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From Nation to State: A Difficult Process (1)

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Abstract

In the early 1990s, Europe changed considerably in a short space of time. In Central and Eastern Europe Communism collapsed, while in Western Europe the European Union was changing more gradually. It was broadened by the accession of more and more member states and by the growing number of associated countries. Although deepening proves to be a more difficult process, the move to Economic and Monetary Union (EMU) may be instrumental in fostering further integration. The criteria for admission to EMU are nonsensical from the economic perspective, but they do make sense from the public administration perspective.

So far, European integration has mainly been economic in nature. Integration that goes beyond economics is far more difficult and will require much more time and effort to be achieved. Although European nations are jerkily moving toward the status of states, they still have a long way to go. The position of European states will remain to be different from that of the United States of America. A European federation - if it ever comes into existence - will be relatively loose because of the large cultural, economic, and social differences between European states.

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1. Introduction

In the early 1990s, Europe changed considerably in a short space of time, influencing the rest of the world. The end of the Cold War era had definitively been reached by the collapse of the Soviet Union, following the fall of the Berlin wall. These changes took place with breathtaking speed. The government of the Federal Republic of Germany honored East Germany's president Erich Honecker on an official visit in 1987, which now looks like it is a century ago. Only a few years later this relationship had changed: the same government filed a suit against Erich Honecker and arrested him (2). The German government has never explained this apparent discrepancy in its actions. It may be understandable, however, considering that in 1989, only a few months before the Berlin wall came down, most observers considered the reunification of Western and Eastern Germany to be wishful thinking. As late as in the late 1980s fugitives were still shot while trying to escape Eastern Germany.

As a result of the reunification of the two Germany's, an independent state - the German Democratic Republic - vanished from the map. Simultaneously, however, a number of new states came into existence as a result of the collapse of the Soviet Union and Yugoslavia. These new states have not emerged peacefully. In the southern belt of the former Soviet Union several wars are being fought, in other parts of the region wars threaten, and the former Yugoslavia has been the scene of much violence and even genocide. Obviously, the regrouping of Europe was and is a painful process.

2. A Changing Europe

The collapse of communism undoubtedly affects the western democracies. After having felt threatened by the expansionist communistic ideology, they are reconsidering their positions. First, in relation to the former communist countries witnessing the invitation for Poland, Hungary, and the Czech Republic to join NATO and the European Commission's proposal to start talks with these countries about joining the European Union (EU) in the early years of the next millennium (3). Second, the western democracies are reconsidering their relations to one another. Germany, e.g., has a strong interest in the stability of Eastern Europe, whereas France is more interested in stability in Northern Africa and in relations with Latin countries such as Romania. In addition, the communist threat may be replaced with a fundamentalistic threat, witnessing the "fatwa" the late ayatollah Khomeini issued in 1989 ordering the murder of a British citizen, Salman Rushdie (4).

The EU is also changing. It was broadened by:

1. the entry of more and more member states, lastly in 1995 when Austria, Finland, and Sweden joined the EU and the current number of 15 member states was reached (5);
2. the growing number of associated countries (currently also 15) (6);
3. the agreement with the European Free Trade Association (EFTA) that came into effect in 1994, thereby creating the European Economic Area (EEA) (7).

Deepening of the EU, however, proves to be a more difficult process. Britain opposes the federalist and supranational character of the EU that is needed to achieve a significant extent of deepening, but some other member states also seem hesitant, though less visibly than Britain. The negotiations with regard to the Economic and Monetary Union (EMU) illustrate the problems coupled with the attempts to deepen the EU. In 1991, the Treaty for the European Union and the Economic and Monetary Union was signed at the European summit held in Maastricht. The most important aspects of the Maastricht Treaty were the decision to form an EMU and the first agreements pertaining to a single European currency, later - fairly uninventively - named the Euro.

3. The Roots of European Integration

Before addressing EMU I will first go back to the roots of European integration and the treaty underlying EMU. It seems that Europe and the Europeans are hovered between an integrated Europe and a Europe of nations. Charles de Gaulle, founder and first president of the fifth Republic of France, has always been an advocate of a Europe of nations. Though EU member states' national sovereignty has been eroded, the national state still exists. Populations tend to identify themselves with their nations rather than the EU. The EU's institutions are not visible, tangible and intelligible to voters *(Lodge, 1995, p. 1602)*. If European citizens encounter problems, they turn to their national governments/parliaments or local governments/councils rather than the European Commission or the European Parliament.

The citizens' tendency to turn to their national or local governments or representatives has been reinforced by the development of the welfare state. This type of state ties the citizens much stronger than the "night-watchman" state that confined itself to the provision of internal and external security. A new type of nationalism has emerged, which fundamentally differs from "classic" nationalism. The founding fathers of the supranational Europe believed that once European integration had begun (in the field of coal and steel) (8), internal dynamics would push integration to comprise more and more fields, which would inevitably result in monetary and political union.

This automatic integration mechanism, which the founding fathers of the supranational Europe firmly believed in, did not work out, however. Economic integration allows, at least in principle, for quantification of the interests of the partners involved and a difficult process of negotiations and exchange has led to some result. This negotiation and exchange process is much more difficult, however, if intangible issues are involved, such as questions related to ethics or the self image of a nation. In this case, further integration can only be realized by ever new political agreements, which are heavily influenced by differences in the power of nations. History shows that voluntary integration is bounded. The Latin Monetary Union, formed in 1865 by countries whose standard monetary units were equal to the French franc (9), did not result in political unity. Even the German Toll Union (10) did not automatically result into German political unity. That required both several intra-German wars and a war with France. Finally, it was Prussia that established German unity by means of "iron and blood".

In this case there was an internal "fédérateur", to borrow a term from De Gaulle. Another option is an external federator, being a foreign nation or a threat against which states or provinces unite or that bends these states or provinces to unity. One example are the Netherlands, which initially arose from opposition against Spain, while the French rule transformed a loose confederation - i.e., the Republic of the United Netherlands - into a unitarian state. And the USA, to take another example closer to home, arose from opposition against England, while in addition a bloody civil war appeared to be necessary to establish unity.

None of these examples applies to Europe in the 1990s. There is a wide consensus that either internal or external force cannot be used to establish a united Europe. Though self-evident, it implies that unity of European nations, each with a long history and most of them with their own language and culture, will be more difficult to establish than the national states themselves. The founding fathers of Europe undoubtedly wanted to encapsulate Germany to prevent the country from getting a security threat again. World War II, however, ended over 50 years ago and Germany is not considered a threat anymore, though it cannot be denied that latent anti-German sentiments still exist.

The external threat to European democracies during the Cold War era ensured some internal coherence. Western European countries had in common the need to fight communism. Thus, anti-communism was a valuable adhesive factor. As Paul-Henri Spaak, a former Belgian Secretary of State, once said, the extent of unity Western Europe has accomplished was thanks to Stalin. However, the collapse of communism definitively changed this situation. Rather than being allied by a negative force - an external threat - European countries are now in the position to stress positive factors leading to coherence and alliance. In many aspects this is a far more favorable position with an eye to the next century than was seemingly conceivable less than a decade ago.

4. Euroskepticism

One may wonder, however, whether European unity that most European nations are allegedly seeking, is really at the top of their priority list. They seem to seek the sweets, but try to avoid the bitters of unity. Each nation still has its own policies - ranging from drugs policy to foreign policy - that it does not want to be subject to a majority vote in the EU's Council of Ministers. This seems to be one of the most important stumbling-blocks on the road to European unity.

In many member states it took great pains to have the Maastricht Treaty ratified. In September 1992, the French voters accepted the treaty with the narrowest majority possible: 51 per cent. A few months earlier, in June 1992, Denmark's voters had gone further. They rejected the treaty by referendum, at least initially. Only later this was overruled by a second referendum. Danish politicians thus created an interesting precedent: if voters do not vote what the political elite considers desirable, let them vote again and allow them a second try to cast the right vote (11).

Obviously, European voters have become more skeptic about the future of the EU. The apparent europessimism (or -skepticism) was reinforced by the powerlessness the EU demonstrated in the former Yugoslavia. There it became quite obvious that the supranational character of the EU is mainly limited to the economic, social, and cultural policies with a strong focus on competition policy to ensure a common internal market free from (national) barriers to competition. The EU is a hybrid phenomenon combining elements of a supranational body and an intergovernmental organization. Depending on the policy area EU decision-making may be supranational or intergovernmental in character. The picture is further complicated by the fact that some member countries have opted out, though not entirely, of some areas (12). Matters considered to be of vital interest to one or more member countries, however, are invariably declared subject to the unanimity rule. Consequently, these matters are decided upon in an intergovernmental bargaining arena.

In terms of the budget the EU is strongly focused on the common agricultural policy swallowing nearly half the EU budget. Other policies are essentially intergovernmental in nature and reflect the reluctance of, particularly, France and the UK to allow Rome Treaty supranational powers to spread to other issues *(Swann, 1996, p. 94)*. The EU has neither a coherent foreign policy nor a defense policy. The former is divided over 15 Secretaries of State (13), while the latter is left to 15 ministers and the Western European Union, a confusing name, since this is an intergovernmental organization without supranational characteristics and, thus, not a union at all. Illustrative is that the Yugoslav problem was not solved by the EU, but by the USA, which has only one Secretary of State.

Euroskepticism seems to have spread not only among voters, however, but also among politicians. This seems to originate from budgetary concerns. Admittedly, the EU budget is small relative to national public budgets. Its cap amounts to 1.27 per cent of the EU's GDP or 2.5 per cent of total public spending in the EU. Growing attention is paid to net contributions of individual member countries to the EU budget, even though it witnesses a rather simplistic view on the EU's significance. The benefits of integration go far beyond money flows from national states to the EU and vice versa. In the 1980s, however, then Britain's Prime Minister Margaret Thatcher began to propagate the simplistic view focusing on money flows by demanding "our money back". While EMU was nearing and the admission criteria thus became more compelling in the mid-1990s, German politicians started to voice concern about Germany's net contribution to the EU budget. In their view the problem is not that Germany pays too much into it but that it gets too little out *(The Economist, August 9, 1997, p. 22)*. The Netherlands also began to protest against its EU payments some five years after it had become a net contributor.

Despite of the europessimism, negotiations on expansion of the EU did not only continue in the 1980s, but were even successfully completed in the 1990s. As a result, Austria, Finland, and Sweden joined the EU on January 1, 1995. The political climate allowed new member states to obtain some extraordinary terms, however. Austria, for instance, was allowed to restrict cargo transit traffic for a number of years, which clearly violated a basic union principle and stressed the interests of an individual member state. Meanwhile, the European Commission has recommended to open talks with six candidate member states (Cyprus and five Eastern European countries: the Czech Republic, Estonia, Hungary, Poland, and Slovenia). If the EU would be enlarged again in the first decade of the new century, new member states will undoubtedly again be allowed a transition period. Even a country such as Poland, a front runner among the potential new members with a per capita GDP of less than 1/3 of the EU average, cannot afford to comply with all EU environmental directives. Moreover, within the EU the strong agricultural lobby will aim at excluding the new entrants' agriculture from European integration for a long period of time. Essentially, the common agricultural policy is a protectionist policy keeping agricultural prices well above world market level. In Eastern European countries, however, agricultural prices are at or even below world market prices.

Those member states which are most skeptical as to further integration seem to be in favor of enlargement, hoping that deepening will not go forward. Without institutional reforms, an enlarged EU cannot function. Therefore, the European Commission has called for a new inter-governmental conference to settle the institutional questions unresolved by the Amsterdam Treaty. Essentially, the EU's constitution is still designed for six members. Without institutional reforms, enlargement of the EU would lead to a European Commission with an even larger number of members than its current twenty.

Thus, enlargement that is not coupled to institutional reform would create a situation that is simply not workable. Therefore, the Amsterdam Treaty concluded in 1997 says that a year before the number of EU countries exceeds 20, a full-scale conference must be held to review the composition and functioning of the EU institutions. This might cause a smaller intake than the European Commission suggested by picking six countries to start talks with. Moreover, the applicant countries are poor. In the six countries picked by the European Commission to start talks with the per capita GDP at purchasing power standards ranges from 23 per cent (Estonia) to 59 per cent (Slovenia) of the EU average) *(Source: European Commission, 1997, Statistical Table and Graph, pp. 1-2)*. Thus, they will expect substantial regional aid, which may give rise to budgetary problems. In addition to the agricultural lobby's resistance against enlargement, institutional reforms and budgetary problems are also possible causes for delay of enlargement.

5. Pending EMU

To what extent is the EMU able to remove these stumbling-blocks and to unite Europe? For the sake of EMU, member states transfer sovereignty in some fields to the EU. Other fields, however, remain subject to continuous debate and consultations between national governments. While preparing the draft Treaty of Maastricht, the Dutch government assumed that member states were willing to transfer control to the EU. This appeared to be a miscalculation of other member states' opinions. As a result, in September 1991 the European Council rejected the draft treaty, which was based on a proposal for far-reaching common cooperation.

Eventually, the Council agreed upon a treaty that defined a way of cooperation of EU member states without relinquishing their national control. Essentially, this implied that a federal approach as to noneconomic policies was put in cold storage. In addition, a stage-by-stage approach was adopted to move to EMU. In stage one the main condition was that all member states should be members of the exchange rate mechanism of the European Monetary System (EMS) focusing on a limited margin of fluctuation of the member states' currencies. Stage two began on January 1, 1994, in which the member states had to take steps to render their central banks independent and the European Monetary Institute (EMI) was established. EMI, considered the predecessor of the European Central Bank, would not only facilitate convergence by reinforcing the coordination of national monetary policies, but also prepare the final stage of EMU. The third and final stage would start in 1997 (14). In this stage a single European currency would be introduced amongst those member states that qualify for EMU by meeting the following convergence criteria:

1. In the year prior to examination the inflation rate must be no more than 1.5 percentage points above the average of the three lowest-inflation countries in the EU.
2. In the year prior to examination the long-term interest rate must not exceed by more than two percentage points of the average of the three best performing countries in the EU.
3. The national budget deficit must be less than three per cent of GDP.
4. The public debt ratio must be below 60 per cent of GDP.
5. The currency must have been in the normal band of the exchange rate mechanism of the EMS for two years and must not have been devalued on the country's own initiative.

It was assumed that convergence and cohesion would result from national attempts to adjust the economies of the member states such that in 1998 they would meet the criteria set for admission into EMU. Though convergence did not occur until the mid-1990s *(Swann, 1996, p. 129)*, it did take place from the mid-1990s as Table 1 displays (15). Most interesting is, however, that the convergence criteria seem to be economically baseless. Buiter et al. *(1993, p. 87)* argue that the fiscal convergence criteria are badly motivated, poorly designed and apt to lead to unnecessary hardship if pursued mechanically. Dornbusch *(1996, p. 113)* argues that meeting the demanding Maastricht criteria for admission to EMU is adding to the burden of an already mismanaged Europe. I tend to agree with these criticisms, at least from the economic perspective, since I do not know of any economic theory leading to the conclusion that the budget deficit should not exceed three per cent of GDP. I do know, however, that it makes a hell of a difference whether a budget deficit - no matter its size - results from overconsumption or from productive investments. Similarly, I do not know of any economic theory leading to the conclusion that economic adversity is the inevitable consequence of a public debt of more than 60 per cent of GDP.

TABLE 1 ABOUT HERE

6. The EMU criteria

Though nonsensical from the economic perspective, the criteria for admission to EMU do make sense from the public administration perspective. This can be concluded from an analogy with local governments. Budget discipline in many European countries has been rather loose from the late 1970s until the early 1990s. This has to do with the keynesian perspective that dominated policy makers' view on economic developments until the early 1980s. Too late they became aware that the economic woes did not result from deficient demand, which is the keynesian situation, but rather from too high cost levels at the supply side, which is the neoclassical situation. Initially, policy makers tried to solve the economic problems, perceived as being cyclical in nature, by increasing demand. This boosted budget deficits to high levels, without reducing unemployment rates.

However, there is also an administrative reason for the loss of budget discipline on the national level, at least in the Netherlands. The national government is not subject to any direct restraint as to its budget deficit. Indirect restraints may arise from increasing interest rates, high interest payments crowding out other public expenditure, etc. This is a crucial difference with local governments in the Netherlands. Dutch local governments are required to balance their budgets and they are under the surveillance of central government. Generally speaking, draft budgets showing a deficit, even if approved by the local council, will not be approved by central government. This implies that local governments lack the latitude to run structural budget deficits.

An interesting aspect of the pending EMU is that national governments are getting a more or less similar position as local governments. In other words, sovereign nations are moving slowly toward states within the United States of Europe. Admittedly, the word "federation" raises many questions and particularly sentiments. Within the EU it is known as the "F word". Time and again the federalists have been defeated, but gradually they seem to gain power. What the "F word" means, however, is unclear. Germans could interpret it as a weak central authority combined with substantial devolution of powers, whereas to the UK it may imply overcentralization and little devolution *(Swann, 1996, p. 90)*. In any event, European federalism is different from American federalism. The huge cultural, economic, and social differences between EU member states will result in a looser federation in Europe compared to that in America (16).

EU member countries want to enter EMU, since that is considered prestigious both to the country and its politicians. Given that EU member countries seek admission to EMU, they have to meet the criteria set by the Maastricht Treaty. National finance ministers closely look at the statistics and criticize each others (budgetary) policies. As a result, national governments are under the surveillance of the European Council of Ministers. This seems to be the primary reason why EU-countries show a pattern of economic convergence (17), as Table 1 displays. In 1994, inflation rates ranged from 1.1 per cent in Finland to 10.9 per cent in Greece, in 1998 they are estimated to range from 1.5 per cent in Finland to five per cent in Greece. And budget balances ranged in 1994 from +1.3 per cent of GDP in Luxembourg to -13.4 per cent in Greece, whereas in 1998 they are estimated to be in the range of +¾ per cent in Luxembourg and -4 per cent in Italy. Thus, even though the Maastricht criteria do not make sense from the economic perspective, they do make sense from a public administration view. They have brought about economic convergence and budget discipline among EU member states.

7. Conclusion

My conclusion is twofold:

1. Even economically nonsensical criteria may be useful from the public administration perspective. To an economist this seems one of the most intriguing dimensions of the integration of Europe.
2. European integration has so far mainly been economic in nature. Integration that goes beyond economics is far more difficult and will require much more time and effort to be achieved. Though European nations are slowly (or jerkily) moving toward the status of states, they still have a long way to go. The position of European states, however, will remain to be different from that of the United States of America, since a European federation - if it ever comes into existence - will be relatively loose because of the large cultural, economic, and social differences between European states.

Notes

1. An earlier version of this paper was presented at ASPA's 58th National Conference, "Global Challenges, Local Responses", July 26-30, 1997, Philadelphia.

2. Honecker was spared prosecution for health reasons, however, and was allowed to exile himself to Chile where he died in 1992. Egon Krenz, who succeeded Erich Honecker in October 1989, has also been arrested. On August 25, 1997 he was convicted of manslaughter

and sentenced to six and a half years in prison for the shootings of East German citizens fleeing across the border during the Cold War. Pending an appeal, however, he was released on September 11, 1997.

3. The European Commission's proposal, which is incorporated in a package entitled "Agenda 2000", also pertains to Slovenia, Estonia, and Cyprus. The remaining applicants - Latvia, Lithuania, Slovakia, Bulgaria, and Romania - will have to wait, along with Turkey, on which the Commission already gave a "negative opinion" in 1989. The Commission's proposal envisions new entries in 2003, though circles around the European Council of Ministers reckon with 2005. But even this timetable looks optimistic, given that the negotiations leading to the entry of Spain and Portugal in 1986 took nine years, though these countries' economies were more advanced than those of the new candidate member countries.

4. That it does not concern a false threat was proved in April 1997, when a German court ruled that Iran's top leaders had been responsible for the murder of four Iranian Kurds in a Berlin restaurant in 1992.

5. The member countries are listed in Table 1.

6. Associated countries are: Bulgaria (from 1995), Cyprus (from 1973), the Czech Republic (from 1995), Estonia (from 1995), Hungary (from 1994), Israel (from 1995), Latvia (from 1995), Lithuania (from 1995), Malta (from 1971), Morocco (from 1996), Poland (from 1994), Romania (from 1995), Slovakia (from 1995), Tunisia (from 1995), and Turkey (from 1964). Switzerland and the associated countries (with the exception of Israel, Morocco, and Tunisia) have applied for full membership. Two applicant countries, however, do not seek full membership anymore, though they did not withdraw their applications formally: Switzerland (since 1992, when entry into the EU was rejected by referendum) and Malta (since 1996, after a change of government).

7. After Austria, Finland, and Sweden joined the EU in 1995, EFTA has only four member countries left: Iceland, Liechtenstein, Norway, and Switzerland. However, Switzerland does not form part of the EEA, since the Swiss voters rejected the agreement between the EU and EFTA by referendum.

8. The first European Community came into being in 1951, when Belgium, France, Germany, Italy, Luxembourg, and the Netherlands signed a treaty to launch the "European Community for Coal and Steel" based on a common market, common goals, and common institutions.

9. The Latin Monetary Union comprised France, Belgium, Switzerland, and Italy. Greece joined in 1868 (*Yeager (1966), pp. 252-255*).

10. This "Zollverein", or Customs Union, was initiated in 1833 and was gradually extended until it covered, by 1852, nearly all German states (*Cole (1960), p. 72*).

11. Swann observes that one of the key features of the process of closer European union has been the relatively elitist nature of that development (*Swann (1996), p. 127*).

12. The British, for example, have opted out of the Social Charter, while Denmark, Ireland, and the UK have opted out of provisions related to asylum, immigration, and visas.

13. At least five members of the European Commission are involved in the EU's foreign policy:
-Chairman Jacques Santer: common foreign and security policy (together with commissioner Van den Broek);
-Commissioner Brittan: common trade policy and foreign relations with North America, Australia, New Zealand, Japan, China, Korea, Hong Kong, Macau, and Taiwan;
-Commissioner Marin: foreign relations with countries in the southern Mediterranean, the Middle East, Latin America, and Asia (excluding Japan, China, Korea, Hong Kong, Macau, and Taiwan);
-Commissioner Pinteiro: foreign relations with Africa, the Caribbean, the Pacific, and South Africa.
-Commissioner Van den Broek: common foreign and security policy (together with chairman Santer) and foreign relations with Central and Eastern Europe, the former Soviet Republics, Mongolia, Turkey, Cyprus, Malta, and other European countries.

14. If by the end of 1997 no date has been set for commencing the third stage, it will begin on January 1, 1999 if at least two member states meet the convergence criteria.

15. The currency criterion has not been included since it is quite confusing. In 1993, the fluctuation bands of the currencies participating in the exchange rate mechanism were temporarily widened from 2¼ to 15 per cent on either side of their parity values (central exchange rates against the ECU). Since it has been unclear whether the normal band is ±2¼ or ±15 per cent.

16. Illustrative is that in an attempt to increase the acceptability of the new currency, one side of Euro coins will bear national symbols. Also, national central banks have been given the latitude to mark Euro bills at one side with a national symbol. This is equivalent to US dollars with a Californian, a Pennsylvanian, or any other state's mark. However, the European Monetary Institute (EMI) has decided not to print national symbols on Euro bills. (EMI consists of the central bank presidents of the member states and marks the second stage of EMU. It is the successor of the Committee of Central Bank Presidents and the precursor of the European Central Bank that will start its activities in the third stage of EMU.)

17. McKinnon (1997) makes a similar, though slightly different argument.

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Table 1. CONVERGENCE CRITERIA EMU FOR EU COUNTRIES, 1994-1998[a]

	CPI (annual change in %)		Long term interest rate (%)		Budget balance (% GDP)		Public debt (% GDP)	
	1994	1998	1994	1998	1994	1998	1994	1998
EMU-criterion	3.1	3	9.9	7¼	-3.0	-3	60	60
Austria	3.0	1½	6.7	5¼	-4.0	-3	65	69
Belgium	2.4	1¾	7.7	6	-5.3	-2½	136	124
Denmark	2.0	2¼	7.9	6½	-4.1	+¼	76	64
Finland	1.1	1½	8.4	5	-5.0	-¾	60	59
France	1.7	1¾	7.5	6	-5.7	-3	49	60
Germany	3.0	1½	6.8	5¾	-2.7	-2¾	50	63
Greece	10.9	5	26.0	9¾	-13.4	-3½	114	105
Ireland	2.4	2	8.2	6½	-2.2	-1¼	91	65
Italy	3.9	2	9.0	6¾	-9.0	-4	125	121
Luxembourg	2.2	1¾	.	.	+1.3	+¾	7	6
Netherlands	2.7	2	6.9	5¾	-3.0	-1¾	78	70
Portugal	5.2	2	10.9	5	-6.7	-2¾	70	65
Spain	4.8	2¼	9.7	6	-6.8	-2¾	62	68
Sweden	2.2	2	9.5	6¾	-10.6	-2	79	75
UK	2.5	2½	8.2	7	-6.5	-2¼	53	55
EU-average	3.1	1¾	8.5	6¼	-5.5	-2½	68	73

a. Estimates for 1998.

Sources:
Central Planningbureau (1995), pp. 184-185.
Central Planningbureau (1997), pp. 172-173.

Biographical statement

Dr. M. Peter van der Hoek is an Associate Professor of Economics at Erasmus University, Rotterdam, Netherlands, and a part time Professor of Privatization, Management, and Finance at the University of Economics, Bucharest, Romania. In the Spring 1998 he was a Visiting Professor at Florida State University, Tallahassee, FL. He is a member of the Executive Committee of the International Atlantic Economic Society and of the *Campaign for International Relations* of the *American Society for Public Administration*. In addition, he is a board member of the *Congress of Political Economists*. He has published 5 books, he has edited 3 volumes and several symposiums, and he has published numerous articles in American, British, German, and Dutch journals.