

THIRTY YEARS FROM THE FIRST SCIENTIFIC CONFERENCE ON ECONOMIC POLICY IN ESTONIA

(XXII International Scientific Conference on Economic Policy was held at Jänedä for the second year)

The XXII International Scientific Conference on Economic Policy was held at Jänedä already for the second year, from 26 to 28 June 2014. However – the first conference on economic policy was held in May 1984 on the initiative of the undersigned in the form of a conference of young Estonian economists in three sections on board of passenger ship Vanemuine travelling along the Emajõgi River, Lake Peipsi, Lake Pihkva and the Velikaya River. The first conference was also held on three days and the ship travelled along the route Tartu-Värskä-Pihkva-Värskä-Tartu.

The two working days of the XXII Conference had an analogous structure this time to the previous conference, i.e. to the conference held at Jänedä in 2013 – namely, on the first day (Thursday, 26 June) the main emphasis was again on the round table on the subject of the administrative-territorial reform in Estonia,¹ and the traditional presentations and discussions were held on the second day (Friday). The economists, politicians and heads and specialists of municipalities participating in the conference represented four countries – Estonia, Germany, Hungary and Russia.

The conference was opened on the afternoon of Thursday, 26 June with an overview of the history, objectives and traditions of these scientific conferences on economic policy in Estonia by the author of this article. During the plenary session which followed and was chaired by Sulev Mäeltseemes (Tallinn University of Technology), two keynote presentations were delivered – the first one by Peter Friedrich (University of Tartu and the Bundeswehr University in Munich) on the subject „Local governments and competition“ and the second by Janno Reiljan on the subject „Impact of mergers on the financial sustainability of municipalities“.²

During the round table that followed the presentations (and was also chaired by Sulev Mäeltseemes), the above-mentioned presenters and the chairman of the round table and Urmas Astel (Palamuse Rural Municipality Mayor), Liilia Kivirüüt (Financial Counsellor of Mäksa Rural Municipality), Väino Kivirüüt (Vara Rural Municipality Mayor), Riivo Noor (Aegviidu Rural Municipality Mayor), Erich Petrovits (Kadrina Rural Municipality Mayor), Kaidi Randpõld (Tartu Rural Municipality), Aivar Soop

¹ Also at Värskä in 2007 the first day has been dedicated to the subjects of municipalities but then the presentations and discussions were above all based on case studies from the Põlva County (as the Värskä Rural Municipality is in the Põlva County) and presentations were made by representatives of the municipalities of that county and of the County Government.

² The third presentation had been planned from the Lääne-Nigula Rural Municipality Mayor Mikk Lõhmus on the subject „Expectations of municipalities from mergers and the first results in Estonia on the basis of the case study of the Lääne-Nigula Rural Municipality in Estonia“ but it was cancelled due to reasons related to the health of the presenter.

(Tartu Rural Municipality Mayor), Matti Raudjärv (Pärnu College of the University of Tartu) and several others participated, took the floor and commented on the local government issues discussed.

Assessments of developments of municipalities were based on both positive and negative examples. According to the opinion of the participants, the mere merging of municipalities is not very effective without a precise allocation of the mutual functions/duties between the state and the municipalities, considerably more transparent financing of municipalities and linking it with functions, equal partnership of state agencies with municipalities. Thus, considering all aspects – it would be necessary to carry out the state reform. On the other hand, the participants stated that municipalities are currently not very interested in carrying out an administrative-territorial reform as the situation is very vague (Taavi Rõivas has been the Estonian Prime Minister since 26 March and the new Government of the Republic has also been formed for a period of less than a year as the next elections to the Parliament (Riigikogu) will be held on 1 March 2015; the coalition government has not been interested in the reform for years and is not interested even now, etc.).

The conclusion drawn from the discussion was that the activities of the Government during many years (essentially opposition and inaction) has considerably inhibited the development of municipalities and this is going on also now, although these issues have to be tackled sooner or later anyway! Only with a delay, after a considerable waste of time and at much higher costs. Judging by the name of the Reform Party, it should be particularly interested in reforms but no interest has been observed with respect to the administrative reform. The former Prime Minister Andrus Ansip has stated that reforming of municipalities is unnecessary as our local communities have been naturally developing for centuries or even for a longer period. We may wonder whether the development of local communities proceeded (then under the coordination of village soviets and executive committees) along its natural path also during the period of occupation from 1940 to the re-establishment of the independence of the Republic of Estonia!? Considering the limited possibilities of the coalition set up for only approximately 11 months before forming the new Government in 2015, a number of issues have arisen: **why** did the former Prime Minister Andrus Ansip have to resign already at the beginning of 2014 (tired?!, is the European Parliament a convalescent home then?); **did** he leave in order to pursue his personal ambitions on the EU level in Brussels and earn a considerably higher salary (members of the European Parliament in Brussels were elected in spring 2014 and he would not have succeeded in standing for the elections for Brussels in spring 2015 when the elections to Riigikogu will be held in Estonia; there is also perhaps less headache in Brussels than in Estonia as the Estonian media and opponents are relatively observant and often also very critical)?

The first day was completed with a delicious dinner in the fireplace rooms of the Jäneda Manor Hotel and listening and enjoying at the same time the concert of the Village Music Band of the Lehtse Chamber Choir for more than an hour.

The second day of the conference (Friday) was already directly planned for conference presentations and four sessions were held. The first session was chaired by Claus-Friedrich Laaser and Klaus Schrader (both from the Kiel Institute for the World Economy, Federal Republic of Germany). The first presentation of the first session was made by Roland Thies (Saarland Landtag, Federal Republic of Germany) who treated the issues of structural changes of regional economic and industrial policy over time in an industrial region, proceeding from the position of the parliament. The second presenter was Valentin Holzer (Saarland Bau und Boden Projektgesellschaft mbH, Federal Republic of Germany) whose presentation had a similar content with the subject of the first presenter but from the position of the government. The third presentation was from the chairmen of the session Laaser and Schrader (also Janno Reiljan was one of the co-authors of the paper). They had studied the problems of economic levelling processes which have reached a deadlock, on the basis of case studies from Estonia. The last presentation of the first session of the day was made by Armin Rohde (University of Greifswald, Federal Republic of Germany)³ who discussed traditional measures of monetary policy and the related problems.

The second session was chaired by Laivi Laidroo (Tallinn University of Technology).⁴ Due to the absence of two presenters planned, only two presentations were made, the first one by Tatiana Avdeeva (Kuban State University, Russia).⁵ She discussed the issues of strategic planning and regional development and the problems of competition in the situation of globalisation. The second presentation was by Laivi Laidroo on the subject „Quality of information on Baltic listed companies – ahead of others or lagging behind“?

The third, afternoon session was chaired by Maret Güldenkoh (Estonian Maritime Academy of the Tallinn University of Technology) and Uno Silberg (Estonian Academy of Security Sciences). The first presentation was by Jörg Dötsch (Andrássi University in Budapest, Hungary) who had studied the impact of establishments of higher education policy which complements competition policy. The second presentation was by Kulno Türk (University of Tartu) on the management of the performance of academic staff, comparing the faculties of economics of the University of Tartu and the Tallinn Technical University. The third presentation was by Jelena Rootamm-Valter from the Narva College of the University of Tartu who treated the conformity of university education with the expectations of employers and possibilities for solving problems related to measuring it, based on her establishment of higher education.

³ Armin Rohde (born in 1952) has participated in our conferences on economic policy already for 15 times, often with his doctoral students.

⁴ Viktor Trasberg (University of Tartu) had been planned as the co-chair for the second session; however, due to his absence, his presentation on the subject „Estonian tax structure“ was not delivered. The third presentation at the same session, by Olev Raju (University of Tartu), was cancelled as well, due to his health.

⁵ Tatiana Avdeeva was the first participant from Russia in our series of conferences.

The last session of the second day was chaired by Matti Raudjärv from the Pärnu College of the University of Tartu.⁶ The first presentation was by Vilja Veebel (Estonian National Defence College) who treated the experience gained from the application of the austerity policy in Estonia in 2008–2011 in order not to cause the political party to lose the elections or the power. In the second presentation, Kalle Kallemets (Tallinn University of Technology) gave an overview of the economic sustainability of the Estonian oil shale complex until 2030. The third presenter Sirje Pädam (co-author of the paper Üllas Ehrlich) described the dilemma of environmental taxation based on the example of Estonia. Inga Vau (Üllas Ehrlich was co-author of the paper as supervisor of the doctoral thesis; both from the Tallinn University of Technology) as the last presenter dwelt on her research on the socio-economic aspects of meteorological forecasts in terms of how much Estonian consumers are ready to pay for more accurate forecasts. Weather forecasts as an issue which interests everybody created also this time a lively and intense discussion.

The conference was closed with a brief summary by the main organiser of the conference Matti Raudjärv who presented some prospective visions of the future and thanked all participants and presenters, peer reviewers and everybody who had contributed to and supported the organisation of the conference. The second day of the conference ended in the sports and health programme around the Jäneda Manor and in the SPA building.

On the morning of the third day, the participants went on a walking tour in the Kakerdaja Bog⁶ near Jäneda where they walked in the nature for a few hours listening to interesting information given by the tour guide. Wonderful warm and sunny weather contributed to the enjoyment of nature. After coming out of the bog all participants had an opportunity to refresh themselves with tea boiled on campfire and then they returned to Jäneda for lunch. After lunch the participants left Jäneda, having exchanged friendly wishes for a beautiful summer and a good working year that followed, in order to start preparations for the next conference, carry out research and write the respective research papers.

They will hopefully meet again at the conference of economic policy that will be held at the beginning of July 2015. Yes, preparations for the XXIII Conference have already begun! Everybody who is interested in the subjects of economic policy is invited, both economists and academics and also specialists of the practical area, including heads and specialists of municipalities and also many other people who are

⁶ The Kakerdaja Bog is a picturesque bog with numerous bog pools in Albu Rural Municipality on the border of the Harju County and Järva County. This bog situated 60 km from Tallinn is away from larger towns and roads. Kakerdaja is one of the best known and most visited bogs in Estonia and this reputation is well deserved. Kakerdaja has everything a proper bog ought to have – picturesque bog pools, soft hollows, a bog island, lake and legends. This is one of the largest bogs in Kõrvemaa area. The area of the bog is ca 1,000 hectares. The peculiarity of the picturesque highmoor with numerous bog pools lies in the two-level landscape, ie. the bog pool belt lies at two different heights. In spring and autumn thousands of water birds stop on the bog pools. Lake Kakerdaja is in the middle of the bog. [<http://www.puhkaeestis.ee>] 02.07.2014

interested in thinking and talking on these issues! Also students are welcome regardless of their form and progress of studies!

Welcome to Jämeda from 2 to 4 July 2015!

In Tallinn, in July-August 2014

Matti Raudjärv

Initiator of the series of conferences and main organiser/coordinator of the XXII conference