences are calculated over time (Almus and Czarnitski 2003). Combining the matching and difference-in-difference analysis has been argued to make the evaluation analysis more accurate. The difference-in-difference estimator is as follows

$$\begin{aligned}\hat{\beta}_{did} &= E\left(Y_{i,t}^{1}\right) - E\left(Y_{i,\tau}^{1}\right) - \left[E\left(Y_{i,t}^{0}\right) - E\left(Y_{i,\tau}^{0}\right)\right] = \\ &= \Delta E\left(Y_{i,t}^{1}\right) - \Delta E\left(Y_{i,t}^{0}\right)\end{aligned},$$

where τ is the time before the start of the program.

Next, we start reviewing the empirical evidence on the grants' impact on firm performance. Table 1 summarizes the results of the studies on the impact of start-up and other non-R&D enterprise subsidies. Girma et al. (2003) investigated the impact of enterprise support on firm survival and growth in case of Irish manufacturing enterprises. The peculiarity of their study was that in Ireland the public grants to enterprises have been used in addition to the improvement of domestic firms' performance also for attracting the foreign firms' production units to the country. They used traditional matching techniques in combination with *difference-in-difference analysis* and showed that especially capital (but also other types of) grants had important impact on firm survival and job creation (in case of the latter both unconditional and conditional labour demand function were analyzed in order to distinguish the pure job creation effect from the efficiency of the grants). Although grants increased job creation also among multinational enterprises, these were not successful in ensuring the staying of the multinationals in the country.

Bergström (2000) estimated the impact of public sector capital grants on *total factor productivity* in Swedish manufacturing industries. In the analysis the firms' panel data was used that distinguished between the enterprises supported and the enterprises that were not supported. The analysis included looking at the correlations between size of grant per employee, value added and production inputs, the impact of grants the growth of value added was estimated with using the controls like the growth of production inputs (labour and capital), firm age, and location and industry dummies. The grants were positively correlated with the growth of value added, but there was no growth of value added accompanying with them after including control variables. Thus, the growth through grants was achieved by the increased use of production inputs rather than through their better use.

One question is, how long to monitor the enterprises after the receipt of the grant (Bergström 2000): in case of too short time period there is the danger that the estimation misreports the impact of the grant, in case of too long time period it is difficult to isolate the impact of the grant from the other factors. Similarly, the results of the study showed that in the first year after granting the subsidy the supported firms seemed to be more productive, but later the productivity growth

slowed down compared to the non-supported enterprises. That needs to be considered in the future analysis for Estonia, where it is possible to analyze only a relatively short period after the receipt of support.

Bergström (2000) claimed that the indicator often used, the impact of support on gross job creation, is not sufficient for estimating the impact of support because that measure ignores indirect impacts (the number of jobs lost due to the support) and does not take into account the growth rates effects, thus one should pay more attention to whether the grants influence productivity.

The results on the efficiency of grants are not unambiguous in the literature. Almus and Prantl (2001), Jarmin (1999), Bergström (2000) showed that procuring financial aid may improve the growth and survival prospects of the firm that received the benefit. Harris and Robinson (2001) showed that firms receiving grants improved their productivity; on the contrary Bergström (2000) could not find evidence on positive impact on productivity. Beason and Weinstein (1996) when using the industry level data of Japan could not find impact of the industrial policy measures on productivity improvement.

A few studies have investigated the policies designed to promote training among SME's have been effective. Generally, the evaluations of the projects have revealed a positive impact on the participating employers propensity to provide training, though there are issues of additionality / susbstitutability (whether SME's already providing training are seeking funding for it), sustainability (whether the programs impact will last over the end of its lifetime) and the impact of subsidized training on business performance (Devins and Johnson 2003).

Next, we move on to the studies on the impact of *research and development* grants (for a summary of the previous studies findings, see Table 2). Klette et al. (2000) summarized the findings of the literature by that most microeconometric approaches are based on the assumption that R&D subsidies are distributed across projects and firms randomly. However, in fact public policy towards research and development tries to pick up the winners in case of specific programs are implemented (Heshmati and Lööf 2005). Thus, in microeconometric analysis the public sector financing is an endogenous variable and when adding that to the list of independent variables generates inconsistent estimates. In addition to that issue there need to be solved the fundamental questions, like how to measure the output of the supported units, how to measure the size of the spillover effects and the impact of grants on public sector infrastructure (Lööf and Heshmati 2005). Because the screening of successful projects is costly and time-consuming process, the decision on financing made by the public sector may attract also private financing. Thus the public sector financing can both crow out private financing as well as the increase the total expenditure on research and development (additivity).

Table 1. Recent studies on the impact of start-up and other non-R&D enterprise subsidies.

Author(s)	Data and Period	Methods	Type of subsidies	Results
Santarelli and Vivarelli (2000)	Italian data, 1987-1993, electrical and electronic engineering firms	Logit and Tobit model on firm survival, firm growth regression with controls	Start-up subsidies	Hazard rates are particularly high in the early stages of firm's life cycle and Gibrat's Law fails to hold in the years immediately following start-up. These results radically question the use of subsidies as an optimal policy for the support of new entries.
Bergstöm (2000)	Swedish data, 1987-1993, manufacturing	Matched samples	Regional policy capital subsidies	Subsidization can influence growth, but there seems to be little evidence that the subsidies have affected productivity
Girma, Görg and Strobl (2003)	Irish data, 1983-1998, manufacturing firms	Matching technique combined with a difference-in-difference estimator	1) Capital, technology and research; 2) employment related; 3) other types.	Particularly capital related, but also other types of grants can provide an important impetus to plant survival and employment growth
Almus (2001)	German data, 1990-1999	Parametric selection approach	Start-up subsidies	Firms receiving public start-up assistance perform better in terms of employment growth over a six year period
Beason, Weinstein (1996)	Japan, 1955-1990, manufacturing and mining	Total factor productivity growth regressions	Trade protection, subsidies net of indirect taxes, tax breaks, government loans	No evidence on productivity enhancement due to industrial policy was found
Jarmin (1999)	USA data, 1987-1996, manufacturing firms	Regression with controls, probit model for firm survival	Technical and business assistance	Survival of plants is positively associated with plant age, size, productivity and capital intensity. The survival of single-unit SMEs benefited from extension service, whereas multi-unit SMEs did not.
Crepon and Duguet (2003)	French data, 1994-1998	Propensity score matching methodology	Start-up subsidies	Start-up subsidies increase significantly the survival of the firms created by former unem-

Author(s)	Data and Period	Methods	Type of subsidies	Results
				ployed people; the allocation of subsidies acts as a screening process improving the performances of the bank loans; the effect of subsidies is stronger than that of bank loans.

Source: authors' compilation.

Wallsten (2000) studied the efficiency of grants used in USA in order to promote the innovations and development activities in USA small enterprises (Small Business Innovation research program). In order to control for the endogeneity problem (the causal relationship between grants and R&D can be both ways) the multiple-equation regression model with instruments was used. Wallsten found that because the program tended to support commercially viable projects, the grants crowded out one-to-one the R&D financed by firms. The enterprises with a larger number of employees received more subsidies, but the subsidies did not increase employment. However, he argues that though grants did not increase R&D activity, they allowed the firms to avoid cutting back the R&D activities.

Lööf and Heshmati (2005) investigated by using the Swedish data the impact of public sector financing on the firms' investments in R&D activities. Differently from Wallsten they found evidence on additive effects in small firms, e.g. public sector financing increased also private investments. In general, the numerous works that have analyzed the impact R&D grants have reached different conclusion regarding their impact. David et al. (2000) explain that with the use of different (and in some cases inappropriate) research methods, in particular the following methodological problems:

a) the aforementioned issue of selection bias in the funding process, only a few studies aim at measuring the counter-factual situation; mutual interdependence between public and private expenditure due to simultaneity and the omission of latent variables affect both types of funding;
b) positive correlation between private and public expenditure at the industry level might be caused by the unobserved inter-industry differences in the technological opportunity set;
c) the complementarity between private and public funding may show up due to the governments grants increasing R&D input prices and thus the nominal expenditure.

According to the literature survey by David et al. (2000), about one of three studies finds that public funding substitutes for private R&D funding. The substitution effect was found more often among the studies undertaken at the line-of-business or firm level (9 of 19 studies indicated substitutional effects) compared to industry or country level studies (2 of 14 reported substitutional effects). The substitution

effects have been found more often in the studies with US data and the complementarity is thus stronger in the case of non-US studies.

Table 2. Recent studies on the impact of R&D subsidies.

Author(s)	Data (Country, Period, Sector)	Methods	Results
Toivanen and Niininen (1998)	Finnish data, 1985-93	Regression with controls	R&D subsidies do not impact private R&D among large firms but increase private R&D by 5% for small firms.
Busom (1999)	Spanish data, 1998, manufacturing firms	2-stage econometric treatment model (Heckman)	For 2 of 3 firms the subsidies increase private funding of R&D by 20%. For the remaining 1/3 of firms, there would be a complete crowding out.
Wallsten (2000)	U.S. SBIR data, 1990-92, manufacturing firms	Instrumental variables approach (3-SLS), simultaneous equation model	Grants crowd out firm-financed R&D spending dollar for dollar.
Lach (2000)	Israel, 1990-95, manufacturing firms	Matched samples, regression with controls	Subsidies add to private funding of R&D: 1 extra dollar in R&D subsidy would increase private R&D by 41 cents.
Czarnitzki and Fier (2001)	Germany, 1994-98, service sector	Regression with controls	Public R&D funding is complementary to private: on the average one Euro of subsidy would increase private R&D by 1.3 to 1.4 Euros, but this effect is decreasing with time.
Almus and Czarnitzki (2003)	Germany, 1995, 1997, 1999, manufacturing	Matched samples	Firms in Eastern Germany that participated in governmental R&D schemes increased the private R&D-investments with an amount corresponding to 4% of their turnover.
Duguet (2003)	France, 1985-97, both manufacturing and services	Matched samples	R&D subsidies add to the private R&D. But the reduction of subsidies is unlikely to have been compensated by inverse movements of private funds, thus a lower innovation-related performance cannot be excluded.
Heshmati	Sweden, 1998-2000,	Matched	Additive effects of public R&D

Author(s)	Data (Country, Period, Sector)	Methods	Results
and Lööf (2005)	manufacturing and business services. Community Innovation Survey (CISII) data merged with Register Data	samples	subsidies on private expenditures exist only for small firms.
Piekkola (2005)	Finland, 1996-2002, manufacturing, matched employer-employee data	Instru-mental variables approach	Public subsidies (instrumented by available public R&D funding in industry/region) increased produc-tivity growth in small and medium-sized firms, and firms near the leaders in productivity
Hussinger (2003)	Germany, 1992-2000, manufacturing	Parametric (Heckman 2-step) and non parametric selection models	Public funding increases firm's R&D expenditure, size of the effect depends on the assumptions imposed by the particular model.
Kaiser (2004)	Denmark, 1999 and 2001, manufacturing and services	Parametric selection model, matched samples	Public funding does not have significant effect on private R&D expenditures

Source: Heshmati and Lööf 2005; authors amendments

Demirguc and Maksimovic (1996) analyzed the financing of corporations and its linkage to investments within a sample of firms from 30 different countries. For each enterprise they estimated a growth rate with which the firm can grow without relying on long-term external financing. The results indicated that the proportion of firms growing faster than the growth rate forecasted in this manner was related to the characteristics of the respective countries legal system, development of financial markets and institutions, but not on the government subsidies to industry. Although generally the availability of long-term credit improved the firms' growth, in the case availability of government subsidies in the economy this result was reversed. One reason mentioned by the authors was that subsidies that enable inefficient enterprises to continue their operations may reduce the revenues of the more efficient competitors and thereby impeded their ability to finance investments.

Finally, there have been undertaken also a small number of studies on the efficiency of government grants in the transition economies. In many transition countries the R&D policy including the support to firm's R&D activities has been rather modest, but increasing recently. For example, according to the Estonian Community Innovation Survey (CIS), only 5 % of innovative enterprises had received financial support from the state (Kurik et al. 2002). The exception is Eastern Germany where the subsidies in relation to the gross domestic product were three times higher than

in western Germany, and 60 % of innovating firms received public R&D funding in 1996. Also the public start-up assistance has been used actively (Almus and Czarnitski 2003).

Czarnitski and Licht (2006) compared the input and output additionality of public R&D grants in Eastern and Western Germany. For both parts of the Germany, the results revealed a significant additionality (i.e. grants increased the total R&D spending and R&D outputs at the firm level). A novelty of their approach was in separating the R&D expenditures into two components, the R&D expenditure that would have been carried through regardless of subsidies (according to our notation $Y_{i,t+s}^{0}$) and the expenditure induced by public funding (treatment effect at the firm level, $\alpha_{i,t+s} = Y_{i,t+s}^{1} - Y_{i,t+s}^{0}$), calculated as the result of the matching approach. Thereafter, the impact of the both components' on the firm's innovation output O_i was estimated assuming that O_i is a function of R&D funding (input) and the vector of control variables Z_i, i.e. $O_i = f\left(Y_i^0, \alpha_i, Z_i\right)$. When proxing for O_i with patent applications, the results revealed that there was not much evidence that government-induced R&D was less productive than private R&D expenditure; however, the R&D productivity was lower in Eastern Germany indicating that the regional redistribution of R&D grants could improve the overall innovation output of the German economy. In the earlier study on the effect of public R&D subsidies in Eastern Germany, Almus and Czarnitski (2003) that firms increase their innovation activities as a response to subsidies by about 4 % compared the case where no subsidies are granted. The advantage of their approach over many others is that they have information on subsidies from all programs, not just one specific program.

Burger et al. (2006) analyzed the complementarity effects of R&D subsidies for Slovenian manufacturing. The results based on a large sample of firms revealed strong complementarity effects. Complementarity effects were stronger among larger firms (measured by sales), but the effects were much smaller in case of higher persistency in subsidizing (if firms had received public subsidies more than two times in the past).

There have been carried thorough several studies on the efficiency of active labour market policy measures. Especially those measures targeted at promoting self-employment and entrepreneurship might be of interest also in the context of our study. Leetma and Võrk (2003) argue that active labour policy measures could be more effective in the transition countries because the rapid changes have caused a large mismatch between the supply and demand of labour, both in skills and location. Thus the intervention in the market may help to improve the functioning of the market. O'Leary (1998) studied the self-employment in Hungary and Poland, and found the strong dead-weight effects of self-employment assistance programmes, i.e. many of those receiving the assistance would have gained re-employment anyway without government assistance. Leetma and Võrk (2003) found the start-up grants to have a strong positive effect on the re-employment probability,

however, only 70 % of the recipients were still employed in the established small businesses after two years.

4. Conclusions

The aim of this article is to give an overview of theoretical standpoints that justify the need to support small and medium sized enterprises and to make a survey of different methods to measure enterprises efficiency and methodological approaches used so far.

The public support of enterprises with governmental subsidies and grants has been an important measure of industrial policy in several countries. The most legitimate justification for governments to intervene in the economy associates with the situation where the free market process does not result in the most efficient possible allocation of resources. Governmental support is mainly based on arguments that they are needed to correct for the market failure, to improve economic efficiency and to promote increased productivity and competitiveness. On the other hand, the earlier studies have indicated that ineffective support of enterprises might lead to substantial hazards, including lower growth of firm's productivity (and also in the economy as a whole). It might be caused by the slowdown of structural changes, the distortions in enterprises incentives (lower incentives to manage the enterprise effectively) or because enterprises' possibilities to acquire information from the market on the effectiveness of their operations is slower. All these influences can eliminate the expected positive effects that should accompany the correction of market failures.

There has emerged an extensive literature using micro-econometric methodological approaches like matching techniques and selection models. As we saw, the results are not always unambiguous and the used econometric methodology has not been always appropriate in order to account for that the grants are not allocated randomly but by some criteria that needs to be considered in the econometric assessment of the grants' impact.

The authors of this short overview of literature plan to use this information in the research of Estonian enterprises start-up aid survey.

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Kokkuvõte

ETTEVÕTLUSE RIIKLIK TOETAMINE: TEOREETILISED POOLT- JA VASTUARGUMENDID NING EFEKTIIVSUSE HINDAMISE VÕIMALUSED

Siret Vildo, Jaan Masso
Tartu Ülikool

Ettevõtlustoetused on enamuses arenenud riikides oluliseks riikliku tööstuspoliitika meetmeteks. Käesoleva artikli eesmärgiks on anda lühikene ülevaade ettevõtluse riiklikku toetamise poolt ja vastu esitatavatest majandusteoreetilistest argumentidest, samuti nende efektiivsuse hindamise erinevatest metodoloogilistest lähenemisest ja üldistada varasemate empiiriliste uuringute tulemusi ning seisukohti. Mainitud on seejuures nii alustavatele ettevõtetele, uurimis- ja arendustegevuseks toetamiseks mõeldud kui ka regionaalpoliitika raames kasutatavaid ettevõtluse toetusskeeme. Majandusteoreetilistest poolt-argumentidest mainitakse välismõjusid (nt seoses vajadusega toetada uurimis- ja arendustegevust), väikeettevõtete ebasoodsamat seisu asümmeetrilise informatsiooni probleemide tõttu (nt finantseerimise valdkonnas), vajadus tagada turukonkurents. Samas võib ettevõtluse riiklik toetamine tekitada probleeme nagu ressursside mitteoptimaalne kasutamine (sh allokatiivne ja X-ebaefektiivsus), konkurentsi nõrgenemine, erainvesteeringute väljatõrjumine, ettevõtete seas toimuva selektsiooni- ja õppimiseprotsesside (mille käigus ettevõtted saavad turult tagasisidet oma efektiivsuse kohta) nõrgenemine. Empiirilistes uurimustes on hinnatud ettevõtlustoetuste mõju nii tootlikkusele, ettevõtete ellujäämise määrale, kasvule ja töökohtade loomisele. Arvukad vastavateemalised uurimused on jõudnud erinevatele järeldustele ja kasutatav ökonomeetriline aparatuur (näiteks tihti on kasutatud mitmesugused sobitamise tehnikad ja selektsioonimeetodeid) pole kõikides uurimustes olnud adekvaatne arvestamaks näiteks seda, et toetusi ei jagata ettevõtetele juhuslikult vaid mingite kriteeriumide alusel. Suhteliselt põgusalt üritatakse artiklis siduda ka muude riikide kohta saadud tulemusi varasemate Eesti ettevõtluse kohta tehtud analüüside tulemustega. Artikli autorid planeerivad kasutada antud kirjanduse ülevaate tulemusi oma kavandatavas empiirilises analüüsis Eesti ettevõtete stardiabi meetmete efektiivsuse kohta.

INTERNATIONALISIERUNG UND NETZWERKBILDUNG IM MITTELSTAND

Gunnar Prause und Jost W. Kramer
Hochschule Wismar

Das Thema der Globalisierung bewegt schon seit längerer Zeit die öffentliche Diskussion in Westeuropa und in besonderem Maße auch in Deutschland. Durch die Osterweiterung der Europäischen Union im Jahr 2004 hat die Stärke der Diskussion erneut zugenommen, da durch die Grenzöffnung nach Polen viele diskutierte Probleme direkt an der deutschen Ostgrenze auftraten. Neben den Ängsten, die mit der Osterweiterung verbunden sind, stiegen damit aber auch die damit verbundenen Chancen, denn seither besteht die EU aus rund 450 Mio. Einwohner, was den Unternehmen außergewöhnliche Marktchancen eröffnet.

Relativiert wird die Erwartung durch die Tatsache, dass sich der riesige EU-Markt in 25 unterschiedliche Nationen gliedert und sich die in ihm lebenden Menschen einer Vielzahl unterschiedlicher Kulturen und Sprachen zugehörig fühlen. Somit wird die Fähigkeit zum Umgang mit den vielfältigen Wirtschaftsstrukturen, Kulturen und historischen Hintergründen der verschiedenen nationalen Märkte zum Schlüsselkriterium für den Erfolg auf dem riesigen EU-Binnenmarkt. Die Lösung dieser hochkomplexen Managementaufgabe überfordert aber erfahrungsgemäß die vorhandenen Ressourcen und das Potential der großen Mehrheit von EU-Unternehmen, die dem Bereich der kleinen und mittleren Unternehmen, d.h. dem Mittelstand, zuzuordnen sind. Aktuell dominiert im europäischen Mittelstand noch eine nationale und heimatmarktliche Orientierung, so dass der gesamteuropäische KMU-Sektor noch große Probleme hat, von den Vorteilen des großen EU-Binnenmarktes zu profitieren.

Zur Stärkung des Mittelstandes im erweiterten Europa wurde eine große Zahl von Initiativen ins Leben gerufen, bei denen die Hochschule Wismar in Form von mehreren EU-Projekten unmittelbar beteiligt war und ist. Zwei dieser EU-Projekte, die beide noch laufen, sollen in diesem Beitrag vorgestellt werden. So begann im Oktober 2003 das EU-Projekt „International comparative studies and course development on SME's“ im Rahmen des LEONARDO-Programms der Europäischen Gemeinschaft, an dem die Hochschule Wismar als einzige deutsche Institution vertreten ist. In dem dreijährigen Projekt arbeiten zehn Partnerinstitutionen aus acht EU-Mitgliedsländern unter der Führung der Budapest Business School zusammen, um in einer vergleichenden Studie die KMU-Systeme der Partnerländer zu charakterisieren.

Bei genauerer Betrachtung offenbarte sich in Deutschland eine Sondersituation, denn hier ähneln die Wirtschaftsstrukturen der alten Bundesländer mehr denen der westlichen EU-Staaten wie Belgien und Frankreich, während die

Wirtschaftsstrukturen in Ostdeutschland in vielen Bereichen mehr mit den Wirtschaftsstrukturen der neuen, östlichen EU-Mitgliedsstaaten vergleichbar sind. Dabei beschränken sich die existierenden Ost-West-Differenzen nicht nur auf Strukturunterschiede innerhalb des KMU-Systems, sondern weisen auch signifikante Unterschiede in der Managementkultur auf. Angereichert werden die Untersuchungen zum deutschen KMU-System durch Ergebnisse einer empirischen Studie, die die Hochschule Wismar zusammen mit der IHK Schwerin im letzten Quartal 2005 zum Thema „Internationalisierung von KMU's" in Westmecklenburg durchgeführt hat.

Das zweite EU-Projekt gehört dem InterregIIIB-Programm für die Ostseeregion (Baltic Sea Region – BSR) an und begann Anfang 2005 mit je zwei Partnerinstitutionen aus jedem Ostseeland einschließlich Russland. Unter der Leitung der Baltic Business School Kalmar liegt der Fokus des dreijährigen Projektes mit dem Titel „Baltic Business Development Network" auf der Koordinierung der Regionalentwicklung in den neun beteiligten Ostseeregionen, was durch die Gründung einer virtuellen Entwicklungsgesellschaft (Virtual Baltic Development Agency – VBDA) erreicht werden soll.

Der Beitrag wird die wesentlichen Ergebnisse des LEONARDO-Projektes über die europäischen KMU-Systeme präsentieren. Anschließend werden die wichtigsten Ideen und Konzepte des Interreg-Projektes vorgestellt und neueste Erkenntnisse zur Internationalisierung von KMUs anhand der Befragung in Westmecklenburg aufgezeigt. Aufbauend auf die beiden EU-Projekte und die ersten vorliegenden Erfahrungen mit der EU-Osterweiterung werden Perspektiven und kooperativ ausgerichtete Zukunftskonzepte für den europäischen Mittelstand entwickelt. Dabei liegt das Hauptaugenmerk auf der Netzwerkbildung und auf transnationalen KMU-Aktivitäten in Europa.

1. Globalisierung und Mittelstand

Verfolgt man die öffentliche Diskussion in Deutschland und in benachbarten westeuropäischen Staaten, so wird im Zusammenhang mit den anzutreffenden Strukturproblemen in Gesellschaft und Wirtschaft häufig die Globalisierung ins Feld geführt. Dieser Eindruck verstärkt sich beim Blick in den Wirtschaftsteil der maßgeblichen Presse, denn hier dominieren Negativschlagzeilen über Unternehmensverlagerungen ins europäische und ins außereuropäische Ausland mit allen ihren bekannten Begleiterscheinungen, die fest mit der Globalisierung verbunden zu sein scheinen.

Auffällig ist dabei, dass der Begriff der Globalisierung im Sinne eines „Schreckenswortes" [UB 1997: 9] verwendet wird. Auf diese Weise wird Globalisierung vielfach als nicht hinterfragte Standardbegründung für nachteilige Entwicklungen herangezogen, als Exkulpation für fehlendes Eigenengagement angesehen oder zumindest als Bedrohungsszenario verstanden, das keiner näheren

Analyse bedarf – vorrangig in Zusammenhang mit dem Abbau von Arbeitsplätzen im Heimatland.

Stellvertretend hierfür sei das Ergebnis einer jüngst erschienenen, repräsentativen Umfrage des Handelsblatts und der Unternehmensberatung Droege & Comp. [FTD] unter 1.212 führenden Managern von großen Unternehmen aus Deutschland, Österreich, der Schweiz, Frankreich, Italien und Großbritannien genannt, die einen Einblick in die Situation in Westeuropa gewährt. So hatte beinahe durchschnittlich jedes fünfte der befragten westeuropäischen Großunternehmen in den vergangenen drei Jahren Arbeitsplätze ins Ausland verlagert. Der Umfrage, zufolge soll dieser Trend auch in den kommenden drei Jahren unvermindert anhalten, wobei unter den befragten Managern der sechs Nationen besonders 38 % der britischen Spitzenmanager (bislang: 28 %) und 17 % der deutschen Manager (bislang ebenfalls 17 %) zukünftig Arbeitsplätze ins Ausland verlegen wollen. Im Gegensatz dazu ist in Frankreich und Italien mit einer Verlangsamung der Entwicklung zu rechnen. Der Studie zufolge sind von der Verlagerung vornehmlich Arbeitplätze im produzierenden Gewerbe bedroht, wobei es deutsche und österreichische Manager eher ins europäische Ausland zieht, während britische Firmen vornehmlich an China und Asien interessiert sind.

Entsprechend geht die Boston Consulting Group davon aus, dass bis 2015 jeder vierte Industriearbeitsplatz in Billiglohnländer abwandern wird [BCG]. So erhöhten bereits im 1. Halbjahr 2005 die 30 größten deutschen Konzerne ihre Belegschaft im Ausland um 2,6 %, während die Beschäftigtenzahl der Konzerne im Inland im gleichen Zeitraum um 1,6 % sank. Folglich erhöhen die großen deutschen Konzerne ihre Mitarbeiterzahl im Ausland zu Lasten der Inlandsarbeitsplätze, während der Mittelstand seine Standortverbundenheit signalisiert und sowohl durch inländische als auch durch ausländische Geschäftsaktivitäten Arbeitsplätze in Deutschland schafft.

Bei nüchterner Betrachtung der ökonomischen Kennzahlen bietet sich allerdings ein weitaus differenziertes Bild als dies aus den Pressemitteilungen zu vermuten ist. So machen zwar Wirtschaftsgüter aus Asien und Osteuropa deutschen Unternehmen das Leben schwer und zwingen auch Unternehmen zur Arbeitsplatzverlagerung ins Ausland, aber die Globalisierung fällt bei weitem nicht so ins Gewicht wie es den Anschein hat. In mehreren Studien hat der Berliner Ökonom Volker Nitsch nachgewiesen, dass der Großteil des Welthandels nicht zwischen reichen und armen Nationen, sondern innerhalb der Industrieländer statt findet. So stammen 70 Prozent der nach Deutschland importierten Produkte aus Westeuropa, den USA oder anderen reichen Ländern; dabei kommen nur 5,7 Prozent der deutschen Importe aus China. Und auch bei den deutschen Direktinvestitionen gehen nach Angaben der Bundesbank 86 Prozent in andere Industrieländer, vor allem nach Westeuropa (60 Prozent) und in die USA (23 Prozent) [HU].

Um den sich anscheinend widersprechenden Fakten auf den Grund zu gehen, bedarf

es einer differenzierter Analyse der Auswirkungen der Globalisierung nach Unternehmensgrößen. Betrachtet man den deutschen Mittelstand unter dem Blickwinkel der Globalisierung oder besser gesagt der Internationalisierung, so geben aktuelle Studien erste Hinweise den Zusammenhang zwischen dem Grad der internationalen Aktivitäten und der Größe der Unternehmen. Bei der Qualität der Auslandsaktivitäten, die Unternehmen mit einem Umsatz zwischen drei Millionen und einer Milliarde Euro, brachte eine Umfrage der Unternehmensberatung Weissman & Cie unter 1.000 nicht börsennotierten – und damit eher der Gruppe der KMU zuzurechnenden – Unternehmen interessante Ergebnisse zu Tage [WC].

So stellte sich heraus, dass momentan durchschnittlich 16,8 % der Mitarbeiter dieser Unternehmen im Ausland beschäftigt sind und trotz starkem Wachstum im Auslandsgeschäft bei den betrachteten Unternehmen in fünf Jahren nur mit einem Anteil von 17,8 % der im Ausland beschäftigten Mitarbeiter zu rechnen ist. Dies bedeutet, dass der deutsche Mittelstand im Ausland vornehmlich nach Märkten und nicht nach billigen Arbeitskräften sucht. Daher werden durch die Auslandsaktivitäten des Mittelstandes mehr Arbeitplätze geschaffen als vernichtet, d.h. der deutsche Mittelstand zeichnet sich durch eine besondere Standortverbundenheit aus.

Dies macht deutlich, dass Globalisierung nämlich mehr ist als nur die potenzielle Verlagerung von Arbeitsplätzen. Inhaltlich geht es um die zunehmende wirtschaftliche Verflechtung zwischen Staaten und Unternehmen, die die internationale Differenzierung bei der Erstellung von Gütern und Dienstleistungen ebenso umfasst wie den internationalen Kapital- und Personaleinsatz und die weltumspannende Nutzung von Absatz- und Beschaffungsmöglichkeiten.

Dieser Aspekt der internationalen Absatzmöglichkeiten korrespondiert mit den Erkenntnissen, die der Ökonom Henning Klodt vom Kieler Institut für Weltwirtschaft gewonnen hat [HU]. Deutsche Unternehmen sind inzwischen längst bereits in Osteuropa und Asien und beliefern von dort aus den Weltmarkt. Dabei sind niedrige Löhne und geringe Steuern nur zwei von mehreren Motiven, die Firmen ins Ausland treiben. Hinter den Direktinvestitionen stehen meist wettbewerbsfähige Unternehmen, die in wachsenden Auslandsmärkten expandieren wollen, äußert Klodt, und diese sichern damit Jobs zu Hause.

2. Testlabor: Deutschland

Will man die Lage in Deutschland verstehen, so muss man sich die erheblichen strukturellen Unterschiede zwischen West und Ost, auch 15 Jahre nach der Wiedervereinigung, vergegenwärtigen. Bereits ein erster Blick auf die wichtigsten wirtschaftlichen Kennzahlen offenbart die ungleiche Verteilung zwischen den beiden deutschen Wirtschaftsstrukturen. Von den 82 Millionen Einwohnern Deutschlands leben 80 % in Westdeutschland, wo auch 90 % der deutschen Industrie konzentriert ist. Andererseits sind die 20 % Einwohner Ostdeutschlands

nur für rund 10 % des deutschen BIP verantwortlich, welches seit 1996 bei nur 64 % des westdeutschen BIP stagniert.

Aber die innerdeutschen Strukturunterschiede liegen tiefer. Ein etwas detaillierterer Blick auf die Situation Ostdeutschlands offenbart auch noch 15 Jahre nach der Wiedervereinigung vier strukturelle Lücken, die eine wirtschaftliche Aufholstrategie so schwierig gestalten [AG]:

- Die Unternehmenslücke,
- die Produktionslücke,
- die Kapitallücke,
- die Produktivitätslücke.

In [RP] weist Rüdiger Pohl auf die Unternehmenslücke hin und bringt zum Ausdruck, dass es bezogen auf die Unternehmenszahl je 10.000 Einwohner in Ostdeutschland nicht nur rund 20 % weniger IHK-zugehörige Unternehmen als in Westdeutschland gibt, sondern dass die existierenden ostdeutschen Betriebe mit durchschnittlich 80 Mitarbeitern auch rund 44 % kleiner als die westdeutschen sind. Der relative Mangel an Großunternehmen in Ostdeutschland ist eine direkte Konsequenz aus der schnellen Privatisierungswelle der VEB-Unternehmen in der Übergangsphase nach 1990, die es den traditionellen ostdeutschen Groß-Unternehmen (Kombinaten) so gut wie unmöglich machte, unter den neuen, marktwirtschaftlichen Bedingungen zu überleben [AG].

Somit löste sich die Mehrheit der großen ostdeutschen Betriebe auf und mit dem Niedergang dieser Großbetriebe verschwanden auch die zugehörigen regionalen Wirtschaftscluster. Aufgrund dieses Mangels an Großbetrieben, d.h. neuen potentiellen Clusterkernen und damit verbunden auch an neuen Clusterstrukturen, ist die ostdeutsche Unternehmensstruktur heutzutage eher als Netz oder Gewebe von KMU charakterisierbar, so wie dies auch für große Teile Osteuropas zutrifft.

Eine wichtige Konsequenz der Unternehmenslücke in Ostdeutschland stellt die daraus resultierende Produktionslücke dar, d. h. nur 40 % der im Osten konsumierten Produkte werden auch in Ostdeutschland hergestellt. Der größte Teil der fehlenden Produkte wird aus Westdeutschland eingeführt, was den Osten vom Westen wirtschaftlich abhängig macht. Strategisch betrachtet zieht die Produktionslücke auch eine Kapitallücke nach sich, da durch die Produktionslücke dem Osten ständig Kaufkraft entzogen wird, die es ostdeutschen Unternehmen schwer macht, Kapital anzusammeln. Somit erzeugt die Unternehmenslücke zusammen mit der Produktionslücke eine Kapitallücke, die sich in vielfältiger Natur nachteilig für Ostdeutschland bemerkbar macht.

Als wesentliche Auswirkung ist in diesem Zusammenhang eine Produktivitätslücke zu nennen, die bereits thematisiert wurde. Das östliche Produktivitätsniveau liegt wie eingangs erwähnt bei nur 80 % der Westproduktivität, denn die mit der

Kapitallücke verbundene Finanzschwäche macht es der ostdeutschen Wirtschaft schwer ausreichende Mittel für die Finanzierung und Investition in eine moderne Produktionsinfrastruktur aufzubringen. Die schwache Investitionstätigkeit in Ostdeutschland wird verschärft durch eine anhaltende Migration (brain-drain) von jungen, hochqualifizierten Menschen, die ihre Heimat im Osten verlassen, um in Westdeutschland bessere Berufsmöglichkeiten zu finden. So sind 60 % der Abwanderer jünger als 30 Jahre, und die Gesamtzahl der Richtung Westen abgewanderten Personen belief sich zwischen 1991 und 2002 auf insgesamt rund 2 Mio. Menschen, wobei die Mehrheit junge Frauen sind. Dieser Umstand birgt die Gefahr der Entvölkerung ganzer Landstriche in Ostdeutschland und damit verbunden den Eintritt in einen Teufelskreis, denn entvölkerte Regionen ziehen nachlassende Investitionstätigkeiten nach sich, die zu weiteren Abwanderungen führen, wodurch sie für zukünftige Investitionen noch unattraktiver werden.

Darüber hinaus führt die Kapital- bzw. Finanzschwäche der ostdeutschen Wirtschaft auch zu strategischen Nachteilen im kapitalintensiven FuE-Bereich, woraus sich wiederum ein Innovationsnachteil Ostdeutschlands ergibt. Ein Blick auf die wichtigsten Indikatoren im Bereich Forschung und Entwicklung offenbaren, dass die FuE-Aufwendungen pro Einwohner im Westen viermal so hoch sind wie im Osten Deutschlands. So ist es nicht überraschend, dass der Anteil der FuE-intensiven Industrieproduktion, d.h. derjenigen Produkte mit einem FuE-Kostenanteil von mehr als 3,5 %, im Osten nur 1/3 der Westwerte erreicht, die bei rund 50 % liegen [KfW].

Die FuE-Schwäche Ostdeutschlands zusammen mit der Unternehmenslücke ergeben einen Mangel an international agierenden Großunternehmen, die als regionale Clusterkerne fungieren können und so wird verständlich, warum Ostdeutschland kaum etwas zum Exporterfolg Deutschlands beitragen kann. Mit nur 5 % Anteil an den deutschen Exporten liefert Ostdeutschland nur einen marginalen Beitrag zur Rolle Deutschlands als Exportweltmeister und kann somit auch kaum von den Exporterfolgen Gesamtdeutschlands profitieren.

3. Das Leonardo-Projekt

Im Oktober 2003 genehmigte die EU ein Projekt namens „International comparative studies and course development on SMEs“ im Rahmen des LEONARDO-Programms. In diesem dreijährigen Projekt arbeiten 10 Partner aus Belgien, Frankreich, Deutschland, Großbritannien, Ungarn, Polen, Slowenien und Spanien unter der Leitung der Business School Budapest zusammen. Die erste Phase des Projektes bis Dezember 2004 widmete sich Forschungsarbeiten, die Vergleichsstudien der KMU-Systeme der acht beteiligten Länder zum Inhalt hatten und vom Institut für Soziologie der ungarischen Akademie der Wissenschaften geleitet wurde. Jedes teilnehmende Land erarbeitete eine Studie über sein nationales KMU-System unter Einbeziehung von 4 Fallstudien über KMU. Als deutscher Partner war die Hochschule Wismar verantwortlich für die Forschungsarbeiten zum

deutschen KMU-System.

Ein Kernstück des LEONARDO-Projektes bestand in der Charakterisierung der nationalen KMU-Systeme. Die wichtigsten Kennzahlen zum deutschen KMU-System sind in [PGN] zu finden. Zunächst ist festzustellen, dass sich die Situation in Deutschland analog zur Lage in ganz Europa verhält: Der europäische Mittelstand stellt das Rückgrat von Wirtschaft und Gesellschaft dar, denn mehr als 99 % aller Unternehmen im nichtlandwirtschaftlichen Sektor in der EU sind KMU mit bis zu 250 Mitarbeitern. Diese KMU stellen EU-weit 66 % aller Arbeitsplätze, tragen 55 % zur Wertschöpfung bei und leisten darüber hinaus wichtige Beiträge zum Wirtschaftswachstum, zur Wettbewerbsfähigkeit, zur Innovationskraft und zur Beschäftigung.

In Deutschland existieren rund 3,3 Mio. KMU, die in allen Branchen vom Handwerk über Industrie und Handel, Tourismus und Dienstleistungen bis hin zu freien Berufen zu finden sind. Definiert man hierbei Mittelstand nach deutschem Verständnis, d.h. Unternehmen mit weniger als 500 Mitarbeitern oder weniger als 50 Mio. € Umsatz, so trägt der deutsche Mittelstand 57 % zur nationalen Wertschöpfung bei, schafft rund 70 % aller Arbeitsplätze, stellt rund 80 % der Lehrstellen und ist für 46 % aller Bruttoinvestitionen in Deutschland verantwortlich [AG]. Im Jahr 2002 bildeten die KMU mehr als 95 % der nichtlandwirtschaftlichen Unternehmen, und betrachtet man dabei etwa speziell das Hotel- und Gaststättengewerbe, so machen hier KMU sogar 100 % der Wirtschaftsbetriebe aus. Vergleichbare dominierende Positionen besitzen KMU auch in der Bauindustrie, im Speditions- und Transportgewerbe und im Handel.

In den vorliegenden Resultaten der Forschungsaktivitäten Ende Dezember 2004 konnte die bereits erwähnte strukturelle Grenze innerhalb der EU zwischen den westlichen und den östlichen KMU-Systemen bestätigt werden. Deutschland stellt dabei einen Sonderfall in Bezug auf die Netzwerk- und Clusterstrukturen dar, denn in Westdeutschland dominierten gewachsene Clusterstrukturen mit wirtschaftlich leistungsfähigen Clusterkernen, die große Ähnlichkeiten mit den westlichen Nachbarstaaten in Belgien und Frankreich aufweisen. In Ostdeutschland hingegen trifft man auf eine vollkommen andere Lage, in der die regionalen Wirtschaftsstrukturen häufig nur noch durch Mengen von KMU geprägt sind, die mehr oder weniger locker miteinander kooperieren. Im noch ausgeprägterem Maße lässt sich dies in Osteuropa beobachten, wo durch die Übergangsphase von der Plan auf die Marktwirtschaft die Mehrzahl der traditionellen Clusterkerne implodiert ist. Der bereits diskutierte Mangel an Großunternehmen, die als Clusterkerne fungieren, wirkt sich dabei negativ auf die Kooperationsintensität der regionalen KMU und somit auch auf die regionale Entwicklung aus. Dabei deuten Ergebnisse von Czaba Mako aus Ungarn darauf hin, dass das Thema Networking und Kooperation nicht nur für Ostdeutschland, sondern für ganz Osteuropa eine Schlüsselrolle spielt [CM].

Die innerdeutschen Ost-West-Unterschiede auf mental-kultureller Ebene stehen

dabei schon länger im Mittelpunkt wissenschaftlicher Untersuchungen. So analysierte der Sonderforschungsbereich für Soziologie unter der Leitung von Rudi Schmidt an der Friedrich-Schiller-Universität Jena in einer empirischen Studie, der sogenannten Jena-Studie, 749 KMU und ihre Führungskräfte aus Ost- und Westdeutschland und fand signifikante Unterschiede im Management [MMS]:

- nur 10 % der Ost-Manager sind jünger als 40 Jahre,
- 94 % der Ost-Manager besitzen einen akademischen Abschluss,
- die Mehrheit der Ost-Manager besitzt eine Ingenieurausbildung,
- die Mehrheit der West-Manager besitzt eine Wirtschaftsausbildung,
- beide Teile Deutschlands bevorzugen einen kooperativen Managementstil,
- die Ost-Manager sind eher autoritär und kapitalistisch eingestellt.

In den Arbeiten des Jenaer Sonderforschungsbereichs finden sich über die sechs vorgestellten Unterschiede in Bezug auf das Management hinaus auch Hinweise zu schwächer ausgeprägten Aktivitäten in den Bereichen Networking und Internationalisierung die ostdeutschen Manager betreffend.

In den Fallstudien des LEONARDO-Projektes wurden mittelständische Unternehmen aus allen beteiligten EU-Ländern von den Partnern ausgewählt. Die vier in Deutschland betrachteten Unternehmen waren in der IT-Branche, der Baubranche, dem Tourismussektor und dem Personalentwicklungsbereich aktiv. Dabei stammte nur das Personalentwicklungs-Unternehmen aus Westdeutschland, während die drei anderen Unternehmen in Ostdeutschland ansässig waren [PGP]:

- Fichtler-Unternehmensgruppe, Krassow / Ostdeutschland
  Aktivitäten: Bau, Biotechnology, erneuerbare Energien
  ca. 100 Mitarbeiter

- Seehotel Binz-Therme, Insel Rügen / Ostdeutschland
  Aktivitäten: Hotel, Wellness, Beauty - Behandlungen
  ca. 100 Mitarbeiter

- click solutions, Wismar / Ostdeutschland
  Aktivitäten : Business Communications, Internet Technology
  start-up (2003) mit 2 Geschäftsführern und freien Mitarbeitern

- Rathgeber & Partner, Stauffenberg / Westdeutschland
  Aktivitäten: Beratung, Training, Personalentwicklung
  ca. 4 Mitarbeiter und freie Mitarbeiter
  Virtuelles Unternehmen

Sowohl die Auswahl der Branchen für die Fallstudien als auch der Fragebogen wurden während des LEONARDO-Projektes entwickelt und für alle Partner verbindlich festgelegt, um ein einheitliches Abbild der verschiedenen Fallbeispiele

zu gewährleisten. Dabei wurde die Geschäftsführung der Unternehmen befragt. Auf der Basis der ausgewerteten Interviews und den gesammelten statistischen Daten der teilnehmenden Länder am LEONARDO-Projekt wurden nationale Abschlußberichte zur Beschreibung der KMU-Systeme erstellt. Aufbauend auf den acht nationalen Abschlußberichte erarbeitet das Institut für Soziologie der ungarischen Akademie der Wissenschaften eine internationale Vergleichsstudie zu Unterschieden und Gemeinsamkeiten der europäischen KMU-Systeme. Zum momentanen Zeitpunkt liegt bereits ein Draft der Vergleichsstudie vor, so dass schon einige Ergebnisse aus den deutschen Fallstudien diskutiert werden können.

Zunächst unterstützen die deutschen Fallbeispiele die These von Wölf und Ragnitz [WR], wonach die Netzwerkaktivitäten und Netzwerkstrukturen in Ostdeutschland schwächer ausgebildet sind als im Westen. Zwei der drei Interviews mit Geschäftsführern aus Ostdeutschland zeigten eine starke Unterentwicklung des Themas Networking für den Bereich der Unternehmensentwicklung. Das dritte Unternehmen aus Ostdeutschland stellt einen Sonderfall dar: Es handelt sich um ein Start-up aus dem IT-Bereich, das von zwei jungen Akademikern geführt wird, die beide über längere Arbeitserfahrung in Westdeutschland verfügen und deren Umsatz zu rund 90 % mit Westunternehmen durchgeführt wird. Hier zeigte die Fallstudie, dass die Netzwerkaktivitäten weitaus näher an denen westdeutscher KMU platziert waren. Insgesamt festigen die drei ostdeutschen Fallbeispiele die Ergebnisse der Jena Studie und die Thesen von Wölf und Ragnitz.

Weiterhin gaben die Fallstudien Aufschluss über den Grad der Internationalisierung und der internationalen Aktivitäten in den drei ostdeutschen KMU. In Bezug auf die internationale Ausrichtung offenbarten zwei der drei ostdeutschen KMU so gut wie keine internationalen Aktivitäten, während das Start-up-Unternehmen hier wiederum einige Initiativen entwickelte, wobei die Einbindung ausländischer Studenten für Praktika sowie der Einsatz chinesischer Studenten im Umfeld chinesischer WEB-Präsentationen den Willen zur Internationalisierung dokumentierten. Im Fall der beiden international inaktiven KMU, die dem Hotel- und dem Baugewerbe entstammen, wiesen bereits die Biographien der aus Ostdeutschland stammenden Geschäftsführung auf kaum entwickelte Auslandserfahrung und unterentwickelte Sprach- und ausländische Kulturkenntnisse hin, was aber aufgrund der Persönlichkeitsentwicklung und des Bildungssystems vor 1990 nichts Außergewöhnliches darstellte.

Ein vollständig anderes Bild zeigte sich bei der Auswertung der westdeutschen Fallstudie, die ein Dienstleistungsunternehmen der Trainings- und Beratungsbranche mit einer besonders innovativen Firmenphilosophie untersuchte. In Gestalt eines virtuellen Unternehmens setzte die Geschäftsführung konsequent auf Netzwerkaktivitäten und Internationalisierung, um im schnelllebigen Trainings- und Beratungsmarkt möglichst innovativ und aktuell an den Kundenbedürfnissen ausgerichtete Dienstleistungen anbieten zu können. Aufgrund der internationalen Ausrichtung der Kunden musste die Firmenpolitik ebenfalls konsequent

international aufgestellt sein. Neben den Stärken im Bereich Networking und Internationalisierung korrespondierten die Ergebnisse der Interviews auch mit weiteren Resultaten der Jena-Studie.

Abschließend sei erwähnt, dass die finanzielle Situation in den ostdeutschen Unternehmen als weitaus angespannter beurteilt werden musste, als im Westunternehmen, was allerdings zu erwarten war. Dies hatte für die betrachteten ostdeutschen Unternehmen negative Auswirkungen auf den FuE-Bereich. Zwei der drei ostdeutschen interviewten Unternehmen versuchten diese FuE-Defizite durch eine enge Kooperation mit Hochschulen zu kompensieren. Allgemein muss konstatiert werden, dass es auch für hoch innovative, ostdeutsche Unternehmen generell schwer ist, für FuE-Aktivitäten sowie für die Entwicklung neuer Produkte und Dienstleistungen finanzielle Unterstützung bei Banken zu erlangen. Der deutschen Regierung ist dieser Umstand bewusst und man hat sich entschieden, spezielle Unterstützungsprogramme für Ostdeutschland aufzulegen, um der FuE-Schwäche ostdeutscher KMU entgegenzuwirken.

4. EU-Osterweiterung

Vor rund eineinhalb Jahren fand die EU-Osterweiterung statt, die die damalige EU15-Union um ca. 75 Mio. Menschen, die im Wesentlichen aus den zentral- und osteuropäischen Ländern stammen, auf die aktuelle EU25-Union mit einer Gesamtbevölkerung von nun rund 455 Mio. Menschen vergrößerte. Bereits zum Zeitpunkt der EU-Osterweiterung stand die politische Agenda für den EU25-Raum für die nächsten Jahre fest, denn die Statistik sprach bereits am 1. Mai 2004 eine eindeutige Sprache. So vergrößerte sich die Einwohnerzahl der EU am 1. Mai 2004 um 20 %, während sich ihre Wirtschaftskraft nur um 5 % erhöhte [A5].

Besonders krass treten die wirtschaftlichen Unterschiede innerhalb der EU25-Staaten an den Nahtstellen zwischen den alten und neuen Mitgliedsländern zu Tage. Eine Betrachtung dieser Linie, die zwischen Finnland im Norden und Italien im Süden verläuft, zeigt folgende Tabelle, die das jeweilige BIP eines Landes in Prozent des EU15-Durchschnitts ausdrückt [A5]:

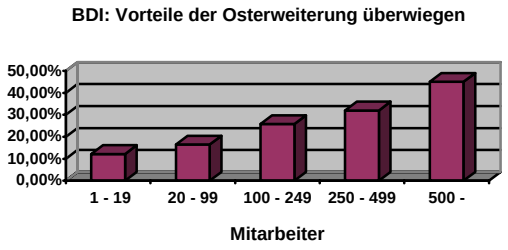
% EU15 – BIP
Österreich: 110
Finnland: 104
Deutschland: 103
Italien: 103
Slowenien: 74
Tschechien: 60
Ungarn: 57
Estland: 42
Polen : 39

Nimmt man die Werte der Tabelle und berechnet die BIP – Differenzen entlang der Staatsgrenzen, bewegen sich die wirtschaftlichen Differenzen innerhalb der EU25-Staaten zwischen 29 % an der italienisch-slowenischen Grenze und 64 % an der deutsch-polnischen Grenze. Somit stellt die deutsch-polnische Grenze, dicht gefolgt von der finnisch-estnischen Grenze, den wirtschaftlichen Brennpunkt der EU-Osterweiterung dar. Dementsprechend ist es keine Überraschung, dass die Skepsis bei der Bevölkerung an der Ostgrenze der ehemaligen EU15-Staaten überwiegt, so dass bei der Bewertung der Osterweiterung die Risiken im Vordergrund stehen.

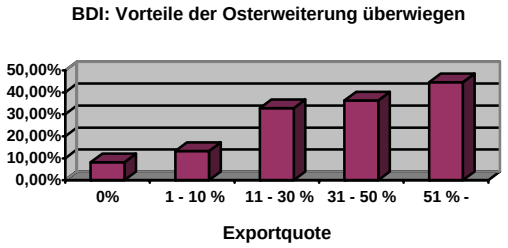
In einer Befragung der IHK Neubrandenburg und der Kommunalgemeinschaft Pomerania von 108 Unternehmen im östlichen Raum Mecklenburg-Vorpommerns äußerten sich die meisten Firmen skeptisch zu einer schnellen Marktöffnung nach Polen (also bereits vor 2011). Dabei wollten 78 % der befragten Unternehmen zwischen Pasewalk, Greifswald und Waren erst 2011 die Öffnung, lediglich 14 % schon 2006 und nur 8 % bereits 2009. Bei der Umfrage stellte sich weiter heraus, dass ein Drittel der Unternehmen seit dem EU-Beitritt Polens einen höheren Preisdruck und einen Umsatzrückgang verspürt. Insgesamt fürchteten zwei Drittel der befragten Unternehmen vorrangig Risiken bei einer vollständigen Öffnung des Marktes nach Polen [OZ1].

In die gleiche Richtung wie die Ergebnisse der Befragung der IHK Neubrandenburg weisen auch die Resultate des BDI-Mittelstandspanels aus dem Frühjahr 2005 [BDI], das aus einer Stichprobe von 16.505 Industrieunternehmen besteht und als repräsentativ für ganz Deutschland angesehen werden kann. In Bezug auf die Zielgebiete der Auslandsaktivitäten lassen sich aus den BDI-Ergebnissen klare Aussagen treffen. So repräsentiert Europa den Exportmarkt Nummer 1, wobei das bedeutendste Zielgebiet der deutschen Unternehmen die alten EU15-Staaten darstellen, gefolgt von den neuen EU10-Staaten. Betrachtet man aber die Exportzuwächse, so übertreffen diejenigen der EU10-Länder bereits die der EU15-Länder, und weiterhin bemerkenswert ist, dass die Umsatzzuwächse im Exportgeschäft mit Russland auf dem gleichen Niveau liegen wie im EU15-Gebiet. Für das Jahr 2006 geht der DIHK sogar davon aus, dass die neuen EU10-Staaten als Absatzmarkt für deutsche Produkte erstmalig wichtiger werden als die USA [FAZ].

In Bezug auf die Osterweiterung förderte die Befragung des BDI zu Tage, dass mehr als ein Drittel der deutschen Industrieunternehmen glaubt, dass die Osterweiterung mehr Risiken als Chancen bietet. Besonders ausgeprägt ist die Skepsis bei Industrieunternehmen mit weniger als 100 Beschäftigten. Allgemein lässt sich sagen, dass die EU-Osterweiterung mit steigender Unternehmensgröße immer positiver eingeschätzt wird:



Ein weiterer signifikanter Zusammenhang besteht zwischen der wirtschaftlichen Auslandserfahrung eines Unternehmens und seiner Einstellung zur Osterweiterung. So zeigte die BDI-Befragung, dass 60 % aller exportabstinenten Unternehmen durch die Osterweiterung eher Nachteile für das eigene Unternehmen befürchten, während mit wachsender Exporterfahrung die Osterweiterung immer mehr auch als Chance gesehen wird. Hier zeigt sich welche Bedeutung die Förderung von Auslandsaktivitäten sowie eigene Auslandserfahrungen für die Akzeptanz der Osterweiterung in der Wirtschaft hat:



Wie wichtig die Umsetzung dieser Erkenntnis gerade für den KMU-Sektor ist, zeigte sich ebenfalls in der BDI-Befragung, denn kleinere Industrieunternehmen mit weniger als 100 Beschäftigten beschränken sich häufig nur auf den nationalen Markt. So entfalteten rund 53 % der Industrieunternehmen bis zu 19 Mitarbeitern keinerlei Exportaktivitäten, während immerhin noch rund 33 % der Unternehmen mit 20 – 99 Mitarbeiter keine Exportquote aufweisen. Insgesamt geht man davon aus, dass der gesamte deutsche KMU-Sektor rund 30 % zum Export beiträgt [VS]. Somit bestätigt das Ergebnis der Befragung der IHK Neubrandenburg die Resultate der BDI-Befragung, da der Osten Mecklenburg-Vorpommerns durch kleinere Unternehmen geprägt ist.

Die BDI-Ergebnisse zur EU-Osterweiterung decken sich mit den Erkenntnissen der bereits erwähnten Weissman-Studie, die zu Tage förderte, dass der aktuelle Auslandsumsatzanteil des Mittelstandes bei 20 % liegt und dieser Anteil binnen fünf Jahren auf 34 % ansteigen soll. Wie auch schon bei den bereits vorgestellten

anderen Studien konnte ein großer Anteil von 45 % der befragten KMU mit keinerlei Auslandsgeschäft aufwarten, wobei insgesamt drei Viertel der KMU noch über keine Produktionsstätte im Ausland verfügen.

Durch die Ergebnisse der Weissman-Befragung wird deutlich, dass sich die deutschen KMU bei ihren Auslandsaktivitäten weniger auf Produktion im Ausland, sondern eher auf Marketing und Vertriebsaktivitäten konzentrieren. Aufgrund der beschränkten Ressourcen in KMU werden hierbei weniger eigene kostspielige Auslandsdependancen die Hauptrolle spielen, sondern eher Kooperationen mit anderen Unternehmen, seien es einheimische oder auch ausländische. Da diese Form der Auslandsaktivität weiterhin mit transnationalen Warenströmen und Rechtsgeschäften verbunden ist, besitzt die EU-Osterweiterung auch für deutsche KMU eine besondere Bedeutung, denn der Wegfall von Zöllen und Grenzkontrollen sowie eine höhere Rechtssicherheit sind substanzielle Verbesserungen im Verkehr mit den neuen EU-Mitgliedern.

Mit zunehmender Unternehmensgröße wächst jetzt auch der Wunsch, Mitarbeiter aus den neuen Mitgliedsländern einzustellen, um länderspezifisches Know-how wie Sprachkenntnisse und interkulturelle Kompetenz ins Unternehmen zu holen. Kleinere und mittlere Unternehmen sind bei Einstellungen von Mitarbeitern aus den Beitrittsländern vor allem daran interessiert, ihre Lohnkosten zu senken. Wichtig sei aber auch, mit den neuen Partnern in Mittel- und Osteuropa fair umzugehen, mahnt DIHK-Präsident Braun [DIH]. „Wir sollten uns davor hüten, von den neuen Mitgliedsländern profitieren zu wollen, ohne sie an den Wohlstandsgewinnen des Binnenmarktes teilhaben zu lassen.“

Noch konkreter treten die positiven Auswirkungen der Osterweiterung in wirtschaftlicher Hinsicht zu Tage. So weist eine Umfrage des DIHK [DIH] vom 1. Mai 2005 Deutschland als eindeutigen Gewinner der EU-Osterweiterung aus und der DIHK-Präsident Ludwig Georg Braun geht davon aus, dass die Erweiterung zu 10 % Exportwachstum in den neuen Ländern geführt und insgesamt in Deutschland für rund 80.000 Arbeitsplätze gesorgt hat. Die Erfahrungen im ersten Jahr der Osterweiterung erwiesen sich als durchaus positiv, denn es ist eine Belebung im Geschäft mit den neuen Mitgliedsländern festzustellen. Fast drei Viertel der deutschen Unternehmen, die bereits vor dem 1. Mai 2004 in den neuen Mitgliedsländern tätig waren, haben seither ihre Aktivitäten erweitert oder planen dies derzeit.

5. Eine empirische Studie

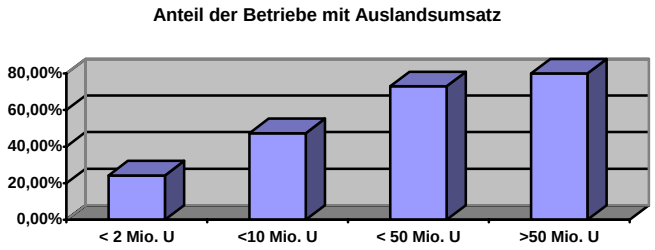
Bereits vor der EU-Osterweiterung hat die Hochschule Wismar aktiv zur Internationalisierung der Region Westmecklenburg beigetragen, indem den regionalen Unternehmen bei internationalen Aktivitäten Unterstützung geleistet wurde. So wurden insbesondere Unternehmerreisen nach Frankreich und Finnland organisiert, die mit Arbeitstreffen bei ausländischen IHK’s und mit

Unternehmertreffen verbunden waren. Bei diesen Gelegenheiten stellte sich heraus, dass während der Reisen, solange Professoren und Mitarbeiter der Hochschule den deutschen Unternehmern durch Fremdsprachen- und Kulturkenntnisse zur Seite standen, große Fortschritte im Bereich der Geschäftsanbahnung mit ausländischen Partnerunternehmen zu verzeichnen waren. Waren aber keine „Sprach- oder Kulturagenten“ in der Nähe oder kamen nach Beendigung der Reisen die teilnehmenden Unternehmer in ihre KMU zurück, so erwiesen sich die geschlossenen Kontakte als nicht nachhaltig.

Diese Erfahrungen spielten bei der Beurteilung der Entwicklungen im Umfeld der EU-Osterweiterung eine wichtige Rolle. Der Ostseeraum ist charakterisiert durch enorme wirtschaftliche, soziale und kulturelle Unterschiede, verschiedene Sprachen und verschiedene Wirtschaftsstrukturen [GP]. Die Unternehmensstruktur der Ostseeregion wird vorwiegend von KMU dominiert. Dies trifft insbesondere auf die neuen Mitglieder in Osteuropa zu. Wie die Erfahrungen im Auslandsgeschäft beweisen, haben daher besonders KMU Schwierigkeiten von den Vorteilen des neuen EU-Marktes zu profitieren. Die Ursachen hierfür sind fehlende Fremdsprachenkenntnisse und Fachwissen über Unternehmensstrukturen außerhalb der eigenen Region.

Die bislang nur auf Einzelerfahrungen basierenden Erkenntnisse zum Auslandsverhalten und zu den Auslandsaktivitäten von KMU konnten im Jahr 2005 durch eine Studie von der IHK Schwerin und der Hochschule Wismar bestätigt werden, die auf einer Befragung von rund 300 Unternehmen des verarbeitenden Gewerbes und der Dienstleistungsbranche beruht [DH, IHK]. Westmecklenburg ist eine von KMU geprägte Region (knapp 50 % der Unternehmen haben weniger als 10 Mitarbeiter), so dass es keine Überraschung darstellte, dass nur knapp 10 % der in der Region erzielten Umsätze im Auslandsgeschäft erwirtschaftet wurden. Dennoch zeigte die Studie, dass rund ein Drittel der befragten Unternehmen Auslandsumsätze generieren konnte, wobei von den auslandsaktiven Unternehmen rund die Hälfte nur einen Auslandsumsatz von bis zu 10 % ihres Gesamtumsatzes vorweisen konnten (Median: 12,5 %).

Die Schweriner IHK-Umfrage bestätigte zunächst die Ergebnisse der BDI-Umfrage, denn auch in der Region Westmecklenburg steigt die Bedeutung des Auslandsgeschäftes mit der Betriebsgröße an. So konnte nur knapp ein Viertel aller Betriebe mit weniger als 2 Mio. € Umsatz überhaupt einen Auslandsumsatz verzeichnen, während 80 % der Unternehmen mit mehr als 50 Mio. € Gesamtumsatz Auslandsumsätze nachweisen konnten:

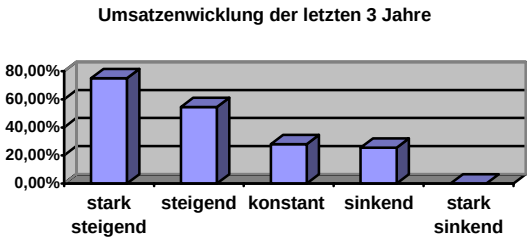


Gefragt nach den Gründen für die Zurückhaltung im Auslandsgeschäft, wurden als wichtigste Gründe genannt:

- keine bzw. geringe Gewinnaussichten (33 %),
- Sprachprobleme (24 %),
- zu geringes Marktpotential (21 %),
- Finanzierungsprobleme (20 %),
- Informationsdefizite (19 %),
- fehlende Personalressourcen (18 %),
- bürokratische und rechtliche Hemmnisse (17 %),
- Mangel an geeigneten Kooperationspartnern (17 %).

Betrachtet man die Antworten derjenigen Unternehmen, die bereits im Auslandsgeschäft aktiv waren, so zeigt sich ein vollkommen anderes Bild. So spielen für die auslandsaktiven Unternehmen die aufgezählten Gründe so gut wie keine Rolle mehr, einzig bürokratische und rechtliche Hemmnisse im Auslandsgeschäft trübten die Euphorie, wobei diese Barrieren in der Wahrnehmung der Unternehmen keine bedrohlichen Formen annahmen. Somit lässt sich feststellen, dass die Ergebnisse der Regionalanalyse in Westmecklenburg zu Tage förderten, dass die Reserviertheit der meisten Unternehmen gegenüber dem Auslandsgeschäft vornehmlich aus Vorurteilen besteht, die sich bei den auslandsaktiven Unternehmen nicht bestätigen lassen.

Aus den Ergebnissen der Befragung lässt sich sogar nachweisen, dass Auslandsaktivitäten belohnt werden. Dies belegt ein Blick auf die Umsatzentwicklung der letzten drei Jahre. So konnten Betriebe mit Auslandsaktivitäten in den letzten drei Jahren auf mehrheitlich steigende Umsatzentwicklungen zurückblicken, während bei Unternehmen ohne Auslandsumsatz sinkende Umsatzentwicklungen dominierten:



Zu analogen Ergebnissen gelangt man bei der Betrachtung der erwarteten Umsatzentwicklung. Auch hier waren die Angaben der Unternehmen mit Auslandsaktivitäten dominiert von positiven Aussagen, während auslandsabstinente Unternehmen mehrheitlich pessimistische Angaben machten.

Daher ist zur Förderung der Auslandsaktivitäten des Mittelstandes wichtig zu wissen, wie empfundene Hemmnisse für das Auslandsgeschäft überwunden werden können. Da gerade kleine Unternehmen Nachholbedarf beim Auslandsgeschäft aufweisen, stellt sich die Frage nach den in Anspruch genommenen Dienstleistungen der Unternehmen, die das Auslandsgeschäft unterstützen sollen. Hierbei zeigte sich ein interessanter Unterschied zwischen den Unternehmen. So bevorzugen Unternehmen mit einem Gesamtumsatz von weniger als 2 Mio. € Seminare zur Unterstützung der Auslandsaktivitäten, während die etwas größeren Unternehmen mit einem Gesamtumsatz bis zu 10 Mio. € eher auf Messen setzen. Die größeren Unternehmen zeigten an keinen der angebotenen Dienstleistungen der IHK Schwerin nennenswertes Interesse, was auf ihre Eigenständigkeit im Bereich der Auslandsaktivitäten schließen lässt.

Aufschlussreich waren darüber hinaus auch die Ergebnisse über das Zustandekommen von Auslandskontakten bei den Unternehmen, die Auslandsaktivitäten entfalteten. Hierbei gab es nur vier nennenswerte Antworten:

- Informelle Kontaktvermittlung (93 %),
- Messen und Tagungen (58 %),
- Internet (37 %),
- Fachzeitschriften (17 %).

Die Unterstützung von Kammern, Unternehmensberatern und Verbänden spielte so gut wie keine Rolle beim Zustandekommen von Auslandsaktivitäten. Genau an diesen genannten Punkten setzt das Konzept des Baltic Business Development Networks (BBDN) an, was den KMU im Ostseeraum bei transnationalen Aktivitäten gezielt Unterstützung zukommen lassen will.

6. Das Interreg-Projekt

Das BBDN-Projekt begann Anfang 2005 und stellt ein InterregIIIB-Projekt im Ostseeraum (BSR) dar, in dem 17 Partner aus allen Ostseestaaten mit dem Ziel der Koordinierung der Regionalentwicklung und der Stärkung der Wirtschaftsstrukturen zusammenarbeiten. In dem Projekt wird das Wachstum von KMU sowie transnationale Existenzgründungen in der Ostseeregion von einem Konsortium, bestehend aus regionalen Entwicklungsagenturen (RDA), Wirtschaftshochschulen und Unternehmen, begleitet. Maßnahmen zur Unterstützung regionaler Unternehmensstrukturen oder die Koordinierung des Bildungs- und Forschungspotentials bewirken eine Steigerung des Wachstums und damit der Konkurrenzfähigkeit bestehender Unternehmen. Besonders in den neuen Mitgliedsstaaten wird dies zu einer Neuorientierung der Wirtschaft sowie einer Umstrukturierung der regionalen wirtschaftlichen Strukturen führen, welche während des politischen Wendeprozesses in starke Mitleidenschaft gezogen wurden.

Das zentrale Ziel des Projektes ist die Errichtung einer virtuellen BSR-Entwicklungsagentur (VBDA), die die Aktivitäten der beteiligten Regionalentwicklungsagenturen grenzübergreifend koordiniert. Die VBDA wird in Gestalt einer supranationalen Institution auf der Grundlage eines EU-Vereins oder einer EU-Kooperative entstehen und eine nachhaltige Entwicklung des länderübergreifenden unternehmerischen Denkens fördern und damit zum Wachstum der KMU im Ostseeraum und in der Region Kaliningrad (Russland) beitragen. Die VBDA wird darüber hinaus auch zu Institutionen und Unternehmen außerhalb des Ostseeraumes Beziehungen etablieren, um Investitionen und Unternehmensansiedlungen in den beteiligten Regionen zu fördern.

Neben der Koordinierung der Regionalentwicklung im Ostseeraum besteht eine weitere Hauptaufgabe der VBDA im Angebot von Serviceleistungen an KMU, die in regionalen Servicezentren zu direkten Anlaufpunkten für KMU werden sollen. Geführt werden diese Servicezentren von den Regionalentwicklungsagenturen in Kooperation mit den Universitäten. Der Informationstransfer zwischen den Servicezentren erfolgt in englisch, während die KMU die Dienstleistungen in ihrer Heimatsprache angeboten bekommen. So kann beispielsweise eine Regionalentwicklungsgesellschaft eines Importlandes einem ausländischen, mittelständischen Exportunternehmen spezielle Serviceleistungen in der Marktforschung anbieten.

Ebenso können Räume in Technologieparks beschafft werden und Dienstleitungen im Bereich der Existenzgründung oder des Coachings unter Einbeziehung ausländischer Studenten und Fachexperten realisiert werden. Die Wichtigkeit von Angeboten des Coachings und der Managementberatung gerade im schwierigen Auslandsgeschäft belegen Untersuchungen über Insolvenzen in Deutschland, wo mehr als zwei Drittel aller Firmenzusammenbrüche auf Managementfehler zurückzuführen sind, indem potenziell wettbewerbsfähige Unternehmen aufgrund

mangelhafter Qualifikation der Chefs oder falsche Investitionsentscheidungen in den Ruin getrieben werden [IC]. Dieses Risiko ist aufgrund der komplexeren Rahmenbedingungen bei Auslandsaktivitäten als noch weitaus höher einzuschätzen.

Damit agieren die RDA's sowohl als regionale Partner für die Unternehmen, die sich im Prozess der Internationalisierung befinden, als auch für ausländische Unternehmen, die ihre Produkte/ Dienstleistungen in der Projektregion anbieten möchten. Das bedeutet ebenfalls, dass der größte Anteil der Serviceleistungen für die Projektpartner durch ausländische Netzwerkpartner abgedeckt wird. Dies beeinflusst die Erfolgsquote der international ausgerichteten KMU positiv und fördert somit eine nachhaltige Entwicklung der Wirtschaft in der Region. Das Projekt ist als offenes Projekt ausgelegt, d.h. die entwickelten Strukturen stehen zukünftig allen Ostseeregionen zur Verfügung, und ein Konzept zur Sicherung der Strukturen nach dem offiziellen Projektende 2007 gehört ebenfalls zum Vorhaben.

Durch die Ergebnisse der Weissman-Befragung wird deutlich, dass sich die deutschen KMU bei ihren Auslandsaktivitäten weniger auf Produktion im Ausland, sondern eher auf Marketing und Vertriebsaktivitäten konzentrieren. Aufgrund der beschränkten Ressourcen in KMU werden hierbei weniger eigene kostspielige Auslandsdependancen die Hauptrolle spielen, sondern eher Kooperationen mit anderen Unternehmen, seien es einheimische oder auch ausländische. Da diese Form der Auslandsaktivität weiterhin mit transnationalen Warenströmen und Rechtsgeschäften verbunden ist, besitzt die EU-Osterweiterung auch für deutsche KMU eine besondere Bedeutung, denn der Wegfall von Zöllen und Grenzkontrollen sowie eine höhere Rechtssicherheit sind substanzielle Verbesserungen im Verkehr mit den neuen EU-Mitgliedern.

Deutlich wird in diesem Kontext, dass Globalisierung – hier konkret verstanden als Intensivierung der grenzüberschreitenden Beschaffungs- und Absatzbemühungen – keinesfalls zwingend ein Schreckgespenst für KMU darstellen müssen. Es wird im Gegenteil deutlich, dass sich auch für KMU durch die Globalisierung im Allgemeinen und die erweiterte EU im Besonderen positive Wirkungen ergeben können.

Zur Bestimmung möglicher Globalisierungsstrategien bietet sich eine erweiterte Ansoff-Matrix an, bei der sowohl zwischen alten und neuen als auch zwischen in- und ausländischen Märkten differenziert wird [BH 1997: 161].

Markt		**Produkt**	
		gegenwärtig	*neu*
gegenwärtig	Inland	Marktdurchdringung 1	Produktentwicklungsstrategie 1
	Ausland	Marktdurchdringung 2	Produktentwicklungsstrategie 2
Neu	Inland	Marktentwicklungsstrategie 1	Diversifikationsstrategie 1
	Ausland	Marktentwicklungsstrategie 2	Diversifikationsstrategie 2

Bea/Haas [1997: 161f] führen hierzu aus, dass

1. die Marktdurchdringung auf Auslandsmärkten (MD_2) dazu beitragen könne, über eine Ausweitung des Umsatzes eine bessere Auslastung der Kapazitäten zu erreichen und man zudem näher an den Kundenpräferenzen sei;
2. sich Auslandsmärkte für die Realisierung der Marktentwicklungsstrategie (ME_2) insofern anbieten, als die bisherigen Erfahrungen mit einem Produkt nun auf einen weiteren Markt übertragen werden könnten. So ließen sich auch die Vorteile des Erfahrungskurveneffektes wahrnehmen. Zudem eröffne die Präsenz auf Auslandsmärkten die Chance, von den dortigen Kunden und Wettbewerbern zu lernen. „Go where the markets are“ sei die Devise;
3. durch die Produktentwicklungsstrategie (PE_2) auf Auslandsmärkten dieselben Vorteile wahrgenommen werden könnten, die bereits im Inland durch diese Strategie erzielt worden seien;
4. bei der Diversifikationsstrategie (D_2) Auslandsmärkte insbesondere zur Reduktion des Risikos verwendet werden könnten. Sie würde häufig über die Akquisition ausländischer Unternehmen realisiert.

Für die Erschließung eines ausländischen Marktes bietet sich gerade für KMU eine Kooperation mit einer einheimischen Firma ist. Dies setzt allerdings voraus, das die Unternehmen nicht nur regional, sondern insbesondere über die Landesgrenzen hinweg kooperieren.

7. Kooperationsformen

Die Ostseeregion eignet sich bei genauerem Hinsehen außerordentlich gut als Modell für die gesamte EU, denn neben den drei europäischen Hauptreligionen, Katholizismus, Protestantismus und Orthodoxie, sind auch die verschiedenen Sozialmodelle vom skandinavischen, über das kontinentale, vertreten durch Deutschland, bis hin zu einem eher anglikanischen Modell, realisiert etwa in Estland, im Ostseeraum vorhanden. Die fehlende gemeinsame, starke Stimme der Ostseestaaten ist eher modellhaft für die EU, äußert sich dadurch doch beispielhaft der dezentrale Charakter der Ostseeregion, der von keiner Hegemonialmacht dominiert wird.

Mit Ausnahme von Deutschland, Polen und Russland sind alle anderen Ostseeanrainer zu klein, als dass diese eine dominierende Rolle ausfüllen könnten. Russland als größter Ostseestaat wird auf längere Zeit kein Mitglied der EU werden, so dass aus politischen Gründen keine russische Hegemonie in der Ostseeregion zu erwarten ist. Weiterhin teilt Russland das Schicksal der beiden einzigen anderen Aspiranten auf eine Vormachtstellung im Ostseeraum, nämlich Deutschland und Polen, denn alle drei Staaten verfügen zwar über eine herausragende Einwohnerzahl, die Kraftzentren aller drei Staaten liegen aber weit entfernt von der Ostsee, was sich auch in der politischen und wirtschaftlichen Ausrichtung der Außenpolitik offenbart.

Im Unterschied zu früheren Zeiten besitzt die Ostseeregion somit erstmalig die Chance zu einer gemeinsamen Entwicklung gleichberechtigter Staaten bzw. Regionen. Dabei besteht politisch gesehen die Ostseeregion nur aus Peripherie, denn das Zentrum wird von der Ostsee selbst eingenommen, so dass es auch geographisch betrachtet zukünftig keine bevorzugte Zentralmacht geben kann, der eine hegemoniale Rolle zufallen könnte. Somit weist die Ostseeregion eine Selbstähnlichkeit mit der EU auf, wobei sich diese Selbstähnlichkeit aber aufgrund des fehlenden Zentrums als ein sehr viel einfacheres Modell der EU, ein eher egalitäres Modell, darstellt, denn die implizite Gleichberechtigung der beteiligten Ostseestaaten und Regionen macht ein ausgetüfteltes System der Stimmengewichtung in politischen Institutionen wie etwa in der EU-Verfassung überflüssig.

Die klassische Struktur für kommunizierende Systeme peripherer Objekte sind Netzwerke, wobei die Entscheidungsfindung in gleichberechtigten Netzwerken nur nach demokratischen Regeln erfolgen kann. Auf EU-Ebene werden für solche Systeme besondere Rechtsformen bereit gestellt, nämlich der Europäische Verein und die Europäische Genossenschaft. Diese beiden Gesellschaftsformen bietet den Vorteil, dass eine Entscheidungsfindung nach Köpfen geschehen kann, und dass aufgrund des EU-Ansatzes eine supranationale Rechtsgrundlage existiert, die keinen Mitgliedsstaat bevorzugt und darüber hinaus als Text in allen Mitgliedssprachen vorliegt. Weiterhin ermöglicht die Wahl einer EU-Gesellschaftsform die Trennung von juristischem und organisatorischem Sitz, so dass das Hauptquartier der Organisation nach festgelegten zeitlichen Rhythmen zwischen den beteiligten Staaten wandern kann. Als letzten, aber außerordentlich wichtigen Vorteil der EU-Gesellschaftsformen, kann die von nationalen Vorschriften unabhängige Festlegung der Entscheidungsmehrheiten genannt werden, denn die EU-Rechtsformen erlauben eine detaillierte Adaption der notwendigen Mehrheitsquoten an verschiedene Sachthemen. Die Arbeit in solchen Institutionen erfordert also Fähigkeiten zur Arbeit in multikulturellen Organisationen sowie Netzwerkfähigkeiten.

Betrachtet man diese politischen Vorüberlegungen aus der Perspektive von KMU in der Ostseeregion, so muss konstatiert werden, dass KMU national geprägt sind. Dies haben die vorgestellten Studien über die Auslandsaktivitäten von deutschen KMU bewiesen. Weiterhin ist davon auszugehen, dass besonders im Mittelstand, der maßgeblich von Handwerksbetrieben bestimmt ist, ähnliche Bildungshintergründe wie in der Durchschnittsgesellschaft existieren. So findet man etwa in [GH] die Information, dass 60 % der Bundesbürger über keinerlei Fremdsprachenkenntnisse verfügen, was die internationalen Aktivitäten von KMU entscheidend einschränkt. Weiterhin zeigen Ergebnisse aus dem Umfeld der Jena-Studie [MMS, AG], dass ostdeutsche KMU im Vergleich zu westdeutschen Unternehmen über signifikante Nachteile im Bereich des Networking verfügen. Hinweise auf ähnliche Defizite in den östlichen Staaten der EU-Osterweiterung lassen sich auch in [CM, AI] finden. Somit kommt der Förderung der mentalen und kulturellen Fertigkeiten gerade der osteuropäischen KMU eine Schlüsselrolle zu.

Das bereits erwähnte Interreg-Projekt „Baltic Business Development Network“ knüpft genau an den vorgestellten Ideen an, indem basierend auf bereits vorhandenen Regionalentwicklungsgesellschaften und Business Schools eine virtuelle BSR-Entwicklungsagentur (VBDA) geschaffen werden soll, die nach den Prinzipien eines EU-Vereins bzw. einer EU-Genossenschaft als Institution unabhängiger, gleichberechtigter Partner funktioniert und die abhängig von den Tätigkeitsfeldern mit unterschiedlichen Mehrheitsquoten von 50 % - 100 % Entscheidungen treffen kann. Aufbauend auf dieser VBDA werden in den beteiligten Ostseeregionen den regionalen KMU Dienstleistungen in der jeweiligen Heimatsprache angeboten, die dann über das der VBDA unterliegende Netzwerk beteiligter Institutionen getunnelt werden. Die Dienstleistungen reichen von Informationsbeschaffung bis hin zu Dienstleistungen im Bereich transnationaler Existenzgründung und erfüllen damit auch inhaltlich die Bedürfnisse des Mittelstandes in Bezug auf seine Auslandsaktivitäten.

Für KMU sind hierbei Angebote in der Heimatsprache besonders sinnvoll, denn gerade KMU verfügen kaum über ausreichende Fremdsprachen- und Kulturkenntnisse, was sowohl die bereits vorgestellten Ergebnisse der Unternehmensbefragungen zur Auslandstätigkeit beweisen, wie auch die neuesten Ergebnisse der EU-Kommission belegen, dass nur 50 % der EU-Bürger überhaupt eine Fremdsprache beherrschen und dass selbst Englisch nur von rund 30 % der EU-Bürger gesprochen wird.

Dass darüber hinaus der Ansatz des bereits Mitte 2004 konzipierten BBDN-Projektes in die richtige Richtung zeigt, beweist die Initiative ABST der IHK’s Mecklenburg-Vorpommerns, die im September 2005 die Einrichtung eines Beratungszentrums in Löcknitz bei Pasewalk bekannt gab. In einer zentralen Auftragsberatungsstelle (ABST) werden regionalen Unternehmen polnische Ausschreibungen in deutscher Sprache zugänglich gemacht, die in polnischen Tageszeitungen, Amtsblättern oder im Internet erscheinen [AB]. Die Grundlage hierfür bilden EU-Richtlinien, nach denen öffentliche Ausschreibungen mit einem Umfang von mehr als 30 T€ publiziert werden müssen. Durch den Zugang zu übersetzten Ausschreibungen erschließt sich den deutschen KMU ein neuer Markt mit einem jährlichen Volumen von rund 60.000 Aufträgen im Gesamtwert von ca. 4 Mrd. € in Polen. Aufgrund ihrer hohen technologischen und qualitativen Standards sind die Chancen der deutschen KMU im Bereich des polnischen Investitionsgütermarktes besonders groß. Somit wird die EU-Osterweiterung auch entscheidend dazu beitragen können, den aufgrund stark gesunkener öffentlicher Investitionsbudgets unter Druck geratenen ostdeutschen Bauunternehmen neue Märkte zu erschließen.

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Summary

INTERNATIONALISATION AND NETWORK DEVELOPMENT IN SMALL AND MEDIUM BUSINESS

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Globalization has been moving public discussion in Western Europe for a longer time already, and in a particular way, in Germany.

Discussions increasingly gained importance since the EU-enlargement in 2004, especially with the opening of borders with Poland, because many discussed problems became directly understandable at the German east border.

In addition with the discussed fears connected with the enlargement to the East, chances have risen because since then, the EU consists of approximately 450 million inhabitants, opening exceptional market chances to enterprises.

The euphoria is relativized by the fact that the enormous EU-market is articulated into 25 different nations, and the people living in these countries feel themselves belonging to a multiplicity of different languages and cultures.

Thus, the ability to interact with the various economic structures, cultures and historical backgrounds of the various national markets becomes the key criterion to succeed on the enormous EU domestic market.

From experience, the solution to this highly complex management task overstrains the existing resources and potential of the majority of the EU-enterprises, which are

to be assigned to the group of Small and Middle enterprises (medium-sized businesses).

Currently, European medium-sized enterprises still have a dominantly national and domestic orientation, so that the entire European SME sector still has large problems to benefit from the advantages of the large EU domestic market.

A larger number of initiatives and projects were created to invigorate the medium-sized businesses in the enlarged Europe. The University of Wismar was and is directly involved in several of these EU-projects.

Two of these ongoing EU-projects, are to be introduced in this article.
Thus, in October 2003 began the EU-project “International comparative studies and course development on SMEs” within the scope of the LEONARDO-Program of the European Community. Wismar University stands as only representative of German Institution.

Ten partner-institutions from eight EU-Member States are working in this three-year project under the guidance of the Budapest Business School, in order to characterize in a comparative study the SME-systems of the partner-countries.

A special situation revealed itself in Germany at a closer look, since the economic structure of the old “Bundesländer” resemble more those of the western EU-nations such as Belgium and France, while many areas of the economic structures in East Germany are comparable with the economic structures of the new eastern EU-Member States.

Thereby are the existing East-West differences not only limited to structure differences within the SME-system, but also there are significant differences in the management culture.

The investigations to the German SME-system are enriched by results of an empirical study about "Internationalization of SMEs" in Westmecklenburg, accomplished by the Wismar University along with the Chamber of Commerce Schwerin during the last quarter of 2005.

The second EU-project belongs to the INTERREG III B Program for the Baltic Sea Region (BSR). It started at the beginning of 2005 with two partner-institutions from each Baltic Sea country including Russia, under the guidance of the Baltic Business School Kalmar. The focus of the three-year project with the title "Baltic Business Development Network" is on the coordination of the regional development in the nine Baltic Sea regions taking part, which is to be reached by the establishment of a virtual development company (Virtual Baltic development Agency - VBDA).

The article will present the substantial results of the LEONARDO-project about the European SME-systems. Subsequently, the most important ideas and concepts of the INTERREG-project will be presented, and the newest awareness for the internationalization of SMEs based on the survey done in West-Mecklenburg will be pointed out. Based on the two EU-projects and the first available experiences with the EU-enlargement to the East, perspectives and cooperatively aligned future concepts for the European medium-sized businesses will be developed. The main focus is thereby the formation of a network and transnational activities of the SMEs in Europe.

PROBLEME DER NACHHALTIGKEIT DER IMMOBILIENPOLITIK DES ESTNISCHEN STAATES[1]

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Einführung

Der estnische Staat hat in Bezug auf seine Immobilienentwicklung und –bewirtschaftung ohne einen einheitlichen Plan gehandelt. Die Gestaltung der Immobilienwritschaft geschah teilweise im Rahmen verschiedener Reformen und wurde immer von einflussreichen Interessengruppen im Verlauf der Reformen beeinflußt. Daher ist die immobilienbezogene Tätigkeit des Staates innerlich widerspruchsvoll und wirtschaftlich uneffektiv, das hat seinerseits viele politische Konflikte ausgelöst. Wird weiter so verfahren, dann häufen sich die Probleme und die Verluste werden immer größer. Die Voraussetzung für eine nachhaltige Immobilienpolitik bilden Bemühungen, das Wesen der Probleme zu identifizieren und systematisch zu analysieren.

Das Ziel des vorliegenden Artikels ist, den Verlauf der immobilienbezogenen Tätigkeit der estnischen Regierung und der ihr unterstehenden Ämter, ebenso die Probleme, die mit der Verwaltung und der Bewirtschaftung der Immobilien verbunden sind, zu analysieren. Von diesem Ziel ausgehend, wurden folgende Forschungsaufgaben gestellt:

- Ausarbeitung von Grundlagen für die Gestaltung der Immobilienpolitik des estnischen Staates;
- Feststellung der Probleme, die mit der Immobilienpolitik des estnischen Staates verbunden sind.

Neben theoretischen Standpunkten und den Quellen, die die ausländischen Erfahrungen beschreiben, bezieht sich der Autor des vorliegenden Artikels auf seine Arbeitserfahrungen im Estnischen Parlament (Riigikogu) und als Vorstandsmitglied von AG Staatsimmobilien (Riigi Kinnisvara AS, RKAS).

1. Historische Ausgangspunkte der immobilienbezogenen Aktivitäten des estnischen Staates

Beim Übergang von der Kommandowirtschaft auf die Marktwirtschaft fand in Estland Anfang der 1990er Jahre eine radikale Reform der Bewirtschaftung des staatlichen Vermögens statt. Der größte Teil des staatlichen Eigentums an Unternehmen, an Grund und Boden, an Waldbestand wurde privatisiert. Die

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Unternehmen wirken in Estland auf privatrechlicher Grundlage, dabei können die Aktien einer privatrechtlichen Körperschaft im saatlichen Besitz sein, aber das Vermögen gehört der juristischen Person. Alle Unternehmen (auch die, die dem Staat gehören) müssen sich vermögenswirksam aufgrund des Ertrages, den sie mittels ihrer Geschäftstätigkeit erwirtschaftet haben, ohne staatliche Hilfe entwickeln und oft von ihrem Gewinn die Dividenden an die Eigentümer (und auch an den Staat) ausschütten. In diesem Fall beeinflusst der Staat die Entwicklung der staatlichen Unternehmen hauptsächlich durch die Dividendenpolitik.

In Estland verzichtete der Staat auf das Eigentumsrecht am Vermögen, das eigentlich im staatlichen Besitz, z.B. wie in Schweden, sein müsste. Vor allem sind das Universitäten, Krankenhäuser und Museen, die vom Standpunkt der Entwicklung eines Staates lebenswichtige und öffentliche Güter anbieten. In Estland wurden die ehemaligen staatlichen Hochschulen in öffentlich-rechtliche Körperschaften umgestaltet. Als Eigentümer des ihnen unentgeltlich übertragenen öffentlichen Vermögens wurde ihnen gesetzlich die Aufgabe gestellt, öffentliche Dienstleistungen anzubieten. Das öffentliche Vermögen der Krankenhäuser wurde an die von den lokalen Selbsverwaltungen gegründeten Handelsgesellschaften und Stiftungen übergeben.

Der Staat hat auch Vermögen, das früher z.B. im Besitz von Museen, Theatern und anderen staatlichen Einrichtungen gewesen ist, an Stiftungen übergeben. In derselben Situation befindet sich in Estland auch der Eisenbahnpersonenverkehr. Diese Unternehmen sind wirtschaftlich selbständig und für die Ergebnisse ihrer Tätigkeit völlig selbstverantwortlich. Gleichzeitig spielt der Staat in der Entwicklung dieser Unternehmen eine lebenswichtige Rolle. Er tritt auf als Auftraggeber von öffentlichen Gütern und oft auch als Finanzier, welcher die für diese Angebote notwendigen Vermögen zur Verfügung stellt. Finanziell sind die aus Selbstfinanzierung erlangten Mittel oft von nur geringer Bedeutung. Zugleich ermöglicht das kommerzielle Dienstleistungsangebot den Mangel an unentgeltlichen oder zu reduzierten Preisen angebotenen öffentlichen Gütern zu dämpfen und stimuliert die Unternehmen, das ihnen zur Verfügung stehende Vermögen besser auszunutzen und effektiver zu verwalten.

Die Pflegeheime, die als staatliche Einrichtungen geführt wurden, wandelt man im Umstrukturierungsprozess in Handelsgesellschaft um. Diesen Gesellschaften wird das dem Pflegeheim zur Verfügung stehende Vermögen übergeben. Eigentlich geht es um die Zentralisierung der Leitung des Fürsorgesystems und um die Aufgabenübertragung in eigene Verantwortung. Die Handelsgesellschaft leistet Pflegedienste sowohl an lokale Selbstverwaltungen als auch an Privatpersonen. Einen Sonderfall bilden Sonderpflegeheime, ihre Finanzierung durch eine Handelsgesellschaft wäre nicht sinnvoll, denn sowieso werden alle Pflege- und Bereitstellungskosten aus dem Staatshaushalt gedeckt (EV Rahandusministeerium 2, 2005).

Das Endziel der Reformen des öffentlichen Vermögens ist die Erreichung eines Zustandes, in dem der Staat nur jenes Vermögen besitzt, das für die Erfüllung der

staatlichen Regierungs- und Verwaltungsaufgaben, der Regierung und der örtlichen Selbstverwaltungen, notwendig ist. In dieser Hinsicht befinden sich die Reformen im Endstadium. Für die weitere Entwicklung ist es wichtig, dass der Staat den Wert des ihm zur Verfügung stehenden Vermögens vergrößert und seine Bewirtschaftung auf eine bestmögliche Weise durchführt.

Das Immobilienvermögen bedarf einer besonderen Aufmerksamkeit, weil die Zweckmäßigkeit und die Effektivität seiner Nutzung von langer Dauer und von großem Wert ist. Ferner sind die Kosten für ihre Entwicklung und Bewirtschaftung hoch. Damit der Staat seine Funktionen erfüllen kann, müssen die mit Immobilien verbundenen Probleme ihre Lösungsmöglichkeiten und -varianten in der staatlichen Immobilienpolitik Berücksichtigung finden.

Es wäre zu erwähnen, dass weltweit dem Staat bei seinem Immobilienmarkt keine Sonderrolle zugestanden wird. Die immobilienbezogene Tätigkeit des Staates ist unter vielen Aspekten der Tätigkeit in großen Handelsgesellschaften ähnlich (Lind, Lindquist, 2005, 179). Wie jedes Subjekt beteiligt sich der Staat am Immobilienmarkt gemäß seinen Bedürfnissen, die aus seinen Aufgaben resultieren. Wichtig ist es dabei, die Risiken einzugrenzen, sowie die wirtschaftliche Effektivität und die Einsparungskriterien zu beachten. Die Erfahrungen, die verschiedene Staaten weltweit beim Aufbau des Immobilienmarktes gemacht haben, sind unterschiedlich. Unter den Bedingungen der Globalisierung sind jedoch gewisse Vereinheitlichungstendenzen festzustellen (International Real ..., 2004). Im Allgemeinen tritt der Staat als Regulator des Immobilienmarktes auf, ein gutes Beispiel dafür ist Deutschland (Real Property ..., 1998).

Bei der Immobilienbewirtschaftung muss man mit vielen unterschiedlichen Aspekten rechnen, die sich wiedersprüchlich auf die wirtschaftliche Effektivität auswirken. Deshalb gibt es für die Steigerung der Effektivität keine einfachen Wege und Maßnahmen, sondern ein vielfältiges und kompliezierte System von inneren und äußeren Verknüpfungen das in Bezug auf ihre Struktur optimiert werden soll. Optimal kann nur eine alle Aspekte und Zusammenhänge gleichgewichtig berücksichtigte komplexe Lösung werden.

Die Ausgangspunkte für die Suche nach einer optimalen Variante bei der staatlichen immobilienbezogenen Tätigkeit sind verschieden. Zum Beispiel hat man in Schweden mit der Reform der staatlichen Immobilienwirtschaft Anfang der 1990er Jahre begonnen, um von einem absolut zentralen System (über das ganze Staatsvermögen verfügte als Eigentümer das zentrale Gebäudeamt (Lind, Lindquist, 2005, 181)) zu dezentralen Organisationsformen zu gelangen, wo die Rechte und die Verantwortung auf die Benutzer abgestimmt sind. In Estland versuchte man im Jahre 2000 nach der Privatisierungs- und Übergabeperiode des öffentlichen Vermögens durch die Gründung der AG Staatsimmobilien (Riigi Kinnisvara AS) von einem völlig dezentralen System (es gibt ca 500 Vermögensverwalter samt bevollmächtigten Personen, die das Staatsvermögen verwalten (EV Rahandusministeerium ..., 2005), in ein zentralkoordiniertes System zu wechseln. Dennoch

fehlt bis heute eine zentral geleitete, mit technischer Kompetenz ausgestattete Einrichtung, die die Entscheidungsträger über öffentliches Vermögen betreut.

Je nach der Art der verfolten sozialwirtschaftlichen und -politischen Ziele kann der Staat bei verschiedenen Vermögensarten dem Umfang und der Aktivität nach unterschiedlich vorgehen. Auch in Estland ist die Einstellung zum öffentlichen Vermögen in Bezug auf verschiedene Vermögensarten unterschiedlich. Um dem staatlichen Waldbestand eine sichere Zukunft zu schaffen, sind politische Vereinbarungen in dem vom estnischen Parlament (Riigikogu) bewilligten Waldgesetz (Metsaseadus, Riigi Teataja 1998–2005) und in dem wenigstens alle 10 Jahre vom Umweltsministerium zusammengestellten Entwicklungsprogramm der Forstwirtschaft schriftlich niedergelegt (EV Keskkonnaministeerium). Für die Bewirtschaftung des Staatswaldes wurde das Staatliche Forstwirtschaftszentum (Riigimetsa Majandamise Keskus – RMK) gegründet, das die einzige profit-orientierte Gesellschaft des estnischen Staates ist.

Gleichzeitig wirkt die genannte Einrichtung wie eine Handelsgesellschaft. Außer der Bewirtschaftung des Staatswaldes besitzt sie noch das Vermögen (Rasthäuser, Rasthütten), das für die Förderung des Naturtourismus vorgesehen ist. Der Wald als eine direkte Einkommensquelle steht im Mittelpunkt der Aufmerksamkeit der Interessengruppen, die sich für die Privatisierung des staatlichen Waldbestandes einsetzen. Die wichtige Rolle des Waldes im Angebot an öffentlichen Gütern, die besondere Wertschätzung des Waldes seitens der meisten Esten und die schnelle gewinnorientierte Politik der Eigentümer Privatwäldern vermindern den auf den Staat ausgeübten Druck in Bezug auf die Privatisierung des Waldbestandes.

Als rechtliche Grundlage für die Entwicklung des staatlichen Verkehrsnetzes dient das Straßen- und Wegegesetz (Teeseadus, Riigi Teataja 1999–2005) und der vom Wirtschafts- und Kommunikationsministerium für 4 Jahre zusammengestellte und jährlich präzisierte Straßeninstandhaltungsplan (Teehoiukava 2004). Da in Estland die Straßenbenutzung kostenlos ist, hat niemand die Frage über das Eigentumsrecht an Straßen gestellt. Die Estnische Straßenverwaltung kauft die Dienstleistungen, die mit dem Bau und der Instandhaltung der Verkehrswege verbunden sind, von Privatunternehmen ein.

Das Problem der Versorgung der Menschen (Familien) mit Wohnungen ist von sozialwirtschaftlicher Bedeutung (The wider Impact ..., 2001). Der Wohnungspolitik wird in der Europäischen Union (Housing Policy ... 1996; Verhage, 2002) aber auch in der ganzen Welt (Angel, 2000) eine besondere Bedeutung beigemessen. Im Unterschied zu vielen entwickelten Staaten erfährt in Estland die Ausarbeitung einer komplexen Wohnungspolitik des öffentlichen Sektors keine Aufmerksamkeit (Kährik jt. 2002; Kährik jt. 2004), sondern man versucht, unter Bedingungen der liberalen Marktwirtschaft, mit minimalen Anstrengungen des öffentlichen Sektors auszukommen (Liias, 1998). Die lokalen Selbsverwaltungen versuchen jedoch auf die Unterkunftsprobleme, die aus verschiedenen Gründen bestehen, zu reagieren. Im

Besitz der estnischen Behörden befinden sich über 5000 Wohnungen, die der Staat für die Unterbringung der Beamten benützt.

Im vorliegenden Artikel werden Fragen der allgemeinen Entwicklung des Immobilienmarktes und der gesetzlichen Regelungen nicht behandelt. Nur die zur Erfüllung der Ziele der Regierungs- und Verwaltungsaufgaben erforderlichen immobilienwirtschaftlichen Maßnahmen werden analysiert. Im fünfzehnten Jahr nach der Wiedererlangung der Unabhängigkeit fehlt in diesem Bereich immer noch eine einheitliche Politik und eine führende Institution. Die Notwendigkeit dieser Politik ergibt sich aus den hohen Kosten, die mit der Entwicklung und der Verwaltung von Immobilien verbunden sind. Sie übersteigen jährlich wenigstens eine Milliarde Kronen. (EV Rahandusministeerium 2005). Die Bedeutung eines langfristigen strategischen Plans bei der Durchführung der staatlichen immobilienbezogenen Tätigkeit wurde von Clive M. J. Warren (2003) hervorgehoben. Aufgrund der zwanzigjährigen Reformerfahrungen der australischen Regierung führt er zusammenfassend aus, dass es ohne einen klar gesetzten Plan nicht möglich ist, die wirtschaftliche Effektivität der Reform für staatliche Behörden und Steuerzahler einzuschätzen.

Da eine einheitliche Politik sowie ein einheitliches Managementsystem fehlen, werden die mit der Immobilienverwaltung verbundenen Aufgaben des estnischen Staates in einzelne Staatsbehörden zersplittert, verschiedenartig, wirtschaftlich uneffektiv, politisch unbegründet und innerlich widersprüchlich erledigt. Eine Fortsetzung dieser Situation erhöht ständig die Bewirtschaftungsverluste, und führt zu politischen Spannungen.

Man muss hinzufügen, dass Estland unter dem Aspekt der immobilienbezogenen Tätigkeit weltweit keine Ausnahme ist. Die Probleme dieser Sphäre sind lange Zeit nicht nur im öffentlichen Sektor, sondern bei ähnlicher Situation auch in den großen Handelsgesellschaften unterschätzt worden. Im Rahmen einer im Jahre 1987 von der Technichen Universität Massachusetts (MIT) durchgeführten Untersuchung wurden 284 Leiter der Immobilienwirtschaft aus den Korporationen und Institutionen in den USA befragt. Sie erläuterten, dass die immobilienbezogene Tätigkeit stark unterschätzt wird, ihr Prestige und deren Priorität in den Unternehmen, Beratungsfirmen und in den Wirtschaftshochschulen niedrig sind. Ebenso fehlt es an Informationen über bestehende Immobilien, diagnostische Mittel für die Leitung und Bewertung der immobilienbezogenen Aktivitäten sind wenig entwickelt. Die Beurteilung der Ertragsfähigkeit der Immobilienbenutzung ist enger mit den Präferenzen des Spitzenmanagements als mit Wesen, Größe, Wert und Funktionen des Vermögens verbunden. Im Management der Immobilienwirtschaft sollten allgemeine Führungsprinzipien und praktische Erfahrungen zur Anwendung gelangen. (Veale, 1989, 1–2)

Laut Rodriguez und Sirmans (1996) ist es notwendig, immobilienbezogene Planungen in die allgemeinen Arbeitspläne einer Institution oder eines Unternehmens integrieren, weil sich eine effektive Immobilienverwaltung auf die

bestmögliche Erfüllung der Hauptaufgaben im Dienstleistungsbereich auswirkt. Gleichzeitig sehen die Manager der Immobilienwirtschaft in großen Unternehmungen keinen besonderen Bedarf für die Verknüpfung des Arbeitsplans mit dem Geschäftsplan der Unternehmung. Sie glauben nicht, dass die Immobilien auf die Gestaltung der Wettbewerbsvorteile einen wesentlichen Einfluss ausüben können.

2. Probleme mit der Entwicklung und der Verwaltung der Staatsimmobilien

Probleme der staatlichen Immobilienwirtschaft werden schon seit längerer Zeit einzeln und systemlos diskutiert. Leider haben die Versuche, sie einzeln zu lösen, nur neue Widersprüche und Probleme verursacht.

Der ganze Problemenkomplex sollte systematisch behandelt werden, indem sowohl innere Zusammenhänge als auch äußere Einflüsse zu erwägen sind. Im Folgenden werden die mit der Ausarbeitung und der Anwendung der Immobilienpolitik verbundenen Probleme nach ihren Aufgabenbereichen, die bei der Immobilienverwaltung zu lösen sind, betrachtet.

Die Unklarheit der Entwicklungsziele. Für die Ausarbeitung einer den gesellschaftlichen Erfordernissen ensprechenden Investitionspolitik sollten zuerst diese Erfordernisse qualitativ festgelegt und durch konkrete Normative und Standards quantifiziert werden:

a) Die Bewertungsmöglichkeiten des Volumens und der Struktur der Immobilien. Das Volumen und die Struktur der Immobilien, die der Staat für die Verwirklichung seiner Regierungs- und Verwaltungsfunktionen braucht, sind bis heute nicht festgelegt. Sicherlich besteht ein Grund darin, dass der estnische Staatsapparat infolge des Beitritts in die EU noch immer in einer Entwicklungsphase ist. Zur Zeit geht der Prozess dem Ende entgegen und die Zahl der Angestellten ist in den meisten Behörden stabil geworden. Leider hat man mit der Ausarbeitung der normativen Basis noch nicht angefangen: wie viel und welche Fläche ein Staatsbeamter für die Erledigung seiner Arbeitsaufgaben durchschnittlich braucht? Welche Unterschiede bestehen für den Bedarf an Immobilien bei der Verwirklichung verschiedener Funktionen? Wie steht es um die jetzige Ausstattung mit den Immobilien in verschiedenen Staatsbehörden? Wenn man die Antworten auf die gestellten Fragen nicht finden kann, ist es auch unmöglich, das Volumen der Entwicklungsarbeit, die für die Befriedigung der staatlichen Bedürfnisse an Immobilien getan werden muss, einzuschätzen.

b) Die Festlegung der Qualität der Immobilien. Es gibt heute noch keine Qualitätsstandards für Immobilien, die für die Regierungs- und Verwaltungstätigkeit des Staates notwendig sind. Noch mehr, es fehlen die Antworten auf die für die Festlegung solcher Standards notwendigen Ausgangsfragen: Geht der Staat bei der Betonung seiner Repräsentativität und der Autorität von dem Qualitätsniveau der besseren Unternehmen aus oder ist er damit zufrieden,

wenn die Arbeitsbedingungen der Staatsbeamten einem mittleren Entwicklungsniveau entsprechen? Durch welche spezifischen Qualitätsanforderungen zeichnen sich verschiedene Behörden aus?

Die Probleme der Entwicklungsfinanzierung. Die Immobilienentwicklung erfordert umfangreiche Investitionsfinanzierungen. Die Planung der notwendigen Finanzmittel ist also ein wesentlicher Teil einer erfolgreichen Immobilienpolitik.

a) Der Umfang der Finanzierung. Da das Volumen dem Staat notwendigen Immobilien und die Anforderungen an die Qualität nicht festgelegt sind, ist auch der Umfang der nötigen Finanzierung bis jetzt nicht festgelegt worden. Das heutige Preisniveau im Bauwesen und die Dynamik der Preisentwicklung machen die Bewertung noch unstabiler. Es wird den folgenden Fragen zu wenig Aufmerksamkeit gewidmet. Welchen Einfluss besitzen Immobilien, die nicht rechtzeitig oder ungenügend renoviert worden sind, auf die Arbeitsergebnisse der Beamten und wie hoch sind die Renovierungskosten angestiegen.

b) Die Finanzierungsquellen und -schemata. Um die Finanzierungsquellen und die -schemata zu analysieren, sollen außer der Sicherung des notwendigen Umfangs vor allem noch Aspekte der wirtschaftlichen Effektivität und der politischen Akzeptanz berücksichtigt werden. Die Finanzierung der staatlichen Immobilienentwicklung ist in Bezug auf den Umfang bis heute von der Hoffnung geprägt, dass das nötige Geld für Investitionen aus laufenden Erträgen des Staatshaushaltes aufgebracht werden kann. Wegen des niedrigen Steuerniveaus reicht diese Quelle dafür nicht aus. Heute fehlen Analysen über die Entwicklung und die mit der Bewirtschaftung von Immobilien verbundenen Gesamtkosten, die sich während des gesamten Lebenszyklus der Immobilien bei der Anleihefinanzierung über den Staatshaushalt und bei Privatinvestitionen ergeben. Unklar sind auch die Aufgaben und Möglichkeiten der AG Staatsimmobilien zusätzlichen Finanzmittel für die Entwicklung der staatlichen Immobilien zu erlangen.

c) Das Tempo für die Erreichung der erforderlichen Qualität von Immobilien. Wie kann man die notwendige Qualität der im staatlichen Besitz befindlichen Gebäude erreichen und mit welchem Tempo läßt sich das Qualitätsniveau (Investitionsfähigkeit) realisieren, fals verschiedene Finanzierungsquellen und -Finanzierungsschemata gewählt weden? Wie kann man notwendige Etatmittel für eine Bewirtschaftung der Büroflächen, die dem heutigen Standard ensprechen und im genügenden Umfang vorhanden sind, bereitstellen? Bei der Festlegung der Finanzierungsquellen und der -schemata muss man die langfristigen Gesamtkosten für die Entwicklung und die Bewirtschaftung der Immobilien während des ganzen Lebenszyklus, ansetzen.

d) Erwerb oder Leasing. Das Finanzministerium Estlands hat versucht, die Frage aufzuwerfen: Für welche Aufgabenerledigung ist es für den Staat wirtschaftlich zweckmäßig, Immobilienbesitzer zu sein und wann ist es zweckmäßig die Immobilien zu leasen? Es ist bis heute unklar, warum diese Frage überhaupt für

die Funktionen der staatlichen Verwaltung behandelt wird. Die Alternativen des Immobilienerwerbs oder -leasings sind vom wirtschaftlichen Aspekt zu vergleichen, ausgehend vom Stand der Risiken und der Gesamtkosten, die infolge der immobilienbezogenen Tätigkeit enstanden sind. Es gibt auch keine Analysen sowohl über den Stand der Gesamtkosten des Eigentümers und des Leasingnehmers als auch über die die Dynamik beeinflussenden Faktoren und der damit verbundenen Marktrisiken. Man verfügt heute auch über keine Datenbank, die für die Durchführung solcher Analysen notwendig wäre. Der Ausgangspunkt ist klar, beim Leasing kommen zu den Kosten des Leasinggebers auch die Kosten des Leasingnehmers zu, z. B. die Kosten, die mit der Erfüllung und der Befolgung der Leasingsverpflichtungen entstehen, Gebühren und Steuern, die mit diesem Leasinggeschäft verbunden sind und letzendlich auch der voraussichtliche Gewinn des Vermieters. Die Höhe des Gewinns hängt vom Charakter und der Intensität der Konkurrenz ab. Das Hauptproblem auf dem Immobilienmarkt besteht darin, dass wenig Wettbewerb herrscht oder sogar fehlt, weil Knappheit an Grundstücken besteht und administrative Standortfaktoren eine große Rolle spielen.

Die Sicherung der Klarheit und der Genauigkeit (Transparenz und Veröffentlichung) von Kosten. Um die wirtschaftliche Effektivität und die Zweckmäßigkeit verschiedener Varianten in der Entwicklung und der Bewirtschaftung der Immobilien zu vergleichen, braucht man klare und genaue Informationen über die anfallenden Kosten.

a) Die Möglichkeiten des Eigentümers vs. des Leasingnehmers. Der Immobilieneigentümer kann ein einheitliches und genügend aufgegliedertes Berechnungssystem anwenden, um die Entstehung der Kosten, ihre Stichhaltigkeit und Effektivität zu kontrollieren. Auf diese Weise werden die Entwicklungs- und Bewirtschaftungskosten der Immobilien für den Eigentümer im von ihm gewünschten Grade transparent. Der Leasingnehmer hat im Allgemeinen keine Möglichkeit, die Mietpreisbildung nach einzelnen Kostenelementen wahrzunehmen, er kann nur den angebotenen Mietpreis mit dem auf dem Markt herrschenden Preisniveau vergleichen. Da es unmöglich ist, auf dem Immobilienmarkt zwei vollkommen gleiche Objekte zu finden (zwei Gebäude können nicht auf einer und derselben Stelle stehen), so können nur bis zu einem gewissen Grade ähnliche Objekte verglichen werden. Da die Anbieterzahl der geeigneten Immobilien für die Verwirklichung der staatlichen Regierungs- und Verwaltungsfunktionen immer begrenzt ist, herrscht auf dem Markt eine oligopolistische oder sogar eine monopolistische Konkurrenz. Außerdem kann der Leasingnehmer die Bedingungen nur ihm unterbreiteter Angebote vergleichen, denn konkrete Bedingungen der analogen Leasingverträge gelten allgemein als Geschäftsgeheimnis. Auf diese Weise ist der Mietpreis bezüglich der Klarheit und der Genauigkeit für den Leasingnehmer fast unüberschaubar.

b) Die Maßnahmen zur Erreichung einer klaren und genauen Kostenberechnung. Es soll das Berechnungssystem geschaffen werden, um die Gesamtkosten der Bewirtschaftung verschiedener Staatsbehörden und verschiedener

Immobiliensobjekte, darunter auch der entstehende Kostenaufwand aus dem Besitz und der Vermietung der Immobilien, vergleichen zu können. Die Kostenstandards (Instandhaltungsstandards und entsprechende Normative der Instandhaltungs- und Verwaltungskosten pro Quadratmeter) für die Bewirtschaftung von Immobilien sind nicht festgelegt und so kann man die Kostenbildung nicht regeln. Auch die Kostenstandards (z.B. für Quadratmeter der benutzten Fläche pro Person und die dazu bereitgestellten Etatmittel), die die Nachfragegestaltung regeln würden, sind nicht festgelegt worden. Leider verfügt man auch über kein Berichterstattungssystem, das die Informationen bereitstellt, und sie rechtzeitig, im nötigen Umfang an die interessierten Subjekte weiterleitet. Ungelöst ist das Vorhandensein des Immobilienregisters oder der Immobilienregisterdatenbank und ihrer Funktionen.

Die Probleme mit der Erwirtschaftung der Einkünfte aus Immobilien. In der Immobilienpolitik muss eindeutig festgesetzt werden, ob und in welchem Fall der Staat seine Immobilien ertragbringend verwenden sollte. Um unerwünschte Marktbeeinflußung zu vermeiden, soll der Staat, wenn er die Immobilien an den Privatsektor veräußert oder die Gebäudeflächen zur Vermietung anbietet, als Wirtschaftssubjekt auftreten, das seine Erträge maximiert.

a) Veräußerung, Entwicklung oder Konservierung von für die Staatsverwaltung unnötigen Immobilien. Das sind alternative Möglichkeiten, die kombiniert gemäß den herrschenden Bedingungen auf dem Immobilienmarkt einzusetzen sind. Heute haben wir weder Methodik noch Datenbank, um die vergleichende Analyse der Zweckmäßigkeit verschiedener Varianten durchzuführen. Welche Rolle könnte AG Staatsimmobilien (RKAS) bei der Verwirklichung politischer Entscheidungen sowohl auf dem Gebiet der Verwaltung und Veräußerung als auch bei der Investierung der Verkaufserlöse spielen?

b) Probleme der Erwirtschaftung des Mietertrags. Die Staatskontrolle hat festgestellt, dass die Vermietungsverträge von Immobilien, die einige Staatsbehörden abgeschlossen haben, für den Staat vom gewinnorientierten Standpunkt nachteilig sind. Daraus ergibt sich die Frage über die Rechte und die Verantwortung der Staatsbehörden bei der Vermietung der Flächen, die sie für die Verwirklichung ihrer Funktionen nicht brauchen. Offensichtlich liegt die Lösung in der Finanzierung der Immobilienkosten der Staatsbehörden nach festgesetzten Flächennormativen. Wenn die Normative überschritten werden, könnten Sanktionen angewandt und die Bewirtschaftung dem die Immobilienspolitik ausführenden Zentrum zur Kontrolle übergeben werden. Die Liegenschaften, die für die Staatsverwaltung nicht nötig sind, können der AG Staatsimmobilien (RKAS) übergeben oder zum Ziel der Mietertragserwirtschaftung verwendet werden.

Die Probleme des Aufbaus des Führungssystems der staatlichen Immobilienpolitik. Für die Ausarbeitung und die Anwendung der staatlichen Immobilienpolitik müsste ein kompetentes, mit nötigen Rechten und Pflichten

versehenes Zentrum gegründet werden. Ein solches Zentrum fehlt uns heute[2]. Es genügt nicht, wenn irgendeine Arbeitsgruppe die Politik einfach "aufschreibt". Für die Voraussetzung einer effektiv wirkenden Politik ist einerseits ihre ständige Weiterentwicklung aufgrund der veränderten Bedingungen notwendig. Anderseits ist ein einheitliches, koordiniertes mit Wirkungsmechanismen ausgestattetes Politikanwendugssystem zu schaffen.

a) Sebständigkeitsgrad des Immobilienzentrums. Es entsteht die Frage, soll das Immobilienpolitikzentrum als selbständiges staatliches Immobilienamt, wie es Ende der 1980er Jahre in Estland war, oder als Abteilung des Finanzministeriums fuktionieren? Zugunsten der ersten Variante sprechen klar definierte Aufgaben, Rechte und die Verantwortung. Die zweite Variante wäre in diesem Fall möglich, wenn sich der mit der Anwendung der Immobilienpolitik verbundene Aufgabenumfang nicht allzu groß für die Gründung einer selbständigen staatlichen Institution erwiese. Auf jeden Fall darf die bisherige Verantwortungslosigkeit nicht fortgesetzt werden, indem Vermögen, die Investitionen sowie laufende Kosten im Milliardenwert dem Chaos örtlicher Einzelentscheidungen überlassen bleiben. Im Finanzministerium werden noch andere Möglichkeiten erwogen. Die zentrale Leitungsfunktion der Immobilienpolitik soll der im staatlichen Besitz befindlichen Handelsgesellschaft (AG Staatsimmobilien) übergeben werden oder soll die entsprechende Dienstleistung von einem Privatunternehmen "einzukaufen" sein. Diese Variante kann man nicht für zweckmäßig halten. Eine Handelsgesellschaft ist auf maximale Gewinnerzielung und wirtschaftliche Effektivität orientiert, bei der Verwirklichung der Regierungs- und Verwaltungsfunktionen aber müssen hauptsächlich immaterielle öffentliche Güter geschaffen werden. Die Institution, unter deren Leitung die Immobilienpolitik durchgeführt wird, soll die Kompetenz haben, die Immobilienpolitik mit den Politiken anderer Bereiche zu koordinieren, eine Handelsgesellschaft kann aber über eine solche Kompetenz nicht verfügen. Unternehmen und Einzelpersonen können bestimmte öffentliche Dienstleistungen anbieten, aber der Staat kann nicht die Verwirklichung der Staatsfunktionen – die Ausarbeitung und die Politikanwendung – einkaufen[3].

b) Festlegung des optimalen Entscheidungsniveaus der Geschäfte. Welche Rechte und Verpflichtungen sollten die Staatsbehörden bei der Vermietung oder der Veräußerung der in ihrem Besitz befindlichen Immobilien haben? Die Gründung des Leitungszentrums der Immobilienpolitik darf nicht zur Zentralisierung aller Entscheidungen führen, sondern zur Anwendung einer einheitlichen Konzeption und einer einheitlichen normativen Basis in Bezug auf alle

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[2] Ende der 1980er Jahre war in den USA weniger als die Hälfte der großen Korporationen der Meinung, dass die Immobilie ein selbständiger Teil des Vermögens ist und eine separate Leitung braucht. (Veale, 1989, 4).

[3] Ende der 1980er Jahre wurde die Leitung der immobilienbezogenen Tätigkeit in den großen Korporationen in den USA als selbständige Einheit folgendermaßen durchgeführt: 12% als Ertragszentren, 26% als Kostenstellen und 14% sowohl Kostenstellen als auch Ertragszentren. (Veale, 1989, 4).

Staatsbehörden. Die Rolle des Zentrums besteht darin, dass es nur vereinheitlichte Informationen sammelt, kontrolliert und weiterleitet. Damit werden alle Behörden den gleichen Informationszugang und gleichwertige Möglichkeiten für ihre Immobilienbewirtschaftung haben. Gleichzeitig muss das Subsidiaritätsprinzip angewandt werden, indem die Staatsbehörden das Recht haben, eigenständig die Entscheidungen zu treffen und die Verantwortung über die Vorbereitung und die Annahme der Entscheidungen zu tragen.

c) Charakter des Koordinierungsmechanismus. Welcher Koordinierungsmechanismus wird für die Schaffung und die Anwendung der Immobilienpolitik gebraucht? Welcher Umfang der Koordinierung wird gebraucht? Wie gelangen die Informationen und die Probleme von einer Entscheidungsstufe auf die andere bis zur Regierung und die Leitungsimpulse von der höheren Entscheidungsstufe auf die niedrigere Stufe? Wer und in welchem Umfang soll die Übersicht über die Anwendung und die Wirkung der Immobilienpolitik besitzen? In welcher Regelmäßigkeit sind die Berichte zu erstatten? In welchem Fall muss man in die Prozesse eingreifen?

d) Schaffung des Motivationssystems. Wie kann man die Motivation gewährleisten, das Staatsvermögen haushälterisch zu entwickeln und zu bewirtschaften und die Geschäfte höchst gewinnbringend für den Staat abzuwickeln? Heute hat man dafür nicht einmal ein funktionierendes Kontroll- und Verantwortungssystem. Ein effektives System müsste außer Beeinflussmechanismen der Regierungen auch wirtschaftliche Anreize enthalten.

Die Rolle der AG Staatsimmobilien (RKAS) in der Immobilienpolitik. Die AG Staatsimmobilien wurde 2001 auf Anordnung der Regierung der Republik gegründet (Riigi Kinnisvara ..., 2001). Fünf Jahre nach der Gründung beschäftigt man sich noch immer mit der Festlegung der Möglichkeiten, wie die AG Staatsimmobilien (RKAS) bei der Lösung der Hauptaufgaben der Immobilienpolitik mithelfen könnte. Das Finanzministerium hat folgende Möglichkeiten hervorgehoben:

- Zusammenstellung der Projekte der Immobilienentwicklung;
- Schaffung des außeretatmäßigen Finanzierungsschemas für die Immobilienprojekte;
- Dienstleistungen der Immobilienverwaltung an kleine und verwaltungsunfähige Staatsbehörden;
- Beschäftigung mit den für die Verwirklichung der Staatsfunktionen unnötigen Objekten (Veräußerung, Entwicklung und Verkauf, Entwicklung und Vermietung bis zur Inbetriebnahme für die Verwirklichung der Staatsfunktionen).

Um den Immobilienmarkt nicht unerwünscht zu “beeinträchtigen”, darf sich die AG Staatsimmobilien (RKAS) nicht mit Objekten beschäftigen, die nicht dem Staat gehören und gemäß der Immobilienpolitik für die Verwirklichung der Staatsfunktionen auch in Zukunft an diesen Objekten kein Bedarf besteht.

Zusammenfassung

Im Laufe der Reformen, die in der Periode nach der Wiedererlangung der Unabhängigkeit und beim Übergang auf die Marktwirtschaft, durchgeführt wurden, haben sich in Estland unterschiedliche Ansichten über notwendigen Immobilen die für die Verwirklichung der Staatsfunktionen herausgebildet sind. Wohnflächen wurden hauptsächlich privatisiert, und die Lösung der Wohnungsprobleme wurde dem Marktprozess überlassen. Gewerbliche Immobilien wurden zum Eigentum der Handelsgesellschaften, deren Aktien der Staat besitzen kann. Immobilien von Universitäten, Krankenhäusern, Museen (Anbieter öffentlicher Dienstleistungen) gingen in den Besitz von Stiftungen, von Handelsgesellschaften und von öffentlich-rechtlicher Körperschaften über, von denen der Staat die Dienstleistungen bestellt. Für die Entwicklung der Staatswaldes und des Straßennetzes gelten die Gesetze und langfristigen Programme, die das Estnische Parlament (Riigikogu) verabschiedet hat.

Eine Politik über die Entwicklung und die Bewirtschaftung von staatlichen Immobilien (Gebäuden) ist in Estland bis heute nicht formuliert worden. Infolgedessen ist die Tätigkeit des Staates in diesem Bereich verschiedenartig, widersprüchlich und uneffektiv. Die Verfügungsrechte über die meisten Staatsimmobilien sind auf hunderte Behörden verteilt. Die Immobilien von drei Ministerien (Finanz-, Justiz- und Innen-) sind der AG Staatsimmobilien (RKAS) anvertraut und die Staatsbehörden sind Mieter. Gleichzeitig mieten viele Staatsbehörden notwengige Immobilien auch bei dem Privatsektor. Anderseits werden die unbenutzten Immobilien von den Staatsbehörden sowohl an die Gewerbeunternehmen als auch an den Dritten Sektor vermietet. Um Verluste zu vermeiden und klare Entwicklungsperspektive zu schaffen, ist für die Bewirtschaftung und die Entwicklung der Staatsimmobilien eine einheitliche und systematische Immobilienpolitik, die ein zweckmäßiges Immobilienmanagement für die staatliche Regierungs- und Verwaltungstätigkeit erforderlichen Immobilien ermöglicht, herauszuarbeiten und anzuwenden.

Bei der Ausarbeitung der staatlichen Immobilienpolitik sind eine Reihe von Problemen zu spezifizieren, die im vorliegenden Artikel nach dem Wesen der lösungsbedürftigen Aufgaben folgendermaßen identifiziert werden:
Die Unklarheit über die Entwicklungsziele der Immobilienbeschaffung und-nutzung:

a) Möglichkeiten zur Umfangs- und Strukturbewertung;
b) Festlegung der Qualität.

Die Probleme der Entwicklungsfinanzierung:

a) Finanzierungsumfang;
b) Finanzierungsquellen und -schemata;
c) Tempo für die Erreichung der erforderlichen Qualität von Immobilien;
d) Erwerb oder Leasing.

Sicherung der Klarheit und der Genauigkeit (Transparenz und Veröffentlichung) von Kosten im Immobilientätigkeit:

a) Möglichkeiten des Eigentümers vs. des Leasingnehmers;

b) Maßnahmen zur Erreichung einer klaren und genauen Kostenberechnung.

Probleme der Erzielung von Einkünften aus Immobilien:

a) Veräußerung, Entwicklung oder Erhalt der für die Staatsverwaltung unnötigen Immobilien;

b) Probleme der Erwirtschaftung des Mietertrags.

Probleme des Aufbaus eines Führungssystems der staatlichen Immobilienpolitik:

a) Sebständigkeitsgrad des Immobilienzentrums;

b) Festlegung des optimalen Entscheidungsniveaus der Geschäfte;

c) Charakter des Koordinierungsmechanismus;

d) Schaffung des Motivationssystems.

Die Rolle der AG Staatsimmobilien (RKAS) in der Immobilienpolitik.

Für die Gestaltung der effektiv wirkenden staatlichen Immobilienpolitik sind die aufgezählten Probleme in einem System der gegenseitigen Zusammenhänge zu lösen.

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Kokkuvõte

PROBLEEMID EESTI RIIGI KINNISVARAPOLIITIKA JÄTKUSUUTLIKKUSE TAGAMISEL

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Eesti riigi tegevus oma kinnisvara arendamisel ja majandamisel on kujunenud ilma tervikliku kavata erinevate reformide kaasproduktina vastavalt konkreetsete huvigruppide mõjukusele reformiprotsessides. Seetõttu on riigi kinnisvaraalane tegevus sisemiselt vastuoluline ja majanduslikult ebaefektiivne, see on kujunenud paljude poliitiliste konfliktide allikaks. Selliselt jätkates probleemid kuhjuvad ja kahjud suurenevad. Jätkusuutliku kinnisvarapoliitika eelduseks on probleemide olemuse identifitseerimine ja süsteemne analüüs.

Käesoleva artikli eesmärgiks on analüüsida Eesti keskvalitsuse ja selle haldusala ametite kinnisvaraalase tegevuse kujunemist ning kinnisvara haldamisega seotud probleeme. Eesmärgist lähtuvalt on püstitatud järgmised uurimisüleanded:

- Eesti riigi kinnisvaraalase tegevuse kujundamise aluste väljatoomine;
- riigi kinnisvaraalases tegevuses ilmnenud probleemide identifitseerimine.

Taasiseseisvumise ja turumajandusele ülemineku perioodi reformide käigus kujunes Eestis erinev suhtumine riigi funktsioonide täitmiseks vajalikku kinnisvarasse: elamispind valdavas osas erastati ja eluasemeprobleemid jäid peamiselt turu lahendada; tootmise ja teenindusega seotud kinnisvara läks äriühingute omandusse, mille aktsiaid võib riik omada; avalikke teenuseid pakkunud asutuste (ülikoolid, haiglad, muuseumid) kinnisvara läks sihtasutustele, äriühingutele ja avalik-õiguslikele isikutele, millelt riik tellib teenuseid; riigimetsade ja -teede arendamise aluseks on Riigikogus vastuvõetud seadused ja pikaajalised tegutsemiskavad.

Riigi valitsemise ja haldamisega seotud kinnisvara (hoonete) arendamise ja majandamise poliitikat ei ole Eestis aga senini välja töötatud, mille tõttu on riigi tegevus selles valdkonnas eripalgeline, vastuoluline ja ebaefektiivne. Suurema osa riigi kinnisvara käsutamine on killustatud sadade allasutuste vahel. Kolme ministeeriumi (rahandus-, justiits- ja siseministeerium) kinnisvara on üle antud Riigi Kinnisvara AS-ile ja riigiasutused toimivad rentnikena. Samal ajal rendivad paljud riigiasutused vajalikku kinnisvara ka erasektorilt. Teisalt annavad riigiasutused kasutamata kinnisvara rendile nii äri- kui ka kolmandale sektorile. Majanduslike kahjude vältimiseks ja selgete arenguperspektiivide loomiseks riigi kinnisvara majandamisel ja arendamisel on tarvis välja töötada ning rakendada terviklik ja süsteemne kinnisvarapoliitika, mis kindlustab sihipärase ja ühtsetel alustel lähenemise kogu riigi valitsemis- ja haldustegevuseks vajalikule kinnisvarale.

Riigi kinnisvarapoliitika väljatöötamisel tuleb süsteemselt lahendada rida probleeme, millest käesolevas artiklis identifitseeritakse lahendamist vajavate ülesannete olemusest lähtudes järgmised:

Kinnisvara arenduse eesmärkide ebaselgus:

a) mahu ja struktuuri hindamise võimalused;

b) kvaliteedi määratlemine.

Arenduse finantseerimise probleemid:

a) finantseerimise maht;

b) finantseerimise allikad ja skeemid;

c) kinnisvara nõutava kvaliteedi saavutamise tempo;

d) omada või rentida.

Kulude selguse ja täpsuse (läbipaistvuse, avalikustatuse) tagamine:

a) omaniku *versus* rentniku võimalused;

b) abinõud kuluselguse ja -täpsuse saavutamiseks.

Kinnisvaraturult tulu teenimise probleemid:

a) riigivalitsemiseks mittevajaliku kinnisvara müük, arendamine või konserveerimine;

b) renditulu teenimisega seotud probleemid.

Riigi kinnisvarapoliitika juhtimissüsteemi ülesehitamise probleemid:

a) kinnisvarakeskuse iseseisvuse aste;
b) tehingute optimaalse otsustustasandi määratlemine;
c) koordinatsioonimehhanismi iseloom;
d) motivatsioonisüsteemi loomine.

Riigi äriühingu koht kinnisvarapoliitikas.

Tõhusalt toimiva riigi kinnisvarapoliitika kujunemiseks tuleb need probleemid lahendada vastastikuseid seoseid arvestava tervikliku süsteemina.

SME IN THE BALTIC SEA REGION – CURRENT SITUATION AND FUTURE PERSPECTIVES

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This article takes a view at the Baltic area from the perspective of small and medium sized enterprises. In the first section, a definition and brief description of the area is offered. The Baltic Sea Region (BSR) consists of economies that are different in many aspects relevant for SMEs, most obviously in size. Once the relative size of these individual markets is depicted properly, the map of the region becomes significantly skewed. The second section takes a quick glance at the attributes of SMEs as well as their specific requirements when starting a business or keeping it running. In section three the relevance that the SME sector has already acquired in the economies of the BSR is illustrated. Partly due to the differences in recent economic history, differing types of SMEs dominate the picture in the individual countries, and differing branches dominate the SME sector. While up to this point the view is towards the past and present, section four tries to assess the BSR with respect to future business opportunities for SMEs. Whereas the gravity centre of the region had shifted towards the southwest in section one, the picture now changes remarkably. The prospects for doing business seem to be much more promising in the north and northeast of the BSR. The article closes with a short summary.

Unfortunately, the data available on SMEs is rather fragmentary for some of the countries covered. The reader should keep in mind that especially for the young EU member states, the figures presented in this article are mostly harmonised estimations of the European Commission or Eurostat based on in some cases incomplete national sets of data. These figures generally refer to the year 1999, or at best to 2001. For the four older EU members of the BSR, more current data is available, but for reasons of comparability the data of 2001 has been used here, too.

1. The economic area of the Baltic Sea Region

For the purpose of this paper, the Baltic Sea Region is defined as consisting of all EU countries touching the Baltic Sea. As a consequence the Russian enclave of Kaliningrad as well as the port of St. Petersburg and its vicinity will be neglected. In fact, Russia as a whole will be left outside the picture this paper wants to draw. The author acknowledges that of course Russia is of major relevance economically as well as politically for the BSR countries, especially for those who share a common border with her. Still, the article will concentrate on the EU members bordering the Baltic Sea. These are the countries where, once the Common Market with its four fundamental freedoms (free movement of goods, services, capital and labour) is put

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into practise completely, there's plenty of opportunity for SMEs to be started, to expand or to co-operate without any formal restrictions (European Commission 2003: 11). For the time being, Russia will not be part of this integrated economic space.

In the west and the north, the BSR is made up by the Scandinavian countries of Denmark, Sweden and Finland. While Denmark has been a EU member for more than 30 years now, the other two only joined the Union with the enlargement of 1995. Nevertheless, they have adopted the acquis communautaire and are by now completely integrated in the Common Market. In the east there are the so-called Baltic tigers Estonia, Latvia and Lithuania. Together with Poland in the south they closed the EU circle around the Baltic Sea with their accession to the Union in 2004. Being new members in the club, the implementation of the acquis has yet to be completed in these countries, and transitory provisions still do exist with regard to certain aspects of the four freedoms. Germany, e.g., has insisted on temporary limitations to the free movement of labour that might last until 2011. Finally, at the southwestern shoreline of the Baltic Sea Germany is one of the founding members of the European Communities. Besides, it is the only country in the area except Finland that has introduced the Euro as a common currency.

The economic intertwining within the BSR is traditionally deep. Not only during the period of the 'Hanse' the Baltic Sea has seen busy trade in goods between its adjacent countries. Nowadays, for most of the BSR countries the trading partners of major importance are located in the BSR as well. The biggest trading partner for the three Scandinavian countries is Germany for imports as well as for exports, usually followed by at least one of the neighbouring BSR countries. The three Baltic countries, although new in the EU, have shifted their trade patterns towards the west during the nineties and are by now deeply integrated in the labour division within the BSR as well (Laaser 2004). About two third of Estonia's an half of Latvia's exports go to other BSR countries, and both countries get about half of their imports from this region. Only Lithuania hasn't developed such close ties to the BSR countries yet. They account for only about one third of its trade flows on both export and import side. The country has maintained its links with the central and eastern European countries to a larger extent. For Poland, Germany is by far the major trading partner with shares of about one third on the export and one fourth on the import side. Finally, a look at the German trade patterns reveals that for the only big economy in the BSR, the countries of that region don't play an important role. Germany has its closest trade ties with the western European countries France, the Netherlands, Italy and the United Kingdom, and with the United States. Seen from the German point of view, the BSR is a market of growing, but in absolute terms still minor importance for sales as well as for procurements.

The countries of the BSR are home to almost 150 Mio people, one third of the Union's total population. They produce about 30% of the European Union's GNP. The Baltic Sea Region is characterised economically by a large proportion of small countries. Six out of its eight countries are small in terms of population. Among these six, the three Baltic countries form a group of very tiny markets with

population figures of between 1.3 and 3.4 Mio inhabitants. Than there are Finland and Denmark with slightly more than 5 Mio inhabitants each, and finally Sweden with a population of almost 9 Mio. The remaining two BSR countries, Poland and Germany, are big as far as population is concerned. All the six small countries together are home for about two thirds (69%) of the 38 Mio population of Poland. And Poland's population is again less than half as big as Germany's, the biggest country of the EU (Eurostat 2004).

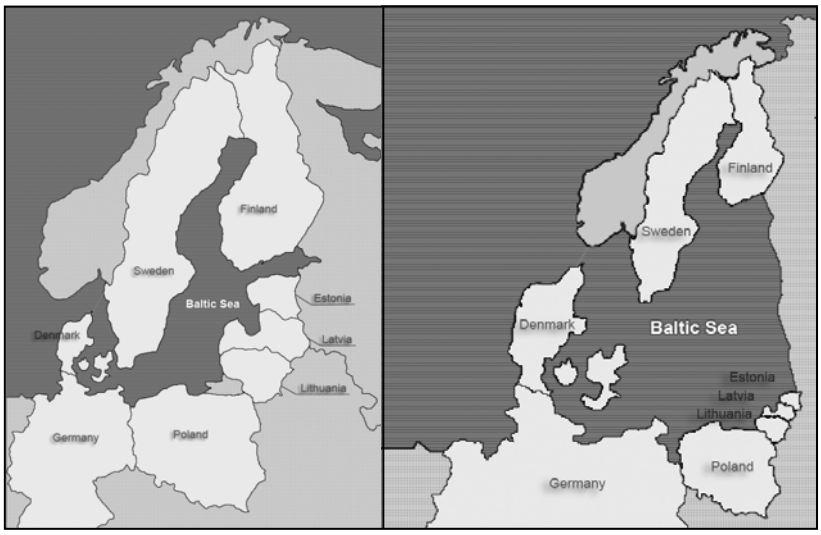
Of course, when talking about the size of a market, it's not only heads that count, but also the purchasing power of these people. As far as this economic indicator is concerned, Poland also counts as a small country. Its GDP is about as large as Denmark's, although produced by a population almost eight times as big. Hence, with Poland joining the other six, the proportion of small countries in the BSR is now 7 out of 8. Again, due to their very small size the economies of the Baltic tigers form a club within. Their common GDP accounts for only less than one fifth (18%) of the GDP of Poland or Denmark. At the other extreme there is the only remaining big country bordering the Baltic Sea, which is Germany. Its GDP is more than 2.5 times bigger than that of all the other BSR countries put together (Biedma 2005).

The absolute size of a market can be judged as relevant criteria for the business perspectives of SMEs, be it for expansion or co-operation. This holds especially for those enterprises targeting a local or regional market. For them, a limited number of potential consumers as well as a low density of population may pose a significant limitation to growth. With respect to this aspect, Germany is the economy that dominates the landscape of the BSR. Map 1 tries to visualise the overwhelming size of the German economy by zooming the total area of the individual countries according to their relative (GDP) size. It illustrates that Poland, Denmark, Sweden and Finland are markets of approximately equal size, meaning that a look at a standard map underestimates the weight of Denmark while overstating that of the polish economy. The three Baltic republics that appear to equal Denmark with respect to area covered in fact are only very tiny markets for the time being. In brief, allowing for GDP size shifts the gravity centre of the BSR clearly to the southwest, while the east becomes negligible (Map 1).

2. Specific characteristics and requirements of SMEs

There are various approaches in literature to define small or medium-sized enterprises. They vary according to specific aims of the author, to the historical context, the business sector and so on. Some definitions focus on qualitative criteria, such as whether the owner of the company himself is working actively in production (which might have made Bill Gates' Microsoft an SME), others refer to quantitative aspects. These appear easier to handle, but still, a company can be large on a national level with respect to workforce or turnover while at the same time being only a minor player in its relevant worldwide market. For the purpose of this paper, the definition is adopted which the European Union decided upon in its recommendation 2003/361/EC of 6 may 2003, replacing an earlier EU definition of 1996. To use the EU definition of SMEs seems appropriate for the subject of a paper

Map 1: The weight of the Baltic Sea Region countries in natural size (left) and according to the size of the market (relative GDP) (right)



In the map on the right hand side, the countries are skewed according to their relative GDP: E.g., since Poland's GDP equals that of Denmark, the area of both countries becomes approximately the same, and both have about 9% of Germany's area in proportion to their share of Germany's GDP.

covering the Baltic Sea which is almost entirely encircled by EU-countries and whose region, the BSR, has been defined neglecting the small part of Russia's shoreline.

The EU's updated definition recorded in the 2003 recommendation takes into account the experience with the application of the one it replaced. One major aim of the update was to hinder pseudo-SMEs that are part of bigger entities from gaining unjustified access to SME policy programmes. The definition now provides far-reaching legal certainty especially with regard to eligibility of state aid programmes and other support schemes for SMEs. It came into force at the beginning of the year 2005 (European Commission 2005: 6).

According to this definition, SMEs are enterprises with a workforce of less than 250 heads and a maximum annual turnover of 50 million € or a maximum total balance sheet of 43 million €. Within this group of enterprises, further subcategories are specified. Those enterprises with less than 50 employees and less than 10 Mio € turnover or balance sheet are defined as 'small', and those with less than 10 heads and less than 2 Mio € turnover or total balance sheet make up the category of 'micro' - enterprises.

The nature and purpose of SMEs can vary extremely. An engineer starting an enterprise based on a technological invention he has made is as much an SME as someone opening a restaurant or starting a one-man local delivery service. Due to the variety of possible SMEs it is of course difficult to define general criteria for an environment that encourages SME development. The engineer will need highly skilled workers, access to credit may be crucial, he may profit from universities in the vicinity and may be extremely affected by limitations to international trade, whereas the local delivery service has very different needs with regard to personnel as well as different worries concerning regulations.

In general, the traditional location theory as well as the New Economic Geography (see Krugman 1997, Fujita 1999, Ottavio 2004) analyse the factors affecting the location of economic activity and its growth. Furthermore, empirical studies in the field of SME management deal with the barriers to starting-up, to the growth or to internationalisation of enterprises (Brown 2004, Freiling 2003: 195). From all these areas of economic research, we can extract a number of criteria that are relevant for enterprises in general but might be of additional importance for SMEs. While many of the relevant circumstances affect the economic dynamics on a sub-national spatial level, we will focus on the environment for SMEs given on the country level.

One of the relevant criteria surely is legal regulations and the work of the public administration. In the early period of their existence, small enterprises are usually characterised by a shortage of capital and an infrequent cash-flow. To deal with this problem is not just a question of functioning financial markets. The time lag between the first steps of starting and the first turnover is decisive as well, and it is highly influenced by the regulatory and administrative framework. The higher the level of regulation, and the more complex it is, the more difficult it is to comply. This holds especially for SMEs who have only very limited resources to devote to such overhead tasks causing disproportionally high costs.

A low level of regulation is not only important with regard to licensing of start-ups, but also with respect to the labour market. Barriers to firing such as rigorous labour protection rules act as implicit barriers to hiring especially for SMEs, where due to the small workforce every single head is more important than in large enterprises. On the input side of the enterprise, difficulties in this context are usually rated as the most important (e.g. Brown 2004: 28).

In the context of finance, besides a possible lack of capital, taxation might be a major obstacle for starting or running an SME. In the first instance it is the level of corporate taxation itself that is usually cited as a very important aspect. But in the context of a favourable business environment, it is also the administrative burden that comes with the practise of taxation (Brown 2004: 28). A SME might get along well with a comparably high level of taxation as long as the calculation and payment of these taxes doesn't draw too many resources from its small workforce.

Further circumstances that may affect the SME sector's growth more or less positively are just to be enumerated here: It's the quality of contract enforcement, bureaucratic interference, the necessity of bribing authorities such as the police or of private protection payments, the reliability of supplies, restrictions to international trade and macroeconomic factors such as the level of inflation, the density of population and its purchasing power, to name only the most important.

3. SMEs in the Baltic Sea Region

In the EU-25, the enterprises that are small and medium-sized (including the micro-category) account for two third of private employment in the non-financial business economy and for about 57% of value added. Their share of the number of enterprises in total is notably higher. 99.8% of all registered enterprises in the EU-25 fall in the category of SMEs as defined by the EU (European Commission 2005: 8). Within the Union, the member countries in the north generally tend to have bigger enterprises, those in the south to have smaller ones (European Commission 2002: 14).

The importance and the structure of SMEs vary across the BSR economies (European Commission 2002). Starting a country-wise view with the Nordic countries, in Denmark the SMEs are the dominant size-class of enterprises, meaning that they have a larger share of total employment than the large-scale enterprises. In contrast, Finland and Sweden are dominated by large-scale enterprises in terms of employment. Still, the average enterprise employs 9 persons in Denmark, whereas in the other two Scandinavian countries the average number of occupied persons is 8 (Sweden) and 6 (Finland).

What seems to be contradictory is explained by the size structure within the group of SMEs: In Denmark, only 80% of them are micro enterprises with less than 10 persons employed, and the share of medium enterprises with a workforce of 50 or more is the largest within this group of BSR countries. A larger share of all enterprises is active in the service sector in Sweden (77%) than in Finland (69%). Within this sector, most enterprises are counted in the section of distributive trades in Finland (39% of all service enterprises), which is typical for the service structure. But while this sector is generally dominated by SMEs, they account for only 67% of employment in Finland (Sweden: 78%). With a slightly higher share of value added, the productivity of Finland's SMEs in this sector is higher than that of LSE. In Sweden, the business services dominate the service sector (47% of service enterprises), and it is remarkably dominated by micro business who account for almost 43% of employment (Finland: 29%) while only 23% are employed by large scale enterprises (Finland: 32%). For Denmark, detailed data covering the service sector is not available.

In Finland, 16% of all enterprises are in construction and 14% in manufacturing, in Sweden, each of these sectors accounts for about 12% of all enterprises. In Denmark, the number of construction enterprises is about one fourth higher than that of manufacturing. In all three countries, the metal and fabricated metal products industry dominates the manufacturing sector.

In Finland, the density of private enterprises in industry and non-financial services is 35 enterprises per 1000 inhabitants, which equals exactly the EU's average. Sweden has a comparably large number of 418 000 enterprises, 2.3 times as many as in Finland although the population is only 1.6 times as big

Although SMEs play a major role in the economies of all BSR countries, turning the view to the Baltic countries reveals some remarkable differences. They are mostly due to the differing recent economic history. Whereas SME tradition developed continuously in the Scandinavian countries and Germany, they only gained importance again in the new EU members after the break with communism. There, many new SMEs have been started out of the remains of large state enterprises. Others were created from the mass privatisation of smaller units like retail outlets that were formally state-owned. Furthermore, a number of especially micro businesses that had already existed in the unofficial sector became official and registered as small and medium-sized enterprises. Still, these countries are comparably thinly populated with enterprises. In Latvia and Lithuania, there are only 16 respectively 17 enterprises per 1000 inhabitants, half as many as the EU's average. In Estonia, the relation is almost 50% higher than in its southern neighbours, but still well below that in the remaining BSR countries.

It is eye-catching that in the Baltic countries, the average enterprise is significantly larger than the northern EU's as well as the EU's total average. In Latvia, an average enterprise employs a workforce of 15, in Lithuania, of 11 persons. For Estonia the figure also is well above the EU average, but with little more than 9 people about as high as in Denmark thus more in line with the northern EU's level. All of the Baltic countries have experienced a decline in average enterprise size during the second half of the nineties, thus converging towards the average. For Estonia and Lithuania, a look at the change in number of enterprises by size shows that the growing number of micro and small businesses mirrors a decline of large ones. Obviously, the structure of these economies is still in an ongoing process of change which is caused not only by the break-up of formerly state-owned enterprises but also by the change in institutional environment, making it easier to start a business, and by the growth of the service sector which is typically dominated by small enterprises.

In all three countries, of all the enterprises in industry and services about 21% to 23% are active in the sector of industry and construction. Correspondingly to the larger average workforce, the size structure of these enterprises differs significantly from the one in the EU. Only about 60% of them are micro, and about 10% are medium or large-scale enterprises. The EU average is 85% of micro and only 3% of medium and large enterprises in this sector. To a lesser extent, a similar difference occurs in the size structure of the service sector, where in the EU 94% of all enterprises are micro, but only 82% to 86% in the Baltic countries.

In contrast to the Baltic countries' SME structure, in Poland this structure is heavily dominated by micro enterprises that have a share of more than 95% of all enterprises. Even in Sweden and Finland where the proportion of micro enterprises is above the EU's average, with about 90% they are still not as prominent as in

Poland. The industry and construction sector's share of all enterprises in industry and services is about 26%, which is in line with the EU average. Of those, more than 92% are classified as micro, so it's not only the service industry that makes the difference in average enterprise size.

Correspondingly to the large share of micro enterprises, with 5 persons employed Poland's average enterprise size in terms of occupied persons is slightly below the EU average of about 6. In contrast to the other former communist countries, it remained stable during the second half of the nineties. The micro businesses account for an eye-catching share of total employment of one third in Poland, whereas in the remaining BSR countries the figure is between 15% and 25%. The difference is mostly caused by micro enterprises dominating Poland's service industry. They account for more than half of total employment in this sector, compared to a share of about one third in the other countries. With 37 per 1000 inhabitants, the density of enterprises is in line with the Union's average.

In Germany, the biggest economy of the BSR, the SME sector comprises the so-called 'Mittelstand' that is often cited as the backbone of the German economy (e.g. Meyer-Stamer 2000). Indeed the SMEs' share of the total number of enterprises is larger than 99.5%, but on the other hand, the economy still is classified as being dominated by large scale enterprises, as it was the case with Sweden and Finland. The average enterprise size in terms of workforce is 8 persons.

The term Mittelstand is typically associated with engineering and machinery, and indeed these are the sectors a large share of German enterprises is active in. Of all enterprises in manufacturing, 10% are in the sector of machinery and equipment and another 11% in electrical and optical equipment, slightly more than in the Nordic BSR countries and by far more than in the others. But of these enterprises, the SMEs account for only a small share of total employment. With 55%, the German manufacturing sector has the largest share of persons occupied in large-scale enterprises in the whole BSR. The large enterprises are more productive than the small ones, for with 66% their share of value added is even larger. The SMEs are more prominent in the German construction sector where they employ 90% of the workforce, whereas the share in the other BSR countries is below 80%. Especially the small and medium-sized construction enterprises are important in quantity (employing 58.6% of the workforce) as well as in quality (being disproportionally productive with a 62% share of value added). For the German service sector, data is available only for distributive trades and hotel and restaurants.

Summarising, the weight of SMEs in the economies of the BSR is still uneven. Although the new EU-members have smaller economies, their enterprises are larger on average, and a larger proportion of them are in the service sector. Within this sector, the business services section is still small compared to the remaining BSR countries. In manufacturing, industry and machinery dominate the old EU-members of the BSR, whereas in the new ones, sections such as textiles, food and wood are most prominent.

4. Prospects for SMEs in the countries of the Baltic Sea Region

The figures presented up to now draw a quite current picture of the BSR. When talking about economic development in this region and the possible role SMEs can play, it's more enlightening to try a glance at the future. Hence, this section tries to evaluate the perspectives of the BSR countries by looking at some further indicators. Again, the countries of the BSR are regarded clock-wise individually, starting with the three Nordic countries, proceeding to the three Baltic republics and ending with Poland and Germany in the south.

The first indicator to be considered is GDP growth. In a recent study the Vienna Institute for Advanced Studies has analysed the economic performance of western European countries during the nineties (Felderer 2005). It shows that in such important macroeconomic fields as GDP growth, productivity or public debt, the smaller countries scored much better than the bigger ones. On average, their productivity growth was twice as high and unit wage costs decreased more significantly, as did the public debt, than in the big countries. The budget of the average small country was close to balance since 1998, while the big EU countries marched towards the threshold of 3% deficit-to-GDP ratio or even passed it.

Of the BSR countries, four (the old EU members) were covered by the study, and the three small countries Denmark, Finland and Sweden outperformed the big one, Germany, with respect to the indicators mentioned above. The authors conclude that small countries generally have advantages in the globalisation process. This assessment is backed by a look at the growth figures of the new BSR member countries that were not covered. During the last years (1995-2005), the annual growth rate of the small economies of the Baltic countries was by far higher than in the big EU-15 economies. Within a decade, GDP grew by 77.8% (Lithuania) to 89.2% (Latvia; Estonia: 86.5%) in the baltics, but only by 14.3% to 24.7% in big economies like Italy or France (Eurostat 2005). If these countries manage to maintain their edge in average growth, they will catch up with the southern EU countries in less than two decades. The Scandinavian economies, being small as well but starting from a level about three to four times as high as in the Baltics, grew by rates of 22.9% (Denmark), 30.6% (Sweden) and 40.2% (Finland) during this period . In Poland, much bigger than the Baltic countries but still small in terms of GDP and starting from a similar level, economic development was less dynamic with a GDP growth of 48.7%. Still, its economy has been able to gain speed in the recent past and outperformed the old EU's big countries in terms of growth. Finally, Germany as a big economy confirms the findings of the study. From 1995 to 2005 its economy grew by only 14.3%, and according to most recent growth rate forecasts for the BSR, it is far from catching up with the speed of its small neighbours in the northeast.

According to Felderer's findings, one major reason for the edge of the small countries is that they are more open, and they are also said to be more concerned about their individual identity. Both are assumed to lead to a higher ability to adapt quickly to a changing environment. A comparison of the BSR countries reveals that

indeed the smaller and rapidly growing economies tend to be more open. In Denmark and Sweden, the foreign trade volume (exports + imports) amounts to 79% and 81% of GDP. Of the Scandinavian countries, Finland is least open with a figure of 68%, which is still well above the 50% of big economies like France or Italy to which they were compared in the study. Among the new EU members in the BSR, the Baltic countries are very open economies, with an annual trade volume of between 97% (Latvia) and 159% (Estonia) of GDP. These figures correspond with the growth rates above average cited above. Poland with a foreign trade to GDP - ratio of 71% is comparable to the Scandinavian countries and still qualifies as an open economy. Germany, although big, is only slightly less open (68%). This openness is a specific feature of the German economy, which is not typical for big countries. None of the remaining big EU countries or of Germany's main trading partners (U.S., Japan: 22%) comes close to this ratio.

If we transfer the results of the Vienna study from those countries covered to the whole of the BSR, with the remaining four members being comparable to the small countries covered in terms of openness, we might expect the smaller BSR countries to keep on outperforming the larger ones in the future as they already did in the recent past.

A second important criteria to assess where in the BSR the future economic development will be most dynamic is whether the business environment is favourable and opens opportunities especially for SMEs. Section two of this paper contained a brief enumeration of specific needs SMEs tend to have regarding the institutional (and economical) framework. By a country-wise comparison of the individual aspects that make up the overall picture of this framework, a ranking of the BSR countries regarding their favourability for SME can be established. For the purpose of such a ranking, the Index of Economic Freedom published annually by the Heritage Foundation will be used in this paper (Heritage Foundation 2006). Although not explicitly SME-specific, it offers the big advantage of condensing every individual country's complex economic environment to one single figure. Economic freedom is defined as "the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself." (Beach 2006: 56). This definition is regarded as a close approximation of what an entrepreneur starting or running a small or medium-sized business will regard as a favourable framework on the national level.

The index aims to assess the extent of restrictions to economic liberty in the different countries of the world. It consists of 50 economic variables in ten categories: trade policy, fiscal burden of government, government intervention in the economy, monetary policy, capital flows and foreign investment, banking and finance, wages and prices, property rights, regulation, and informal market activity. All of these categories are weighted equally, and the overall score of a country is the simple average of the ten specific scores. The scoring scale in every category runs from 1 (most conducive to economic freedom) to 5 (least conducive). A country

Table 1: The 2006 Economic Freedom Index for the BSR countries

Category	DK	SE	FI	EE	LV	LT	PL	DE
Trade Policy	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Fiscal Burden	3.8	3.6	3.0	2.0	2.3	2.4	2.4	3.1
Government Intervention	3.0	3.0	2.5	2.0	2.5	2.0	2.0	2.0
Monetary Policy	1.0	1.0	1.0	1.0	2.0	1.0	1.0	1.0
Foreign Investment	2.0	1.0	2.0	1.0	2.0	2.0	3.0	1.0
Banking and Finance	1.0	2.0	2.0	1.0	2.0	1.0	2.0	3.0
Wages and Prices	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0
Property Rights	1.0	1.0	1.0	2.0	3.0	3.0	3.0	1.0
Regulation	1.0	3.0	2.0	2.0	3.0	3.0	3.0	3.0
Informal Market	1.0	1.0	1.0	2.5	3.5	3.0	3.5	1.5
TOTAL	1.78	1.96	185	1.75	2.43	2.14	2.49	1.96
1996	2.18	2.58	2.39	2.44	3.19	3.45	3.29	2.31
Improvement	0.40	0.62	0.54	0.69	0.76	1.31	0.80	0.35

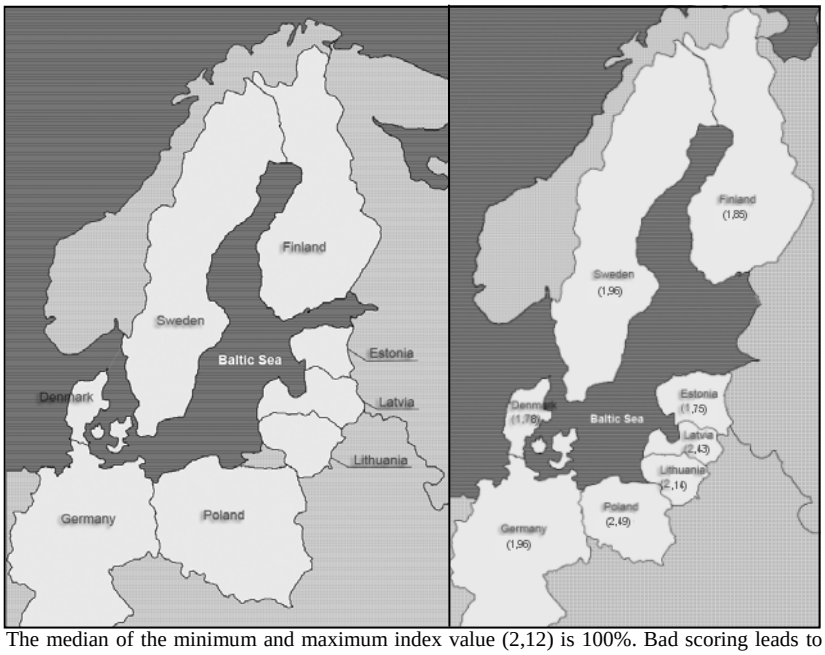
Source: Heritage Foundation (2006)

with a score of 1,99 or less is judged as 'free', a score of 2,00 to 2,99 counts as 'mostly free'.

All of the BSR countries qualify as at least mostly free, but the extent of this relative economic freedom is distributed unevenly in the region (Table 1). Five out of the eight BSR countries are classified as free; the other three are mostly free. While some countries score extremely high on the scale of economic freedom, others perform rather poor. The specific view of SMEs on the prospects and business opportunities of the individual BSR countries may be facilitated by incorporating these different levels of economic freedom provided in the geographical map of the region. Such a skewed map visualises that on the one extreme, the market of Estonia becomes disproportionably attractive if its favourable business environment is taken into account, while that of Germany becomes comparably small due to its weaknesses with regard to economic freedom. In total, the gravity centre of the BSR shifts notably towards the northeast. (Map 2)

In detail, the three Scandinavian countries offer far-reaching economic freedom with scores ranging from 1.78 (Denmark) to 1.96 (Sweden). They all show top scores in categories such as property rights or informal market activities, which are of specific importance for SMEs, but all of them spoil their overall result by poor scorings in the categories of fiscal burden and government intervention. Although the traditionally extensive welfare system is in decline, the tax burden to finance it is still among the highest in the world. The corporate tax rates are up to 28%, the top personal income tax rate reaches 60% in Sweden. In Denmark and Sweden, the government expenditure's share of GDP is about 57%, in Finland, it is 51%. All countries have executed a policy of liberalisation and tax reform during the past decade, leading to an almost straight improvement on the index. Still, the state-owned share of the economy is comparably large. In Denmark the government earned 5.4% of its expenses from state-owned enterprises or property in 2004, in Sweden it was 5.1%. In Finland the withdrawal of the state has been most constantly and consequently in the recent past, the corresponding figure being now 2.7%.

Map 2: The weight of the Baltic Sea Region countries in natural size (left) and according to the relative economic freedom provided (right)



The median of the minimum and maximum index value (2,12) is 100%. Bad scoring leads to shrinking of the countries (Poland with the worst score to 50%), good scoring to magnification (Estonia with the best score to 200%)

The group of the three Baltic countries is by far less homogeneous than the Scandinavian trio. Whereas Estonia offers the most favourable economic environment of all BSR countries and with a score of 1.75 is seventh on the worldwide ranking, its two southern neighbours only count as mostly free and score 2.14 (Lithuania) and 2.43 (Latvia). According to the specific scores of the index, Estonia generally keeps up with the Scandinavian countries in the areas where these perform well, but manages to pass them in those where they have their weaknesses. Estonia’s was downgraded from its 1.65 score and fourth place in the ranking it had the year before due to the adoption of EU trade policies that brought more regulation and trade distortions than before. Fiscal burden in Estonia is low, reinvested profits are taxed with 0%. Since the budget is in surplus and public debt is virtually non-existent, further tax cuts can be expected. The government expenditure equals 38% of GDP. Estonia's weakest score (of 2.5) is in the area of informal market activity that covers for example the extent of piracy of intellectual property rights, smuggling of consumer goods or informal activity in such markets as transportation.

Due to the fact that Estonia started on a consequent path of market-oriented reforms early in the nineties, ten years ago its economy was already almost as free as Latvia's and Lithuania's are today. These countries made remarkable progress during the past decade as well as Estonia did. But in comparison they both still have weaknesses that are most pronounced in the areas of foreign investment, property rights, regulation and the informal market. In the first of these categories the score of 2.0 is only weak compared to Estonia's top score of 1.0 while being well in line with those of the Scandinavian trio. The performance in the latter categories is poor in absolute terms as well. Both of the countries provide for an independent judiciary, but in practise it is judged as inefficient, not very professional and sometimes open to corruption. This makes it difficult especially for foreigners (investors) to enforce their rights in court, and furthermore, court decisions aren't always enforced consequently. Now that the countries have joined the EU, progress in this field can be expected to accelerate. The high level of regulation still persistent in both countries is cited as a major obstacle especially for SMEs. A lack of transparency and the practice of bribe-taking in all levels of bureaucracy cause a serious limitation to the freedom of economic activity as well. The same holds for the bad scoring in the category of informal market activities. In all remaining categories, the results of the two countries are at least as good as those of their neighbours in the BSR.

Looking at the south of the region, Poland scores 2.49 on the freedom index scale. This is 0,80 index points better than in 1996, but still worst within the group of BSR countries. The country shares the disadvantages of Lithuania and Latvia in the categories of property rights, regulation and informal market, but adds further weaknesses with regard to foreign investment and wages and prices. Foreigners are allowed to own domestic enterprises completely in principle, but important exceptions exist. Foreign land ownership is limited and subject to governmental approval. These limitations will have to be abandoned step-wise with the implementation of the acquis of the EU, at least as far as transactions within the common market are concerned. Although wages are among the lowest in the European Union, the score with regard to wages and prices with only 3.0 is worst among the BSR countries. The government can influence a number of product prices, as well as it influences rents to a notable extent. Furthermore, legal minimum wage provisions exist in Poland, as they do in the three Baltic BSR countries, although they affect only a small share of the workforce (Paternoster 2004).

Finally, after a decade of step-wise improvements Germany has managed to pass the threshold and was judged as being economically free with an index score of 1.96. The score has improved in the recent past mostly due to tax cuts and is 0.35 better than a decade ago. With the Scandinavian countries Germany shares the high fiscal burden, with the remaining BSR countries the high level of regulation. Although in constant decline for a number of years now, the top income tax rate is still almost 45% for personal income and 26% for corporate income. The government spends about 48% of the GDP, which is less than in Scandinavia but more than in the other BSR countries. With the latter (and with Sweden) Germany plays in the same league as far as regulation is concerned. A dense web of detailed rules and restrictions concerning almost every aspect of businesses imposes a massive burden that is once

again especially hard to carry for SMEs. Even with reforms envisaged in this context, the bureaucracy will keep on hindering business dynamics. Another bad score that is outstanding in the group of BSR countries is the one for Germany's banking and finance sector. It is consequence of the large market share (and number) of state-owned savings banks, which add to numerous co-operative banks, and a comparably small share of private banks. From the view of SMEs, however, this overbanking as well as the low profitability of the sector isn't necessarily a disadvantage. Generally, the banking sector provides credit at market terms.

5. Summary

The SME sector dominates the structure of the BSR economies just as it does in the rest of the EU. Whereas traditionally the Scandinavian countries are regarded as one group just as the Baltic republics are, we see that in fact Estonia is closer to its Nordic neighbours. Just like them, it offsets its disadvantage of being a tiny market by providing a very favourable business environment. As a SME you're well advised to consider these countries very well in your strategy. Fast economic growth adds to the conducive business conditions in this part of the BSR. While the latter is taking place in the remaining two Baltic countries as well, economic freedom is still comparably limited there. Still, from the above-average enterprise size as well as from the low density of enterprises prevailing in Latvia and Lithuania we can expect a change in enterprise structure towards the micro and small section with the process of further convergence. For Poland, perspectives appear least promising. The country is small in terms of GDP and grows comparably slow, it offers only limited economic freedom, and average enterprise size and the density of enterprise population are already below respectively in line with the EU average, giving little room for outstanding SME dynamics. The biggest market in the BSR is obviously Germany, and depending on how much weight is conceded to this criterion, the remaining BSR countries loose importance; the tiny Baltic countries almost become neglectable. But with the Common Market put into practise, the fragmentation of markets according to national frontiers will become more and more obsolete, of which the small BSR countries with favourable economic environments will probably benefit most.

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Zusammenfassung

KMU IM OSTSEERAUM – LAGE UND PERSPEKTIVEN

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Der Aufsatz analysiert den Ostseeraum aus der Sicht kleiner und mittlerer Unternehmen (KMU). Betrachtet werden die acht EU-Mitgliedsländer, die an die Ostsee grenzen. Sie unterscheiden sich wesentlich durch die unterschiedliche Marktgröße;

wird diese visualisiert, verschiebt sich der Focus innerhalb der Region nach Südwesten. KMU haben spezifische Eigenschaften und Bedürfnisse, insbesondere bezüglich der Abgabenbelastung, der Regulierungsdichte und der Rechtssicherheit. Diesbezüglich unterschiedlich vorteilhafte nationale Rahmenbedingungen in der Region begünstigen die Entwicklung dieser Unternehmen mehr oder weniger stark. Anteil, Struktur und auch die Perspektiven der KMU variieren in den Ostseeländern erheblich. Nach der Anzahl wird der Unternehmenssektor hier ebenso wie in der übrigen EU von den kleinen und mittleren Unternehmen dominiert. Gemessen an der Beschäftigung gilt dies jedoch nur für Dänemark. Die durchschnittliche Beschäftigtenzahl liegt in den Skandinavischen Ländern, Estland und Deutschland mit in etwa 8 Personen höher als im EU-Durchschnitt. In den übrigen Baltischen Staaten ist sie erheblich größer, in Polen mit 5 deutlich geringer. Dort stellen die Mikro-Unternehmen (mit weniger als 10 Beschäftigten) mit 95% den größten Anteil aller Unternehmen. In den übrigen Ländern ist deren Anteil deutlich geringer, in den Baltischen Staaten nur bei 60%. Die Perspektiven für die weitere Entwicklung von KMU werden anhand des Index of Economic Freedom beurteilt. Fünf der acht Länder der Region gelten als wirtschaftlich frei, die besten Rahmenbedingungen bieten Estland sowie die alten EU-Länder. Litauen und insbesondere Lettland und Polen gewähren nach wie vor gerade in Bezug auf für KMU besonders wesentliche Bedingungen nur relativ ungünstige Entfaltungsmöglichkeiten. Die Gewichtung der Karte der Region entsprechend der relativen wirtschaftlichen Freiheit der einzelnen Länder verschiebt den Schwerpunkt der Region noch Nordosten. Unterstellt, dass der Wettbewerb nationaler Rahmenbedingungen in der EU an Bedeutung gewinnt, während die nationalen Marktabgrenzungen im Binnenmarkt unbedeutender werden, liegen die besten Aussichten für die Entwicklung des KMU-Sektors damit in diesem Teil der Ostseeregion.

CROSS BORDER CO-OPERATION IN ENTERPRISE PARTNERSHIPS: A CASE FOR POLICY TREATMENT?

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Summary

This paper is concerned with international enterprise partnerships and cross-border co-operation involving SMEs. After explaining what is meant by such partnerships, and some of the factors contributing to the growing interest in them, the paper focuses on two key issues: firstly, the preconditions for developing international enterprise partnerships in a transition context; and secondly, the policy options for encouraging and promoting such partnerships.

In a world where economies are becoming increasingly interdependent, international partnerships between companies offer a potential mechanism for firms to cope with and exploit the benefits of international interdependence, whilst also stimulating regional and national economic development. This is particularly relevant in the context of recent EU enlargement, which has created new external border regions. In the context of transition economies, cross border co-operation offers a potentially attractive strategy for SMEs to access new markets and lower-cost production sites for western partners, faced with increasing competitive pressure, on the one hand, and opportunities for entrepreneurs in a transition context to gain access to capital, technology and know-how, as well as a strategy for market entry and capacity building, on the other.

At the same time, it is important to stress that international enterprise partnerships must not be seen as a panacea for SMEs facing increasing internationalisation forces. Some SMEs in transition and developing countries have already experienced the negative effects of foreign companies seeking joint venture partners as a short-term expedient, faced with uncertain local market conditions. Such firms may experience few of the learning benefits that are one of the prime justifications for this type of strategy in the longer term, from the standpoint of the partner in the host economy. As a consequence, there is a role for policy in seeking to develop partnership arrangements that clearly involve mutual and some lasting benefits for both partners (whether or not the particular partnership is long lasting).

Although changes in the external environment can be said to have increased the potential benefits from international partnerships involving SMEs, and whilst some attempts have been made to encourage their development, efforts to promote such inter-enterprise co-operation are unlikely to be effective without the appropriate policy, institutional, and technological preconditions in the countries concerned. The rationale for policy to encourage and support international enterprise partnerships between SMEs is based on a combination of 'market failure' arguments and those concerned with the potential welfare gains that can accrue to national economies

from having a more competitive SME base. Although various enabling forces offer potential opportunities and benefits to SMEs to engage in international partnerships, their limited internal resource base can affect their access to the information, knowledge and other resources that are necessary for these opportunities to be exploited. As a consequence, the markets for information, advice, consultancy, training and finance do not always work perfectly as far as SMEs are concerned, placing them at a disadvantage in comparison with larger firms. This provides a rationale for the state to take steps to intervene on the basis that the market is not operating perfectly as far as SMEs are concerned. In this context, analysis suggests that the pre-conditions for facilitating the development of international enterprise partnerships include: creating an appropriate and effective legal and regulatory framework; developing an effective business support infrastructure; a suitably supportive financial structure; an enabling ICT environment.

I. Introduction

One of the growing influences on the environment in which SMEs are operating is internationalisation. Although increasing internationalisation forces are contributing to changes in the external environment for firms of all sizes, they present particular challenges and opportunities for SMEs because of a variety of size related influences. Since internationalisation forces are associated with an increasing interdependence between national economies (such as with respect to markets, patterns of supply, capital and production systems), governments have an interest in seeking to exploit the potential that such interdependence offers, as well as trying to minimise any potential sources of threat, if the SME sector is to fulfil its potential role in national and international economic development.

In mature market economies, the last two decades have seen a marked increase in the international activities in firms of all sizes. Facilitated by continuing developments in transportation, information technology, financial systems and other factors, both large firms and SMEs have increasingly become involved in international operations in order to exploit new markets and new sources of supply. Schmidt (1996) refers to the increasing number of SMEs that are managing their operations on a global basis. This is supported by evidence showing the percentage of US based small companies operating in international markets increasing from 20% in the early 1990s to more than 50% (Hitt and Barkhus, 1997). More generally, the OECD (1997) report that internationalised SMEs account for approximately 25-30% of the world's manufacturing exports, with their export contribution to GDP representing 4-6% for OECD countries and 12% for Asian economies.

Whilst referring only to exports, these figures indicate that internationalisation is no longer the exclusive domain of large corporations. A growing number of SMEs, increasingly view their 'market' as international rather than narrowly in local, regional or national terms. In general, SME internationalisation is greater in small, open economies and less in larger, more self-contained economies, although there are exceptions. For example, France and Italy are reported to have 30% and 70% of exports respectively contributed by SMEs, while in the small open economies of

Malaysia and Australia, the contribution is less than might be expected (OECD, 1997).

Moreover, SMEs are not restricting their international activities to exporting. This is illustrated by the rising trend towards the adoption of other forms of international market entry and development, such as FDI, strategic alliances, licensing, joint ventures and similar modes of co-operation (Oman, 1984; Young, 1987). Internationalisation has also reduced the importance of national boundaries to the supply chain, with the result that all forms and sizes of enterprise are now increasingly linking up with foreign enterprises to form cross-border partnerships and clusters (Ohmae, 1995). At the same time, it is estimated that only about 30-40,000 of SMEs are truly global in their operations (in the sense of being active in multiple countries and/or across different countries), with those based in mature market economies representing the majority.

The emerging global economy of the 21st century, and its effects on SME development, poses new challenges for governments in all countries. In OECD countries, most governments recognise the importance of the SME sector to economic development in policy terms, although the emphasis varies between countries. On the one hand, the role of government in terms of policy includes direct support measures (such as interventions designed to support export promotion). On the other hand, more importantly, it includes the whole range of policies concerning the economic, legal and regulatory environment in which SMEs operate, as well as in influencing the operation of markets in order to avoid market failure from a SME standpoint. In addition, a growing number of governments in mature market economies are recognising the potential benefits of encouraging and promoting inter-firm collaboration through a variety of network initiatives.

In emerging market economies, an important potential role for government is to help SMEs gain greater access to international markets, technology and know-how and finance, in order to facilitate their growth and better withstand increasing competitive pressures for which firms may not be well prepared. The potential welfare gains to the economy as a whole, that can accrue from having a strong SME sector, may be used to justify measures designed to help these firms to achieve their potential economic contribution.

The challenge for governments is to create a facilitating and supportive environment for SME development (OECD, 1999), that enables SMEs to exploit the potential benefits and/or cope with any additional costs or threats from increasing internationalisation forces, whilst avoiding becoming protective. In this context, encouraging and facilitating inter-firm co-operation may be one of the ways of helping domestic SMEs overcome some of the internal resource constraints. At the same time, such a policy stance needs to be based on recognition of the potential pitfalls of such a strategy for SMEs as well as the potential gains, the balance between which can vary between different types of co-operative activity.

The context of EU enlargement

The process of EU enlargement is redrawing the political map of Europe with particular implications for regions that are adjacent to new borders of the EU. The changes present entrepreneurs and businesses in these regions with new sources of threat and opportunity, but also for less-developed regions of old member states bordering new member states. It may be argued that enlargement of the European Union will produce negative effects on both border regions in old member states and those in adjoining NIS and Balkan countries, for example, unless special measures are taken. The orientation of new EU members towards the West, together with new regulations for cross-border trade and visits may hamper traditional cross-border cooperation of individuals and enterprises (EastWest Institute and Institute for Regional and Euro-Integration Studies, 2004). Such issues are of considerable political, as well as economic and social significance, as the enlarged EU now has direct borders with countries that were previously part of the former Soviet Union and Yugoslavia. In this context, the future economic and social development of border regions is a potentially important influence on future political stability in Europe.

Each EU enlargement has made some people fear isolation and/or a further burden on particular regions. In fact, enlargement offers new opportunities for cooperation, better mutual understanding and increased prosperity. When joining the EU, Finland brought with it a 1,300-kilometer border with Russia and together with Sweden argued for a regional EU policy along the lines of the existing Mediterranean programs. The 'Northern Dimension' formally came into existence in 1998 as a framework program to coordinate and develop regional cooperation between EU member states, candidate countries, and north-western Russia in fields like environment, nuclear safety, transport and communication. The particular focus of Finland was on North-western Russia and Kaliningrad. The empirical evidence from Finland seems to confirm that cross-border co-operation, when cleverly implemented, increases material and social wealth for all sides involved. Especially when the accent is on a micro level focusing on fostering entrepreneurial activity as it is perhaps one of the most tangible and mutually beneficial forms of cross-border cooperation.

In these circumstances, cross-border co-operation between different actors (including enterprises, households, and institutions) offers a potential source of opportunity which can lead to enhanced competitiveness for both partners. The nature and extent of cross-border co-operation varies between actors (i.e., enterprises, households, institutions), ranging from informal forms (e.g., petty trading of households, repeat business based on personal contacts, information exchange of local authorities) to formal arrangements (e.g., joint ventures of firms, twinning agreements between institutions and/or regions).

II Types of Cross-Border Co-operation Involving SMEs

Changes in the global business environment are being reflected in the types of strategy used by firms to respond to them. Structural changes in mature market economies are adding to the pressure on firms to cut costs which, combined with the high costs of social welfare and associated labour on-costs, have made many enterprises increasingly uncompetitive. As a result, rather than simply engaging in international trade, deeper forms of integration are being sought in order to minimise costs, as part of a trend towards international production (see Dunning, 1995).

Figure 1: A Constellation of SME-Based Alliances

Outside contracting Purchaser / supplier relationship	Technology alliance R&D – product Technology alliance R&D – process	Long-term co-operative agreement – production Export management trading co	Long-term co-operative agreement – distribution Licensing Long-term co-operative agreement – marketing	Joint venture with large Joint venture with SME Equity investment from large Equity investment from SME

Non equity-based — Equity based

(Short) Life span (Long)

(Low) Risk, control, expected return on investment (High)

Source: Weaver (2000)

International production inevitably leads to the development of cross-border production operations, including partnerships of different types, such as subcontracting, joint ventures and franchise arrangements. Weaver (2000) has described a constellation of SME based alliances, representing a variety of structured agreements that establish exchange arrangements between participating firms (see Figure 1). Whilst some may represent long term co-operation, others may

have a limited life, according to the circumstances which led to their creation. Moreover, whilst some links may be between two SMEs, others may involve some form of partnership arrangement with larger companies. Both types of linkage may be appropriate in different circumstances (e.g. in different sectors), although it may be argued that co-operation with between SMEs may offer a greater chance of a balanced interdependence relationship developing than a more dependent one.

Within the context of a variety of inter-firm linkages, co-operation ties involve more than the links created through 'normal', arms-length transactions, since they involve a commitment to mutual development and a willingness to accept some degree of involvement of one firm in the operation of another. In this context, 'relational contracting' may be distinguished from arms-length competitive contracting (Perry, 1999, p28). Whereas the latter has a focus on satisfying immediate supply requirements, relational contracting is concerned with securing longer term advantage through information sharing and co-operation, by involving suppliers in, for example, new product/process design. Clearly, the latter offers considerable potential value added to subcontractors compared with the former. Other forms of co-operative arrangements, such as joint ventures, involve ownership ties; in this case, by two or more firms controlling a third party enterprise. A joint venture represents a form of co-operation with a typically narrow and sometimes short-term focus, although wider co-operation may stem from it.

Franchising may also be considered as an example of an organisational network. Franchising is of interest because it provides a way of overcoming distance barriers to interaction, enabling the internationalisation of elements within the service economy. Franchising can provide self-employed and small firm proprietors with access to a wider organisational resource base, provided they comply with the production and management systems set by the franchisor. At the same time, as in the case of subcontracting, the extent to which franchising offers a co-operation relationship that involves reciprocal learning and some degree of independence for the franchisee varies (Felstead, 1991), with implications for policy makers seeking to encourage co-operation partnerships.

Strategic alliances, with SMEs and/or large firms, represent another form of inter-firm linkage which are often seen as a response to the pursuit of business expansion in environments that are characterised as uncertain and unstable (Contractor and Lorange, 1988). This helps to explain the use of this type of co-operation by foreign firms seeking to enter markets in 'early stage' transition economies, whilst offering firms in the destination economy firms access to wider resources.

The effectiveness of cross-border SME partnerships of different types has been in evidence in recent years. For example, the economic success of the southern provinces of China from 1980s onwards largely came about because of the highly efficient cross-border SME alliances and joint ventures involving mainland Chinese businesses and Hong Kong-based SMEs (Ze-wen *et al*, 1991). The links forged between Singapore and parts of Malaysia and Indonesia have helped both regions to prosper (Ohmae, 1995). In Europe a large number of cross-border partnerships have

also emerged involving German and Austrian SMEs working with SMEs in several of the post-Communist economies, such as Poland, Hungary and the Czech Republic[1], as well as between Greek and Bulgarian SMEs (Labrianidis, 1999). In this context, faced with rapidly changing international market environments, co-operative inter-firm activity may be viewed as a rational strategy for SMEs seeking to respond with limited internal resources.

At the same time, it is important to stress that cross-border partnerships must not be seen as a panacea for SMEs facing increasing internationalisation forces. Some SMEs in non-OECD countries have already experienced the effects of foreign companies seeking joint venture partners as a short-term expedient, faced with uncertain local market conditions. Such firms may also experience little in terms of the learning benefits that are one of the prime justifications for this type of strategy in the longer term. This is suggestive of a role for policy in seeking to develop partnership arrangements that clearly involve mutual and some lasting benefits for both partners (whether or not the particular partnership is long lasting).

III Forces influencing Cross-Border SME Partnerships

This section considers the enabling and constraining forces influencing the circumstances in which cross-border co-operation between SMEs may be an appropriate development strategy. In assessing the role of these influences, it is important to consider the issues from the standpoint of SMEs in both mature market and less developed economies.

Increasing competitive pressure on SMEs

One of the key drivers encouraging some SMEs to look for international partners is increasing competitive pressure. International competition is increasing in most product and service markets in developing and mature market economies alike, encouraged by mechanisms such as the WTO and GATT, as well as regional trading agreements such as NAFTA, MERCOSUR and the EU Single Market project. Whilst increasing international competition affects firms of all sizes, there are size-related characteristics that can affect the ability of SMEs to identify and respond to such changes.

Compared with larger firms, SMEs typically have less ability to influence external relationships with customers, suppliers and factor markets. As a result, their ability to survive and grow depends on their flexibility to respond to external environmental change forces. With a more limited internal resource base compared with larger firms (particularly with respect to management and financial resources), co-operation with other firms or external organisations, represents a potentially important strategic response. For example, SMEs that wish to enter foreign markets, can establish formal links with local SMEs which have more of an idea of

[1] Czech Republic became a member of OECD in 1995, Poland and Hungary joined in 1996.

local market conditions and potential distribution channels, as well as more experience of dealing with other aspects of the local operating environment. In addition, SMEs under threat in their own traditional markets from lower cost producers abroad can react pro-actively by sourcing from foreign firms through joint ventures, franchising and licensing operations.

The forces of internationalisation and globalisation are pressuring firms of all sizes, including SMEs, to improve their competitive position. Pressures to defend profit margins, cut costs, innovate and adopt the most efficient technologies are becoming increasingly important. Just as larger enterprises have in the past reacted to these pressures by developing cross-border sourcing patterns and partnerships in order to reduce production costs (Dunning, 1995), some SMEs are now following a similar route for similar reasons. In principle, SMEs in developing countries with lower production costs can be beneficially matched with SMEs in mature market economies that possess higher level technical, marketing, and selling skills.

However, it must be stressed that this type of international networking opportunity offers SMEs in mature market economies is more than an opportunity to reduce costs through outsourcing. It also offers these firms opportunities to develop the type of higher order competitive advantages that are less readily copied by competitors (Porter, 1990), by focusing on those types of activity where the flexibility that small size offers can be exploited to best advantage. This is associated with an emphasis on higher value added activities in which innovation and product differentiation are emphasised in the firm's competitive strategy. Unlike large enterprises, which may be able to rely on internal economies of scale, SMEs often need to seek economies of scope as part of their competitive strategy, generated through linkages and partnerships. Thus in principle, co-operation and increasingly international co-operation, offers SMEs a means of competing in increasingly competitive markets using strategies that enable them to combine the flexibility with cost reduction.

Increasing competitive pressures are not only impacting on individual SMEs but also on existing clusters and SME networks. For example, in the northern Italian regions where hitherto the specific form of partnership was local, there is growing evidence of pressure to increase competitiveness through developing cross-border partnerships which can take advantage of lower production costs outside Italy (see, for example, Cossentino *et al*, 1996). As Cooke and Morgan (1994, p 106) point out, "the region's local sub-contracting networks, a source of strength in the past and a core feature of the Emilian model, are beginning to unravel as production is shifted to lower-cost regions and countries." In addition, Garmise (1995, p 154) states, the "..increase in mergers and acquisitions, minority shareholdings, contractual agreements, and joint ventures..(.) undermines the co-operative, horizontal subcontracting relationships existing among Emilian entrepreneurs".

Clearly, local SME based networks, which in the past have been seen as model types by some policy makers, are facing new sources of competitive threat requiring new types of strategic response. Although the full importance of the specific changes affecting these networks have yet to be determined, it would seem that the

successful adjustment of existing industrial districts and local networks in mature market economies likely to increasingly incorporate some form of international ties.

New market opportunities for SMEs in less developed countries

Although a number of studies have considered international partnership arrangements as growth strategies from the standpoint of SMEs in mature market economies, less attention has been paid to the needs and interests of SMEs in developing and transition economies in this respect. A combination of the effects of trade liberalisation on the level of competition in domestic markets, combined with limited purchasing power in the home market, can be a key driver forcing growth orientated SMEs to develop or increase their foreign market sales. For example, in surveys undertaken in the Baltic States in 1995 and 1997, the small size of the domestic populations, combined with low purchasing power, were important 'push' factors (in Estonia particularly) encouraging manufacturing SMEs to develop foreign markets (Smallbone et al, 1996; 1999).

In such circumstances, subcontracting and other forms of collaborative arrangement with foreign firms offers certain advantages compared with other strategies, since they can reduce market entry costs and barriers, with lower associated business risks. The survey results showed that the most frequently mentioned advantage of subcontracting by the managers of those SMEs involved was a greater continuity of sales revenue, compared with more arms-length relationships with customers, which helped to ease pressure on their cash flow. Other commonly identified advantages included 'less need for marketing' and 'knowledge transfer'.

At the same time, it must also be recognised that in some circumstances, this type of 'co-operation' can involve a high level of dependence associated with a narrow customer base, leaving subcontractors vulnerable to the purchasing decisions of contractors to switch sources of supply. The potential benefits to subcontractors are also affected by how much knowledge and/or other resources are actually shared. The study concluded that "whilst subcontracting offers SMEs in transition economies a strategy for entering and exploiting foreign markets with lower entry thresholds than direct exporting, it is important that SME managers and their advisers recognised the need for the subcontractor's position to evolve over time, if its foreign market presence is to be sustainable" (Smallbone et al, 1999).

Implicit in this conclusion is the idea that there is a potential role for policy to assist firms in transition economies to manage their 'partnership' relationships, in an attempt to ensure that the potential advantages of such arrangements are emphasised and the disadvantages minimised. In this respect, one role for policy could be to encourage the development of 'relational' rather than 'competitive' contracting type arrangements, as described in section 1.

Access to new technology and management know-how for SMEs in less developed economies

One of the key constraints on the development of SMEs in T&DEs is access to technology and management know-how. Whilst this partly reflects limited access to finance, there are additional dimensions. For example, in the transition economies of Central and Eastern Europe and the former Soviet republics, a combination of out-dated equipment and a lack of market-orientated management knowledge and experience are key constraints on the development of private sector SMEs, particularly with respect to their competitiveness in foreign markets. In such circumstances, co-operation with a foreign firm may offer a potentially attractive development strategy, in order to access the technology and knowledge base of firms in mature market economies. In this sense, it may be considered to be a factor encouraging the development of certain types of partnership arrangements between domestic SMEs and those in mature market economies, as one of the means for narrowing the knowledge and technology gap.

The potential contribution can be illustrated with respect to an example of a joint venture[2] from Ukraine, where the development of a private SME sector is still in its infancy (Klochko and Isakova, 1996). The firm in question currently sells welding equipment, both domestically and worldwide, through a joint venture with Czech and Swiss partners. The original business concept was for a manufacturing enterprise, since the enterprise was started by a group of Ukrainian engineers who initially focused on producing cutting equipment. However, undercapitalisation contributed to early cash flow difficulties, leading to a cessation of in-house production. The firm currently focuses on selling a range of products from the technologically sophisticated products of its Swiss partner to more basic equipment, bought-in from Ukrainian sources. Asked to assess the joint venture, the Ukrainian entrepreneur referred to his previous lack of management and marketing skills as underpinning the initial attractions of the joint venture from his point of view, although the experience in practice had also contributed to an upgrading of products as a result of technical collaboration. Whilst the case demonstrates a successful joint cross-border collaboration between SMEs, it also demonstrates some of the potential constraints faced by SMEs in transition economies in entering such partnerships in terms of financing.

One study specifically concerned with joint venture activity between SMEs in developed and developing countries focused on international co-operation involving Belgian SMEs (Donkels and Lambrecht, 1995). While highlighting the advantages of such arrangements for the Belgian firms in terms of overcoming the psychological, cultural and administrative barriers to developing sales in such markets, the potential advantages to SMEs in developing countries, in terms of the

[2] This is based on a case study undertaken in Kiev in 1999, as part of a project: Identifying the Support Needs of Small Enterprises in Ukraine, Moldova and Belarus: Developing a Policy Agenda', funded under the TACIS (ACE) Programme (contract no T95 4139R).

acquisition of technology, technical and management skills was also recognised. In addition, it was emphasised that such knowledge transfer is more likely to occur in joint ventures than in looser forms of co-operation, because of the need for close personal contacts for these processes to be facilitated.

The study also noted that a SME in an industrialised country may represent a better partner for a SME in a developing country than a multi-national company, (MNC), who often co-operate with local partners mainly to observe requests for local content issued by host governments. Since the joint venture will represent a proportionately higher commitment (in terms of time and money) to a SME than to a MNC, it is argued that they are more likely to make every effort to ensure that it is a success. Hence, one of the key policy messages that can be drawn from this work is the need for advice concerning possible selection criteria for partners and the merits and pitfalls of the different types of partnership arrangement that can be negotiated.

International outsourcing by large enterprises

One of the factors that has contributed to a growth of international 'co-operation' links involving SMEs is the outsourcing practices of large firms. Encouraged by a need to reduce costs and to achieve greater flexibility, and facilitated by an increasing liberalisation of trade, this process has contributed to new international supply opportunities for SMEs. Indeed, in some countries, such as Japan, the management of SME suppliers has been seen to be one of the *critical* factors behind the successful operations of many of the largest and most reputable companies (Nishiguchi, 1994).

Developments in information and communications technologies

One of the key enabling, change factors in the external environment for SMEs at a global level is developments in information and communications technology. The introduction of so-called "flexible technologies" in the 1970s and 1980s reduced the minimum efficient scale of production in many traditional industries, increasing the scope for SMEs to profitably engage in small production runs (see, for example, Piore and Sabel, 1984). However, it can be argued that technological developments in information and communications technology in the 1990s offer even more dramatic effects. SMEs now have the possibility of combining product and process specialisation and low cost operation with access to electronic networks, that can reduce the barriers effects of distance, as well as access to information databases that potentially offer a levelling of access to knowledge and technology.

The advent of Internet-based E-Commerce offers vast potential opportunities to smaller firms to expand their customer base, enter new product markets and better rationalise their business. Moreover, the increased risk and uncertainty in this new emerging environment means that enterprises must be highly adaptable if they are to survive. Since adaptability and flexibility are characteristics often associated with SMEs, it can be argued that the successful exploitation of technological change represents a potentially enabling factor for SMEs in the new global environment.

At the same time, even in advanced industrial countries, adoption of these new technologies is only part of the story, since it is the use made of E-Commerce technology that influences its real impact on business activity. Although SMEs increasingly use the Internet for a variety of commercial and production-related purposes, they typically reveal a limited understanding of the complexity of E-Commerce. This can result from a lack of awareness of its potential, inadequate ICT skills and a lack of strategic planning of the longer term development of their business.

For SMEs in less developed economies, these developments in technology offer new opportunities for SMEs to compete on global markets. However, in practice these firms are often not well placed to exploit these potential opportunities, because of the difficulties they face in developing the marketing, distribution and after-care servicing for their new, lower cost products and services. However, in such circumstances, a cross-border partnership arrangement with an SME specialised in these areas of the value chain, may offer an attractive growth strategy.

The development of the Internet and the associated development of E-Commerce offers the potential to radically change the nature of business to business as well as business-consumer relationships, with new potential for facilitating cross border, inter-firm co-operation. The Internet offers a readily available and low cost mechanism for linking SMEs in mature market and less developed countries, facilitating the easier and efficient management of cross-border partnerships. For example, supply chains involving all buyers and sellers in the vertical value chain of an industry are increasingly being linked by "Extranets" that allow multiple companies to work with the same data base in areas as diverse as engineering designs, new product development and inventory control and accounting.

Changes in the supply of finance

Although SME owners in many countries often experience difficulties in accessing sufficient finance, the growing business and political importance of the SME sector in mature market economies is encouraging the development of deeper institutional support structures offering finance to SMEs, supplemented by an increasing mobility of capital. In mature market economies at least, these developments may be considered an enabling factor for SMEs seeking to develop cross-border partnerships.

By contrast, in less developed countries, the supply of finance to SMEs is typically much more restricted. For example, the slow reform of the banking system is limiting the supply of finance to SMEs in the transition economies of Central and Eastern Europe and in many developing economies also, SMEs face imperfect financial markets.

Increased policy priority for SMEs

Although there are variations in levels of commitment and approaches used, there are few governments in the world that do not have some form of promotional or support policy for the SME sector. Moreover, a growing number of policy programmes recognise the potential benefits of encouraging SMEs to collaborate with other firms and external organisations, as a means of increasing flexibility and widening their resource base. In policy terms, the inter-firm co-operation that is implicit in the industrial districts of Northern Italy features prominently (e.g. Pyke, 1992), and the Danish Co-operative Network Programme is also much promoted (e.g. Pyke, 1994). However, while local sub-contracting and partnerships might be preferred by governments from the point of view of local job and wealth creation, some governments are also recognising that cross-border linkages are inevitable if SMEs in their own country are to survive and grow.

For example, in Japan, the over-heated economy of the 1980s forced the Japanese government to support many SMEs in developing cross-border partnerships in order to be able to source much cheaper inputs and components from SMEs in the East Asian dynamic economies. First tier suppliers in the Japanese automotive complex - the Toyota model - were particularly interested in restoring profit margins in this way since their ability to pass on price increases to their large vehicle assembly customers was not an option (Whittaker, 1997).

In addition, the political dimension of SME cross-border alliances and partnerships has been recognised by various international organisations. For example, the EU is actively encouraging and supporting cross-border SME partnerships as a way of promoting EU industrial integration and balanced regional development, through programmes such as MEDA, and through the Phare and Tacis programmes in terms of co-operation with transition economies.

IV Pre-Conditions for Developing Effective SME Cross-Border Partnerships.

Although changes in the external environment can be said to have increased the potential benefits from cross-border partnerships involving SMEs, and whilst some attempts have been made to encourage their development, efforts to promote such inter-enterprise co-operation are unlikely to be effective without the appropriate policy, institutional and technological pre-conditions in the countries involved. Moreover, promoting and establishing partnerships is only part of the policy agenda, since it is also important to establish the conditions to encourage and facilitate partnerships that are effective and mutually beneficial for all partners. Policy-makers in mature market and developing countries still have a challenge to ensure that such pre-conditions become a reality.

The rationale for policy to encourage and support cross-border partnerships between SMEs is based on a combination of 'market failure' arguments and those concerned with the potential welfare gains that can accrue to national economies from having a more competitive SME base.

Although the various enabling forces described above offer potential opportunities and benefits to SMEs to engage in cross-border partnerships, the limited internal resource base of SMEs can affect their access to the information, knowledge and other resources that are necessary for these opportunities to be exploited. As a consequence, the markets for information, advice, consultancy, training and finance do not always work perfectly as far as SMEs are concerned, for a combination of supply and demand side reasons. This can place them at a disadvantage in comparison with larger firms, which provides a rationale for the state to take steps to contribute to the development of a level playing field for businesses of different sizes.

It can also be argued that the potential benefits of a competitive SME sector to national economies in terms of employment generation and economic development mean that there are potential welfare gains for public policy seeking to influence the development of a more competitive SME base. Since it is argued that cross-border partnership arrangements can (in certain circumstances) contribute to maintaining and/or improving SME competitiveness in the face of changing external conditions, there is an 'a priori' case for policy support to influence and help to shape this process. Since the potential benefits to participating firms can vary according to the type of partnership arrangement employed, government has a potential role to play in helping firms to develop value added partnership activities.

The Provision of Effective Business Support Services

The external business support infrastructure has an important potential role to play in facilitating the development of appropriate partnership arrangements between SMEs and in helping each partner to fully capitalise on the potential benefits from such co-operation. For partnerships to be both effective and mutually beneficial, there is a need for both partners to be adequately prepared, briefed and trained in the skills required to make them effective. To fully exploit the potential of such partnership arrangements, SMEs may also require access to a wider range of support from a combination of public and private sector sources. There is a role for business support services to provide information and help firms to identify suitable partners. There is also a potential role in helping firms to develop the types of partnership arrangement that are most appropriate to their needs and to assist them in making the co-operation successful.

The Availability of Long-Term Finance

The development of SME partnerships is dependent upon there being a suitably supportive financial structure. Whilst the international trends with respect to SME financing are generally positive, there is considerable variation between countries

that may affect the ability of SMEs to develop effective partnerships. Partnerships involve trust building, finding and keeping appropriate partners, and the creation of mutually beneficial business relationships, which in many cases develop over a period of time. To support this, a greater risk bearing and longer term approach to SME funding is required which allocates sufficient capital resources to SMEs involved in partnership-building measures in the anticipation of a suitable long term return. Conventional short- term providers of finance are often unwilling to assist with the creation of SME partnerships. These requirements are increasingly accepted by the international financial institutions (IFIs). The EBRD for example, states in a strategic paper (EBRD, 2000) that the bank is committed to exploring possibilities of building partnerships, promoting company-to-company linkages between countries and to foster forward and backward linkages on a sectoral basis.

The legal and regulatory environment

Creating an appropriate and effective legal and regulatory framework is an important pre-condition for the establishment of a legitimate private sector. It is particularly important with respect to cross-border partnership in two main respects: firstly, inadequate legal safeguards, since ineffective or highly corrupt enforcement regimes may act as a disincentive to foreign SMEs to invest and co-operate with domestic firms; secondly, they are also likely to influence the types of partnership arrangement that foreign firms are willing to engage in.

In this context, some developing countries particularly, still do not have adequate legal safeguards for intellectual property rights, brand protection and the local enforcement of international contracts. Quick and easy systems of legal redress must be available in the event of contract non-performance by either side. Commercial laws that govern issues such as investment, contracts, the rights of legal persons, intellectual property, monopolistic practices, corruption and bribery are fundamental to the development of a SME sector. Simple and transparent customs procedures and fair business taxation are important elements in an external environment that is likely to encourage a foreign SME to engage in a partnership arrangement with a local SME, such as licensing, subcontracting or franchising.

E-Commerce policy framework and communications infrastructure

Some SME in developing countries supplying markets in more advanced economies are already adopting a business-to-business E-Commerce capability. This requires the adoption of sophisticated capabilities by the local financial and IT sectors, together with the legal and regulatory environment that can permit electronic commerce.

The specific pre-conditions for SME partnership through E-Commerce include: firstly, the development of the appropriate policy frameworks; secondly, the development of a communications infrastructure that incorporates expansion of bandwidth; and thirdly, promoting universal access to information and communication technology. Measures that lower the cost and increase the quality

and availability of telecommunications and Internet services can help facilitate the access of SMEs to these important means of cross-border economic participation.

Regional variations in the quality of the ICT infrastructure within non-OECD member countries may limit the extent to which cross-border co-operation with foreign SMEs is practical across the country. This may be illustrated with reference to some recent survey results from Belarus, where although 1 in 6 surveyed firms reported Internet connections, these were almost entirely focused on the capital Minsk, rather than in the peripheral region centred on Mogilev.[3] Similarly, the lack of access to ICT structure is seen as a critical bottleneck for further SME development, highlighted in a recent strategy paper by the United Nations Conference on Trade and Development (UNCTAD, 1999). Overall, access to ICT networks and services and the use of ICT equipment in developing countries and countries in transition are still very limited compared with industrialised countries.

The role of social capital

Value added partnerships involving SMEs (such as relational subcontracting) involve trust, co-operation and teamwork, reflected in what some authors describe as 'social capital'. In this regard, it is important to note that social capital exists in the form of family and kinship ties, such as those, which grew up between mainland China and Hong Kong in the 1970s and 1980s. As Stiglitz (1999) notes, more co-operative business relations between and within SMEs need not be bought with financial capital, but by co-operative business structures (e.g., partnerships) which promote the investment of "sweat equity".

Indeed, kinship and personal contact networks are said to shape the growth paths of the majority of overseas Chinese-owned businesses. Perry (1999) for example, refers to the use of inter-personal trust replacing the close management supervision and detailed planning that usually accompanies entry into foreign markets, greatly simplifying international expansion for Chinese businesses. From a policy perspective, it is important to recognise the potential resource that such informal cross-border links between ethnic minority entrepreneurs represents.

Thus a major contributory factor behind some of the most important SME partnerships is the role of the diaspora community. Ethnic and kinship ties very provide the motivation for establishing co-operative arrangements, and the "glue" which binds together effective SME partnerships. It reduces the effort and risk involved in cross-border business operations, allowing both sides to concentrate on what each does best, such as accessing finance, producing, distributing, marketing or designing.

[3] These data are drawn from a survey of 168 Belarussian SMEs undertaken in 1998/9 as part of an INTAS funded project: 'Small Firms and Regional Economic Development in Ukraine, Belarus and Moldova' (INTAS UA 95-266).

V Encouraging and Promoting Partnerships between SMEs in Mature Market and Developing Countries: Some Policy Issues

In considering the role of governments in relation to the development of partnerships between SMEs in mature market and developing countries, it is important to stress that such arrangements represent one strategy for retaining or improving competitiveness, that may be appropriate and successful in some circumstances, provided certain conditions are met.

In this context, policies to encourage and promote partnerships between SMEs in mature market and developing countries should aim to facilitate the development of mutually beneficial co-operative arrangements, appropriate to the needs of participating firms. In this respect, these policies will need to be selectively targeted on growth-orientated firms that are seeking either to enter or increase their penetration of foreign markets and/or to seek to increasingly internationalise their supply base, whilst lacking the internal resources to achieve this independently.

Since the nature and extent of such opportunities typically vary between sectors, it is likely that this will involve a degree of sectoral targeting, although the specific sectors targeted may vary between countries. In view of the fact that many SMEs operate exclusively on short-term planning horizons, one of the criteria for offering technical support or other resources to help SMEs participate in partnership arrangements should be a demonstrated strategic capability.

In this context, the main policy issues, with implications for the encouragement and support cross-border SME partnerships are:

Raising Awareness of the Potential for Cross-Border Partnerships

Whilst it is important that the potential pitfalls of joint ventures and other forms of inter-firm co-operation are emphasised as well as the potential advantages, there is merit in increasing the level of knowledge among growth oriented firms of the international opportunities offered by this type of business strategy. This can be achieved through the production and distribution of promotional literature and other material, made available to firms through the business support infrastructure.

It is also important to provide exemplar cases to demonstrate the benefits to be gained from solid partnerships. Highlighting demonstrator cases in promotional literature and organising study tours and exchange visits can be usefully employed to show entrepreneurs the experience of other SMEs with respect to cross-border partnerships.

Fostering Business to Business Contacts

The most immediate and widespread technique used to stimulate SME partnerships is simply to bring potential SME partners together. Information failures often mean that potentially good SME partners have no knowledge of each other's activities and

potentials. UNIDO's long-running SPX programme is an example of a tool to support SMEs operating in developing countries wishing to internationalise and move into cross-border partnerships, particularly sub-contracting relationships. The SPX programme facilitates contact between SMEs in the emerging markets and those operating in the main markets where sub-contracted components are a routine feature. SMEs in emerging markets are introduced to potentially suitable partnership enterprises in mature market economies, through participation in the main annual international sub-contracting fairs and through the creation of appropriate databases. The programme is also concerned with the dissemination of technical and other standards, as well as providing assistance in developing the necessary quality standards and specifications required for higher value-added markets.

The European Union Europartnariat Initiative programme is another long-standing example of promoting direct contacts between potential SME partners. In 1999, the European Commission held the twentieth Europartnariat SME forum in Vienna. The event allows SME's to explore opportunities for future cross-border business co-operation, helping firms to begin to adapt to the single European market. The Commission also provides support to SME's through direct business aid, business-related infrastructure as well as through advisory and training services.

Another useful way of facilitating SME partnerships has been through supporting the participation of SMEs from emerging countries in a number of the more high-profile international subcontracting events. Several OECD governments have also experimented quite successfully with "marriage broking" programmes, which bring together enterprises into partnership relations, which have the capacity to be mutually beneficial.

Assessment of legal frameworks

Protecting intellectual property rights can expand SME partnerships in knowledge-based industries and franchising can be encouraged through protection of brand names. If higher value-added types of partnership arrangement between SMEs in mature market and developing economies are to be encouraged, governments in a developing country context particularly will need to evaluate the adequacy of existing legal frameworks and contract enforcement procedures, particularly with respect to the protection of IPR.

Development of international networking capacity

Most governments have some kind of programme of support for business associations which want to make links with associations and clusters abroad, with a view to encouraging market development, technology upgrading and technical assistance. The success of the Indian software export industry is, in part, a story of linkages between the SME clusters in Bangalore and Bombay on the one hand and the business clusters in Silicon Valley, Route 128 (Massachusetts) and the emerging Dulles Internet Corridor in Northern Virginia. Business incubators are increasingly being used to promote innovative clusters of SMEs. This increasingly includes

support for those most likely to become involved in cross-border partnerships and sub-contracting arrangements. Programmes to support spin-offs include measures to develop sub-contracting arrangements with the "parent" firm, but also prioritise links with international firms in order to reduce the dependency upon a single local customer.

Cross-border partnership search facilities

The Internet offers considerable potential as a tool for partner searching between SMEs and their advisers in OECD and non-OECD countries. The concept could include a chat-room facility for initial exchanges of information between potential partners and might be best facilitated by a respected international organisation, such as OECD. However, it is important that the implementation of such a proposal is linked to the provision of specialist advisory and training support in order to prepare SMEs to be effective partners (see 4.6).

Cross-border partnership support programmes

Although mainly addressing the needs of potential SME partners in industrialised countries, Donkels and Lambrecht (1995), among others, have set out some of the conditions for setting up successful joint ventures in developing countries. They emphasise the need to gain experience of looser form of co-operation with a partner first in order to learn about each partner's culture and improve communication; plan and prepare carefully; develop a blueprint; and provide information training for management and key staff on both sides that includes cultural awareness training.

If policy makers are to promote cross border partnerships between SMEs, it is important that appropriate specialist support is made available to potential partners, based on existing partnership experiences (positive and negative). Whilst the principles set out by Donkels and Lambrecht (1995) seem generally sound, there is a priority need to sponsor more extensive research on cross-border partnerships (of various types) involving SMEs in OECD and non-OECD countries, that can be used as a basis for developing specialist partnership support programmes.

Linkages between support organisations and diaspora communities

Many of the SMEs currently enjoying success in export markets in Germany and other EU countries are based on diaspora-inspired linkages with SMEs in the countries targeted for EU Accession, such as the Czech Republic. Programmes can be established involving both OECD and non-OECD countries working together to identify key areas where partnerships based on such linkages are most appropriate, and facilitating their establishment. Often the OECD country is willing to provide financial and other forms of support for the relationship as part of its international assistance programme. The German government has supported sub-contracting links between German SMEs, which are owned and operated by those of Croatian origin, and those operating in the under-developed southern regions of Croatia. In addition, many of the refugees returning to Croatia after several years spent in Germany are

also encouraged to establish an SME in order to take advantage of their employment and family links with German SMEs developed during their enforced absence.

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Kokkuvõte

PIIRIÜLENE KOOSTÖÖ ETTEVÕTETE PARTNERLUSES: JUHTUM POLIITIKA KÄSITLUSEKS?

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Käesolev artikkel käsitleb väike- ja keskmise suurusega ettevõtete rahvusvahelist partnerlust ja piiriülest koostööd. Artikkel selgitab eelkõige piiriülese partnerluse võimalusi ja analüüsib seda mõjutavaid tegureid ning seejärel keskendub kahele võtmeküsimusele: esiteks, millised on eeltingimused ettevõtete rahvusvahelise partnerluse arenguks üleminekumaade kontekstis; ning teiseks, millised poliitilised valikud on vajalikud sellise partnerluse toetamiseks ja edendamiseks.

Maailmas, kus riikide majandused muutuvad ühe enam iseseisvaks, pakub rahvusvaheline partnerlus firmadele mehhanismi, kuidas toime tulla ja ära kasutada vastastikuse rahvusvahelise sõltuvuse hüvesid ning samas stimuleerides regionaalse ja rahvusliku majanduse arengut. See on eriti oluline hiljutise Euroopa Liidu laienemise kontekstis, mis on loonud uued välispiiri regioonid. Seejuures piiriülene koostöö pakub ühest küljest väike- ja keskmise suurusega ettevõtetele atraktiivset strateegiat pääsuks uutele turgudele, ning lääne partneritele, kes seisavad silmitsi kasvava konkurentsisurvega, madalamate tootmiskuludega paikkondi, aga teisest küljest ettevõtjatele võimalusi pääseda ligi kapitalile, tehnoloogiale ja oskusteabele ning samuti strateegiat turule sisenemiseks ja tootmismahtude suurendamiseks.

Samal ajal on oluline välja tuua, et ettevõtete rahvusvahelist partnerlust ei tohi vaadata kui imerohtu väike- ja keskmise suurusega ettevõtete jaoks, kes seisavad silmitsi kasvavast rahvusvahelistumisest tulenevate mõjudega. Mõned väike- ja keskmise suurusega ettevõtted ülemineku- ja arenguriikides on juba kogenud seda negatiivset mõju, mida on avaldanud need välisfirmad, kes on otsinud lühiajalist tuge ühisettevõtluspartneritelt selleks, et kohaneda ebakindlate kohaliku turu tingimustega. Peamiseks õigustuseks sellisele strateegiale pikemas perspektiivis on see, et võõrustajamaa partnerid saavad kasu sellest kogemusest õppides. Selle

tulemuseks võib olla poliitika väljatöötamine, mis püüab arendada partnerluse korraldust selles suunas, et saada püsivamat vastastikust kasu mõlemale poolele (ükskõik kas antud partnerlus on pika-ajaline või mitte).

Kuigi võib öelda, et muutused väliskeskkonnas on suurendanud väike- ja keskmise suurusega ettevõtete rahvusvahelisest partnerlusest tulenevat kasu, ei ole riikide jõupingutused sellise ettevõtete vahelise koostöö edendamiseks olnud tõenäoliselt efektiivsed ilma asjakohase poliitikata, institutsionaalsete ja tehnoloogiliste eeltingimuste loomiseta. Loogiline põhimõte selleks, et poliitika aitaks kaasa ja toetaks ettevõtete rahvusvahelist partnerlust väike- ja keskmise suurusega ettevõtete vahel, oleks kombinatsioon "turutõrke" argumentide ja konkurentsivõimelisema väike- ja keskmise suurusega ettevõtete baasi loomise vahel. Kuigi erinevad jõud pakuvad väike- ja keskmise suurusega ettevõtetele potentsiaalseid võimalusi ja hüvesid rahvusvahelise partnerlusega tegelemiseks, võib nende piiratud sisemine ressursibaas mõjutada nende ligipääsu informatsioonile, teadmistele ja muudele ressurssidele, mis on vajalikud nende võimaluste ärakasutamiseks. Selle tulemusena ei toimi turud informatsiooni, nõustamise, konsultatsiooni, koolituse ja finantseerimise jaoks alati ideaalselt, asetades väike- ja keskmise suurusega ettevõtted ebasoodsamasse olukorda võrreldes suuremate ettevõtetega. See annab riigile aluse astumaks samme sekkumiseks põhjusel, et turg ei tööta väike- ja keskmise suurusega ettevõtete jaoks täiuslikult. Selles kontekstis näitab analüüs, et ettevõtete rahvusvahelise partnerluse arengu soodustamise eeltingimused on: asjakohase ja efektiivse seadusandliku ja reguleeriva raamistiku loomine; efektiivse ettevõtlust toetava infrastruktuuri arendamine; sobivalt toetav finantsstruktuur; seda võimaldav info- ja kommunikatsioonitehnoloogiline keskkond.

REGIONAL NEW FIRMS FORMATION AND ENTREPRENEURSHIP POLICY IN ESTONIA[1]

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Abstract

The issues of the activity of firm formation in regions and entrepreneurship policy have attracted attention in Estonia because of considerable regional differences in the number of enterprises and labour market situation (e.g. job creation, unemployment) and because regional economic development has been strongly polarised to the territory around Tallinn and other larger towns. The aim of the paper is to assess regional firm formation, focusing on differences compared with the average firm formation rates in the country, and to understand why such variations exist, and also to find implications for entrepreneurship promotion policy. The paper is based on empirical evidence drawn from the database of the National Tax Board and two large-scale telephone surveys undertaken in 2002 and 2005, supplemented by a review of secondary data from other studies conducted in Estonia.

Entrepreneurial activity across regions indicates differences in entrepreneurship environment and possibilities. Counties with larger centres have developed faster than others, and a number of peripheral regions are lagging behind all the others. The analysis showed spatial variations in the firm formation rates, which can be explained by differences in economic structure, size of enterprises and other factors. The analysis also showed that job flows vary considerably across enterprise groups classified on the basis of various characteristics. Based on the results of analysis, the regions and enterprise groups can be distinguished for policy support to achieve the increasing contribution of SMEs to the regional economic development. The main policy implications are drawn about the impact of SME promotion policies and support needs of SMEs by the aim of achieving their increasing contribution to the regional economic development of the country.

1. Introduction

New firms formation is an important indicator of entrepreneurial activity and key component of economic development and growth. There is a number of empirical studies to show that new firms have a significant role to play in employment generation (e.g. Baptista et al, 2005), innovation (e.g. Fritsch & Mueller, 2005), economic growth and reduction of unemployment. Consequently, resulting from different impacts of these roles, several surveys have indicated spatial variations in business formation rates across countries as well as within countries (Reynolds, 2002; Johnson, 2004). It is therefore important for every region (e.g. county) to understand more thoroughly the reasons of spatial variations, which may have

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important implications for entrepreneurship policy. In policy interests it is needful to know how to increase the activity of firm formation rates in regions (counties).

In Estonia, the impact of firm formation activity and development of enterprise sector has been assessed in general as a positive factor in economic development since the early years of transition, based on the fast growth of enterprises and the role of SMEs in generation of employment (Smallbone et al, 1999; Venesaar, 1999; Estonia country…, 2002; Smallbone & Venesaar, 2004). As a result, the share of employment in SMEs achieved nearly 80% of total employment in business sector in 2004. However, the growth of job creation led to a growth of overall employment only from 2001 (Labour Force, 2002), because the period of transition brought along a considerable decline in the participation rate of working-age population in the labour market and caused a growth of unemployment and inactivity. But the improvement of business environment and continuous rejuvenation process of the stock of enterprises together have improved the performance of enterprise sector as a whole and also the labour market situation.

Entrepreneurial activity across regions in Estonia indicates differences in entrepreneurship environment and possibilities, especially between the capital Tallinn and other counties, as regional economic development has been strongly polarised to the territory around the capital city. Tallinn is the business centre of Estonia. With its close to 400,000 population (29% of the Estonian population) the capital city is the heart of the national economy – over half of the Estonian enterprises which produce all together ca 50-60% of the gross domestic product and nearly 3/4 of enterprises' profits are located there. One-third (33%) of employed population of Estonia are living and 38% of employed population are working in Tallinn. Being attractive with its good infrastructure, institutional development and favourable external business environment, more than half of the foreign capital-based Estonian enterprises are also located in Tallinn, owing to what the export turnover per enterprise is the biggest in Tallinn. All these circumstances are supporting the growth of the number of operating enterprises in Tallinn, which in recent years has been constantly slightly higher than the Estonian average, or 6.3-6.7% per year. The tertiary sector has grown rapidly in Tallinn's economic structure. Therefore, the share of Tallinn and the surrounding Harju county in the total number of operating enterprises has been gradually rising. A survey on entrepreneurial initiative of Estonian people (Eesti…, 2005) also indicated differences in entrepreneurial initiative across different regions in Estonia. This survey showed that the initiative to set up own enterprise is the biggest in Tallinn and Harju county. It also suggested that every second potential entrepreneur comes from this region.

A number of studies have been carried out in Estonia about regional development of small enterprises, which have evaluated differences in socio-economic development across regions, sources of regional problems, analysed possible policy strategy choices, use of support from foreign donors (Regional…, 1996; Estonia Country…, 2002; Raagmaa, 1996; Kudela & Venesaar, 1999). In those studies, a kind of success from establishing a support system and participation of foreign assistance in this has been mentioned. The studies about manufacturing SMEs in transition

countries and the influence of internationalisation have helped to find out the contribution of SMEs to economic development, characteristics in firms' behaviour and their support needs for future development (Smallbone et al., 1996, 1999). In recent years, some studies have been made to assess the results of measures implemented as entrepreneurship support policies and to identify more precisely entrepreneurs' demands in the country as a whole as well as in different regions (e.g. Jürgenson et al, 2003; Eesti…, 2005). But the firm formation rates across counties have been studied less thoroughly, which will be a contribution of the current article into regional studies in Estonia.

Big differences can be found in the economic structure across counties. One of the reasons for this is definitely the legacy of planned economy but also different paths of development in the transition period and the firm formation rate across sectors and regions. The aim of the current article is to examine the regional firm formation activity, focusing on differences compared with the average firm formation rates in the country, and to understand why such variations exist. The firm formation analysis across counties and sectors has been conducted so as to explain the regional differences. Taking into account several other structural differences (e.g. size of enterprises, labour market indicators), the article makes references to the previous studies defining also directions of job flows in different groups of enterprises (on the basis of ownership, size, age and other factors). Relying on the results of analysis, the research tries to find implications for entrepreneurship promotion policies.

The paper is based on empirical evidence drawn from the database of the National Tax Board and two large-scale telephone surveys undertaken in 2002 and 2005, supplemented by a review of secondary data from other studies undertaken in Estonia.

The structure of the article is as follows. The next section describes the data and methodology of analysis. The third section presents the results of regional analysis on firm formation, and the differences in the flows of jobs in enterprises with various characteristics (e.g. ownership, market orientation, enterprise's size). The fourth section analyses the impact of entrepreneurship promotion policies and a need for policy support in regions. The final section concludes the study.

2. Data and methodology

The current research is based on the database of the National Tax Board for the period of 1999-2004, where the registered number of enterprises is used as the number of births and the number of enterprises at the end of the year as the stock of enterprises. As the database contains only enterprises, then some inaccuracies are connected with under-representation of self-employed. Nevertheless, the database is the best basis for assessing business formation rates in regions.

The firm formation rates are calculated and used in the analysis in two ways. First of all, the firm formation rate is defined as the average annual number of registrations per 1000 of the adult population (B1). This indicator is measuring the activity of

population in setting up new businesses. Age group 18-64, which reflects more real activity of citizens in new firm formation, has been used for calculating the indicator. Secondly, the firm formation rate is calculated as the ratio of new firm registrations to the registered stock of businesses at the end of the year (B2). This indicator shows the extent to which the business sector has been rejuvenated.

The subject of the research includes 15 counties of Estonia and their activity in firm formation. As Tallinn exceeds several times other counties by the number of firms and the formation activity per 1000 inhabitants, the in order to explain differences in entrepreneurship activity across counties more clearly, Tallinn has been excluded from the calculation of average figures. The average figure of counties has been used in the analysis, whereas the contrast of Tallinn from the counties average has been brought out.

Based on the firm formation rates per 1000 adult population, the counties have been divided into two groups: those where activity of firm formation in the period of 1999-2003 was above the average (excluding Tallinn) and the others where the respective figure was below the average. Differences in economic structures of counties and firm formation by fields of activity in counties have been looked upon as significant factors for firm formation activity. In this case the firm formation rate has been calculated as a percentage from the stock of enterprises.

The main policy implications are drawn about the impact of SME promotion policy and support needs of SMEs with the aim of achieving their increasing contribution to regional economic development of the country.

3. Analysis of firm formation rates across regions and sectors.

In the period of 1999-2003 over 35 thousand firms were formed in Estonia, 59% of those in Tallinn. The firm formation activity has constantly increased its relevance in Tallinn's entrepreneurship sector. There was a difference of more than five times between Ida-Virumaa, the county with the lowest figure, and Tallinn. Based on the county's average firm formation rate (excluding Tallinn), the counties can be divided into two groups: firm formation activity in 1999-2003 was above the country's average in Tallinn, Harju, Hiiu, Pärnu, Saare and Tartu counties. Rapla and Lääne-Viru counties, where the firm formation rate was relatively close to the country's average, can also be included in this group (Table 1). The second group of counties with below the average firm formation rate includes the remaining eight counties (Ida-Viru, Jõgeva, Järva, Lääne, Põlva, Valga, Viljandi and Võru counties). The grouping is also supported by the increase/decrease of the number of employees, whereas the number of employees increased in counties with higher firm formation rate and decreased in counties where it was below the average. This rule does not imply to Valga and Võru counties where the firm formation activity is below the average, but where the number of employees has increased on account of bigger firms.

The second indicator (B2) for characterising the firm formation rate expressing the extent of rejuvenation of the stock of enterprises, is different but in correlation with the first indicator (B1). Some exemptions of this indicator are obvious in the counties with a smaller than average number of enterprises, for example, in Ida-Viru and Viljandi counties where the firm formation rates per 1000 of adult population in general are among the lowest and the firm formation activity is also low, but the number of enterprises formed in the period of analysis reached the average level of the country (Ida-Viru 52%) or even exceeded it (Viljandi 54.1%). Such rejuvenation of enterprises allows supposing that the business activity in these counties will increase.

The analysis suggested that the counties with lower firm formation rates have more frequently lower employment and higher unemployment rates, but some exceptions indicate the impact of other external influences, which needs to be studied in the future.

Next we look the factors that influence the firm formation activity in counties. The differences in economic structure of the counties and in firm formation activity across sectors in the above-mentioned groups of counties are considered as substantial factors influencing the employment generation and development of regions. It is convenient to use the firm formation indicator as a ratio of firms to overall number of firms in the sector, which shows the share of firms being renewed in the investigated period.

Table 1: Business activity and employment change in enterprises in 1999-2004.

County	Firm formation 1999-2004			Change in the number of employees in enterprises ±	Firm formation 1999-2003	
	Total	B1 (Per 1000 inhabitant 18-64)	Variation from average ±		(B2) % From total number of enterprises	Variation from average ±
Tallinn	20597	78.4	53.7	6437	64.7	12.6
Harju	2632	32.6	8.0	4130	56.2	4.1
Hiiu	165	26.6	1.9	-21	45.5	-6.7
Ida-Viru	1605	14.5	-10.2	-8426	52.0	-0.1
Jõgeva	414	18.5	-6.2	-1299	51.8	-0.4
Järva	403	17.3	-7.4	-1532	45.7	-6.4
Lääne	307	17.9	-6.7	-187	37.9	-14.2
Lääne-Viru	957	23.8	-0.9	438	51.3	-0.8
Põlva	327	17.5	-7.2	-711	41.8	10.3
Pärnu	1808	33.2	8.5	-1244	54.6	2.5
Rapla	536	23.7	-1.0	-314	52.4	0.3
Saare	624	29.4	4.8	178	47.7	-4.4

Tartu	3283	35.0	10.3	1326	55.3	3.2
Valga	378	18.5	-6.2	145	46.6	-5.5
Viljandi	683	20.2	-4.5	-1	54.1	2.0
Võru	393	17.2	-7.4	445	42.4	-9.7
Total	35112	41.2	16.6	-636	58.8	6.7
Without Tallinn	14515	24.7	0.0	-7073	52.1	0.0

Source: National Tax Board; Statistical Office, author's calculations

The firm formation has been more active in retail and wholesale trade, service and agriculture. In the group of counties where the firm formation rates per 1000 of adult population are over the average, the firm formation rates by sectors are also higher than in other groups of counties. The biggest differences are in retail and wholesale trade, service and agriculture (Table 2).

When analysing the formation rate of firms by sectors in greater detail we can see that in addition to the more active firm formation rate in four above-listed sectors, firms in the first group are formed more actively also in manufacturing (Tallinn and other big cities), construction (Tallinn, Tartu) and other sectors. In the counties with the general firm formation rate below the average in some sectors, the rate exceeds the average of the republic. But in both groups there are counties where the firm formation rate in some sectors is very low. The present analysis enables to identify those sectors where the implementation of entrepreneurial policy measures could contribute to increasing firm formation rate and mitigate regional contrasts.

Table 2: Firm formation rates by groups and economic activity in 1999-2003, %, (B2).

Economic activity	Firm formation rate, %		Variation ±
	Group 1	Group2	
Mining, electricity etc	4.2	3.3	0.9
Manufacturing	6.5	5.7	0.8
Construction	7.2	6.8	0.4
Wholesale	19.7	15.7	4.0
Retail trade	9.2	6.3	2.9
Transport, communication	8.3	7.8	0.5
Services	12.4	10.6	1.8
Education, health	8.4	9.0	-0.6
Agriculture, forestry	11.1	7.9	3.2
Total	12.6	9.7	2.9

Source: Source: National Tax Board; Statistical Office, authors' calculations
Note: 1) Some discrepancy in the table is connected with 8% of unknown enterprises by sectors
2) Group 1 includes counties with firm formation rates above the average (Tallinn, Harju, Hiiu, Pärnu, Saare, Tartu, Rapla, Lääne-Viru); Group 2 includes counties with firm formation rates below the average (Ida-Viru, Jõgeva, Järva, Lääne, Põlva, Valga, Viljandi, Võru).

Business activity of the counties can also be influenced by the size structure of enterprises and several other factors (ownership, market orientation, etc). For example, a previous analysis of job flows across groups of enterprises suggested enterprise groups with different job creation potentials. On the basis of ownership, the job creation rate of foreign-owned enterprises was higher than that of Estonian-owned enterprises (Venesaar, 2003). Better growing capacity of foreign-owned enterprises is due to the higher number of their employees and turnover in the sample studied, as well as their location in a region with better infrastructure (in Tallinn). By orientation to markets, restructuring has been faster in exporting enterprises, which is expressed by high rates of job creation.

By size of enterprises, as a rule, the job creation rates are expected to be higher in micro-enterprises, although few of them are able to survive in the market. The findings of previous research indicated that the average job creation rate was higher in small enterprises (with 10-49 employees) than in micro-enterprises, followed by medium-sized enterprises (Venesaar, 2003). Although both labour policy and entrepreneurship policy in Estonia have promoted creation of new enterprises, the entrepreneurship environment has not favoured, if to regard labour market flows, job creation in micro-enterprises.

In conclusion, the firm formation and job creation rates vary considerably across counties and enterprise groups classified on the basis of various characteristics, and there are a number of enterprise groups which could be the subject of entrepreneurship policies with the aim of bringing more new jobs to the market.

4. The assessment of the impact of SME promotion in Estonia

The overall opinion is that indirect support to business development prevailed through macroeconomic stabilisation and improvement of legal external environment during a first decade of private sector development in Estonia (Venesaar, 1999; Estonia Country.., 2002). Direct support measures to support SME development were almost nonexistent with the role of government best characterised as one of limited intervention (The State…, 1999). Instead, foreign aid programmes (e.g. Phare, NUTEK) contributed to the establishment of business support centres, to the co-operation of countries in SME research and assistance for institutional development. By the late 1990s, government policy was beginning to place more explicit emphasis on encouraging and supporting SME development (government support programmes for infrastructure, exporting and regional development since 1997/1998). Since 2000, the aim of SME policy has become increasingly linked to

improving the competitiveness of firms in domestic and foreign markets and by today a working support system has been developed, based on the entrepreneurship support principles used in the European Union. This support system has worked almost five years and some studies have been made to ask entrepreneurs' opinions about the impact of entrepreneurship services on setting up new enterprises and entrepreneurship development (Jürgenson et al, 2003; Eesti …, 2005).

To better understand the impact of promotion activities on entrepreneurship development, the following analysis draws on empirical evidence from large-scale telephone surveys of SMEs, conducted by market research companies in 2002 and 2005 on behalf of the Estonian Ministry of Economic Affairs and Communications (e.g. Jürgenson et al, 2003; Eesti …, 2005). The impact of promotion activities has been assessed in the following areas: access to information and business advice, awareness and use of public policy measures, access to financial sources, and the need for training.

While the most commonly reported source of information on potential business clients in 2002 was 'word of mouth' (60%), followed by the Internet (30%) and 'other media' (27%), then in 2005 it was Internet (85%), other media (60%) and friends (56%). This suggests that currently, internet contacts are the predominant means of obtaining information about customers in Estonia and by SMEs. Formal business support organisations, such as Chambers of Commerce, business and professional associations are important sources for larger firms and local enterprise centres, for start-ups and those in small towns and rural areas. The web portal "Activa" is gaining in importance as an information channel, especially for SMEs.

As for using external advice, 39% of Estonian SMEs reported using some form of external advice in 2002, 33% in 2005. Firms who had not used external advice, 86% explained no need for advice in 2002 (84% in 2005) or lack of suitable consultants (7% in both years). When respondents were asked about any type of information they need, the most commonly mentioned were information about sales and marketing, legal advice, business planning and taxation. The most commonly used sources of advice and consultancy were private consultants, business partners and friends/family members, rather than banks and accountants. This means that the market for business advice and consultancy has improved but is still developing in Estonia. This was confirmed by low level of using bank managers as sources of business advice. Presumably, the recognition by Estonian entrepreneurs of the potential benefits of professional advice and consultancy to the development of their businesses has improved.

More than three-quarters (77%) of enterprises in 2002 (87% in 2005) reported knowing of the existence of state support measures, although only 10% (20% in 2005) claimed to have a good knowledge. Although the awareness about business support institutions and their services has increased during 2003-2005, one of the weaknesses of current SME policy revealed by the surveys is still the low level of entrepreneurs' awareness of what is offered.

The need to improve financing opportunities for SMEs is one of the priorities identified in the current SME policy document. The surveys revealed that only a minority of Estonian SMEs received external finance at start-up. This means that the vast majority of business start-ups in Estonia are still reliant on self-financing, in a context where the scope of accumulated or inherited wealth is less than in most of the mature market economies.

When managers were asked what proportion of their employees had been involved in in-service training during the previous 12 months, similarly in both studies (2002 and 2005) over half of the respondents reported having trained at least some of their employees, and the same part of respondents are planning to train their employees in the future. There was a high degree of correlation between firm size and the propensity of firms to have been involved in management and/or employee training. The need of Estonian firms to have been more likely to be involved in training their employees compared with western countries might reflect the reported shortage of workers with the required skills, as well as the legacy of transition in Estonia, where the labour market is still adjusting to the needs of the emerging market economy. The main obstacles here are connected with the cost of training, replacement for employees taking the courses and difficulties to find lecturers with the right qualification (Jürgenson et al, 2003; Eesti …, 2005).

The studies on the impact of promotion activities conducted during 2004-2005 are taken as a basis for the development of the principles for new entrepreneurship policy document (for 2007-2013), being a step forward in the development of entrepreneurship through a favourable entrepreneurship environment and appropriate support schemes (Eesti ettevõtluspoliitika 2007-2013).

Conclusions

The current article is a contribution to the analysis of regional firm formation in Estonia and the assessment of the impact of the enterprise sector, mostly SME, on employment generation in counties. The article includes analysis of employment generation through regional firm formation and job creation across enterprise groups with different characteristics. Based on the firm formation rates per 1000 of adult population, the counties vary considerably, which allows suggesting differences in entrepreneurship environment and possibilities. Differences in economic structures and firm formation as a percentage from the stock of enterprises by sectors in counties have been looked upon as a significant factor for firm formation activity. The low firm formation rate in a number of counties and groups of enterprises (e.g. manufacturing, construction) allows assuming that the regulation influencing the establishment and activity of enterprises and other policy measures during the period under study have not encouraged formation of firms.

In the development of entrepreneurship policy in Estonia we should take into consideration differences between regional and sectoral firm formation rates. First of all, the counties with below the average firm formation rates, such as Ida-Viru, Jõgeva, Järva, Lääne, Põlva, Valga, Viljandi and Võru counties, can be suggested

for policy support to facilitate SME development and employment generation. It is useful still to study more thoroughly these groups of counties where firm formation rates were lower than average, which may help to discover deeper problems in different enterprise groups that need to be solved to make the entrepreneurship environment more acceptable.

Considerable progress has been made in the institutionalisation of SME policy in Estonia and by now a working support system has been developed, based on the entrepreneurship support principles used in the EU. The results of different surveys show a rather modest role of government in entrepreneurship promotion until 2000, but since then a positive development of the supply of services and their use by entrepreneurs occurred. The surveys suggests that there is still some way to go as illustrated by the low level of entrepreneur's awareness of what is on offer and significant minority of SMEs using local business centres as a source of information, advice and/or consultancy. There is a need to more actively disseminate information about those support programmes that are available, and offer services which can better consider the needs of entrepreneurs.

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Kokkuvõte

UUTE ETTEVÕTETE LOOMISE AKTIIVSUS MAAKONDADES
JA EESTI ETTEVÕTLUSPOLIITIKA

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Käesoleva artikli eesmärk on analüüsida uute ettevõtete loomise aktiivsust maakondades ja otsida seletusi erinevustele maakondade ettevõtlusaktiivsuses toetudes ettevõtete loomise määrade hälvetele majandussektorites võrreldes vabariigi keskmiste näitajatega, samuti töökohtade loomise erinevustele mitmesuguse iseloomuga ettevõtete gruppides. Võttes aluseks uute ettevõtete loomise määra 1000 elaniku kohta on võimalik välja tuua suuri erinevusi elanike ettevõtlusaktiivsuses, mis viitab sellele, et maakondade ettevõtluskeskkond ja uute ettevõtete loomise võimalused ei ole maakondades ühesugused. Nende erinevuste tundmaõppimine võiks kaasa aidata ettevõtluspoliitika arendamisele.

Ettevõtete loomise erinevuste selgitamiseks on analüüsitud ettevõtete loomise aktiivsust majandussektorites, kus peamise näitajana on kasutatud uute loodud

ettevõtete osatähtsust ettevõtete üldarvust, mis iseloomustab ettevõtete kogumi uuenemise ulatust vaadeldud sektorites. Madal ettevõtete loomise määr mitmes maakonnas ja ettevõtete grupis lubab eeldada, et ettevõtete asutamist ja nende tegevust reguleerivad ning mitmed teised ettevõtluspoliitika meetmed uuritaval perioodil ei ole toetanud uute ettevõtete loomist.

Eesti ettevõtluspoliitika arendamisel tuleks arvesse võtta ettevõtete loomise määrade erinevusi maakondades ja majandussektorites. Vabariigi keskmisest madalam ettevõtete loomise määr oli Ida-Viru, Jõgeva, Järva, Lääne, Põlva, Valga, Viljandi ja Võru maakonnas, kus ettevõtluspoliitika meetmete väljatöötamine eeldab põhjalikumate uuringute läbiviimist, et välja selgitada ettevõtete konkreetsed probleemid neis maakondades, mille lahendamine võiks toetada ettevõtete ja töökohtade loomise kasvu.

Tänaseks on Eestis loodud ettevõtete tugisüsteem, mis arvestab Euroopa Liidus kasutatavaid ettevõtluse toetamise printsiipe. Mitmete uuringute tulemused näitavad, et ettevõtluse tugisüsteemi arendamine Eestis algas sihipäraselt alates aastast 2000 ja selle mõju ulatus ettevõtete arengule on järjest kasvanud. Siiski on siin veel arenguruumi, mida näitab ettevõtete juhtide ja omanike vähene teadlikkus toetusmeetmetest või küllalt tagasihoidlik pöördumine maakondade ettevõtlus-keskuste poole informatsiooni või konsultatsiooni saamiseks. Seega on esiteks vajalik aktiivsemalt levitada informatsiooni tugiteenuste kohta ja teiseks, pakkuda teenuseid, mis paremini sobiksid ettevõtete vajadustega. Käesoleva uuringu tulemusi arvestades on vajalikud teenused, mis aitaksid tõsta ettevõtete loomise aktiivsust ja maakondade vaheliste erinevuste vähendamist ettevõtlusaktiivsuses.