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Address of the Editorial Office:

Pan European University, n.o.
Redakcia časopisu Creative and Knowledge Society
Tematínska 10
851 05 Bratislava, Slovakia
Phone: +421 2 68 203 627
E-mail: petra.romaniakova@paneurouni.com

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Petra RomaniakovaPan-European University, Slovakia,
E-mail: petra.romaniakova@paneurouni.com phone: +421-2-6820-3626

Barbora HrvolovaPan-European University, Slovakia,
E-mail: barbora.hrvolova@paneurouni.com

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Description

Creative and Knowledge Society journal's mission is to be recognized worldwide as the premier human creativity and transfer knowledge publication providing theoretical and practical articles which address new, controversial, and potential developments in creative society and related fields. The journal's central idea is how to challenge, facilitate and protect creative potential in knowledge and creative society.

Creative and Knowledge Society is a scientific journal, that publishes original scientific articles and scientific studies based on theoretical and empirical analyses. The journal is comprised of **main section:** Economics/Creative Economy; International Business/Knowledge Transfer; Management/Knowledge Transfer/Creativity; Marketing/Knowledge Transfer/Creativity; Management Intellectual Property/Creative Economy and related section: Marketing Communication/ Media /Creativity; Psychology/Creativity/Knowledge; Sociology/Creativity/Knowledge; Art/Science/Creativity

The Journal publishes high-quality papers based on the interdisciplinary characters and integrative literature reviews, original submissions on a wide range of related topics to creativity and knowledge transfer.

Articles are welcomed from all parts of the world. If possible, article should demonstrate theories, report empirical and analytical research, present critical discourses, apply theories to case studies, and set out innovative research methodologies.

The journal publishes two issues annually; one in the spring (July) and one in the fall (December).

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The selected aspects of application of monetary policy in the Economic and Monetary Union pre-and-post 2008

B. The framework developing post-crisis (2008)

Marek Vojtaššák

Abstract

***Purpose** of the article is to present in two parts the selected aspects of application of monetary policy in the euro area pre and post 2008 as well as insitutional adaptations brought by the EU legislator.*

***Methodology/methods** In order to better explain these points, the article relies partially on a comparison with the framework and application of the monetary policy by the Federal Reserve as well as on a historic method when outlining the influence of definition of financial stability from the ECB/Eurosystem towards other prominent central banks.*

***Scientific aim** The article presents selected aspects of the monetary policy in the part of the EU where single currency was introduced in order to outline state of the art governance structure as well as a certain institutional creativity in application of powers conferred upon the central banks by the Treaty on the Functioning of the European Union and Protocol on the Statute of the European System of Central Banks and of the European Central Bank. The goal is to prove (i) the hypothesis of robustness of the framework and (ii) present the limits that can only be pushed further by the legislative power.*

***The conclusions** confirm on the one hand that the framework of monetary policy based on strong institutional safeguards such as legislative power and independence is very resilient and can prove efficient and creative enough to stabilise an innovative monetary system, however, on the other hand, validate the hypothesis that certain adaptations can only be performed on the basis of a legislative adaptations.*

Keywords: | *European Central Bank, Eurosystem, monetary policy, central banking*

JEL Classification: *E52, E58, F02*

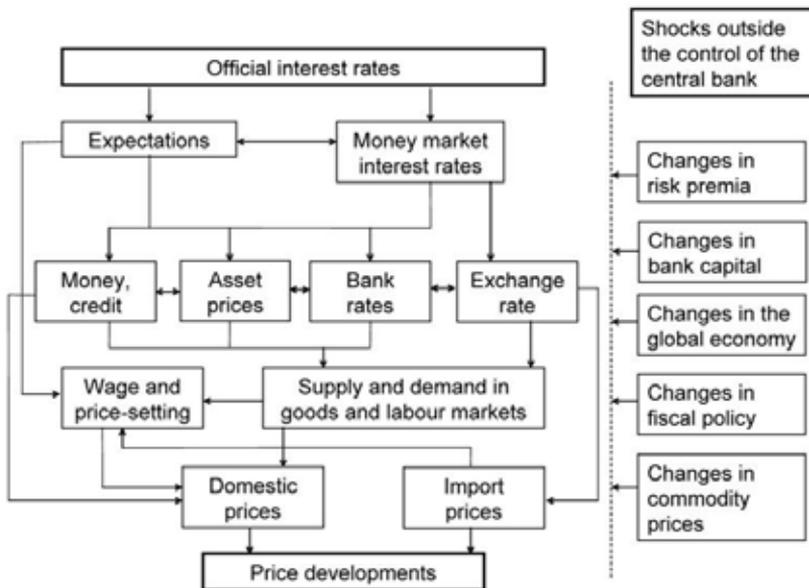
Introduction

As a follow up to the first part of the article covering the framework available and policies of the ECB/Eurosystem applied pre-2008, this second part focuses on a certain institutional creativity in the ways of application of the existing framework as well as adaptations brought by the EU legislator to the roles and functions of the ECB. The former ranges from fixed rate full allotment provision of liquidity via standard and longer term operations, revival of impaired monetary policy transmission channels by establishment of Securities Markets Programme and Outright Monetary Transactions to tree Covered Bond Purchase Programmes and one Asset Backed Securities Purchase Programmes, while the latter is represented by conferring upon the ECB a new supervisory tasks underpinned by the establishment of the Single Resolution Mechanism.

1. New ways of application of ECB/Eurosystem functions based on the pre-existing framework

The Eurosystem reacted to the financial crisis by adopting a number of new measures of monetary policy aimed at reactivating impaired transmission mechanism.

Figure 1 Transmission mechanism of monetary policy in the euro area



Source: <https://www.ecb.europa.eu/mopo/intro/transmission/html/index.en.html>

1.1 Three-year LTROs

While the standard liquidity provision operations have a maturity of one week (main refinancing operations – MRO), Eurosystem has in its toolbox also longer term liquidity providing operations of three months (longer term refinancing operations - LTROs). In addition to these standard or regular monetary policy operations, Eurosystem has put in place also two rounds of tree year longer-term refinancing operations and one round of

longer targeted operations (TLTROs) as well as operations providing liquidity operations in US dollar. The latter was only possible because ECB has put in place a euro dollar swap facility with the Fed.

Another aspect of change with respect to refinancing operations is the shift from variable rate tenders based on auctioning of the counterparties of a fixed amount of liquidity to fixed rate tenders with full allotment permitting the counterparties to receive the amount of liquidity they wish in exchange of interest payment that is known (fixed) in advance to the relevant operation.

Table 1 Targeted longer-term refinancing operation and two longer term refinancing operations

	Settlement	Maturity date	Duration (days)	Allotted amount (EUR bn)
TLTRO	24/09/2014	26/09/2018	1463	82.60157
LTRO	01/03/2012	26/02/2015	1092	529.53081
LTRO	22/12/2011	29/01/2015	1134	489.19075

Source: <https://www.ecb.europa.eu/mopo/implement/omo/html/index.en.htm>

1.2 Securities Markets Programme (SMP)

The SMP was established by the Decision of the European Central Bank of 14 May 2010 establishing a securities markets programme (ECB/2010/5).

The justification of the SMP was announced by the Governing Council on 9 May 2010 in the sense that severe tensions in the financial markets creating exceptional circumstances hampering monetary policy transmission mechanism call for establishment of a temporary securities markets programme.

It aimed at purchasing (i) in the secondary market eligible¹⁾ marketable debt instruments issued by the euro area Member States' central government or public entities or (ii) in both primary and secondary markets eligible marketable²⁾ debt instruments issued by private entities incorporated in the euro area. These assets were purchased from monetary policy counterparties and ECB/NCBs euro denominated portfolio investment counterparties.

SMP was discontinued and replaced by Outright Monetary Transactions (OMT). Governing Council at this occasion decided that the liquidity provided within SMP will be absorbed and the securities purchased within SMP will be held to maturity.

1.3 Outright Monetary Transactions (OMT)

President of the ECB Mario Draghi in his speech at the Global Investment Conference in London on 26 July 2012 said amongst others: *Within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough.*

This opened the way to Governing Council announcement of 2 August 2012 on Outright Monetary Transactions and further publication on 6 September 2012 of Technical features of Outright Monetary Transactions aiming at *safeguarding an appropriate monetary policy transmission and the singleness of the monetary policy.*

1 "Eligible" means assets that are eligible collateral for monetary policy operations.

2 "Marketable" means marketable assets eligible as collateral for monetary policy operations, such as corporate bonds, covered bonds, etc.

OMT is based on the following four principles:

- a) **Conditionality** – the relevant Member States whose sovereign bonds would be considered for OMT has to strictly abide to the European Financial Stability Facility/ European Stability Mechanism (EFSF/ESM) programme. This can be a macroeconomic adjustment programme or a precautionary programme (Enhanced Conditions Credit Line). Further condition is that the Eurosystem would not act alone – indeed EFSF/ESM has to stand ready as well to intervene via primary market purchases. Ideally, the IMF should also be involved in setting up and monitoring of the above mentioned programme. The final condition is that the OMT intervention must be relevant from monetary policy perspective and that the relevant Member State continuously complies with the programme. The failure to comply would terminate the OMT intervention even before the objectives are achieved. The limited character of an OMT intervention therefore expresses via these two conditions – termination once the objectives are achieved or due to Member State’s non-compliance with the programme.
- a) **Pari passu treatment** with other investors holding the same assets – in contrast to restructuring of Greek debt in February 2012 that featured only private sector involvement and no official sector involvement where ECB and other euro area NCBs fall under the “official sector” (see IMF).
- b) **Sterilisation** – the liquidity injected by the purchases of eligible assets will be fully sterilised.
- c) **Transparency** – weekly publication of OMT holdings including their market values and monthly publication of average duration of these holdings as well as breakdown by country.

Executive Board member Benoît Cœuré made an assessment of the OMT one year following its introduction outlining its necessity, effectiveness and robustness. He argued that the necessity of OMT is justified by the existence of financial fragmentation in the euro area. However, the Eurosystem has to achieve price stability in the euro area as a whole. Indeed the substantial divergence of borrowing costs for firms and households in various Member States makes difficult the implementation of coherent monetary policy across the euro area. This is exacerbated by the dependence of the banks’ rating on the rating of the respective sovereign where they are established. Further tail risks in euro area sovereigns expressed by the expectations of them leaving the euro area could drive public and private financing costs in these countries so high, in a way of self-fulfilling expectations, that they would have no other option than actually leave the euro area. Indeed in 2012, there were signs that investors started to calculate with redenomination risk with respect to various euro area sovereign bonds.³⁾ The justification for existence of OMT therefore is price stability, as properly functioning transmission mechanism is hardly imaginable without proper functioning sovereign bond markets. Indeed, these are the most prominent benchmark for pricing of other assets, including loans. This turmoil could therefore impair lending of entire national economies. Therefore, if these differences in financing are not based in fundamentals, the monetary policy needs to restore the proper functioning of transmission mechanism. For that reason, the OMT is designed to eliminate self-fulfilling expectations of euro area break-up not interfering with sovereign bonds’ prices based on economic fundamentals.

The effectiveness of OMT was illustrated by decreasing of Credit Default Swaps with respect to periphery economies, easing of bank borrowing costs as well as allowing them to raise capital. This in turn stopped the deposits outflows from periphery banks. Finally, the robustness of OMT lies in its conditionality. As mentioned above, Governing Council decides on the possibility of buying sovereign bonds independently and only if the relevant Member State complies with the relevant adjustment programme. This eliminates moral hazard of Member States just waiting and not addressing domestic issues including structural reforms. Indeed, if this was the case, they would face the conditions of ESM programme first, before any purchases of their bonds under OMT would be considered. These arguments permitted to Mr Cœuré to conclude that conditionality (ESM programme) and complementarity (to national efforts) ensure compliance of the OMT with the monetary financing prohibition established by Article 123 of the Treaty on the Functioning of the European Union.

Article 123 TFEU

1. Overdraft facilities or any other type of credit facility with the European Central Bank or with the central banks of the Member States (hereinafter referred to as „national central banks“) in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the European Central Bank or national central banks of debt instruments.

2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the European Central Bank as private credit institutions.

On 14 of January 2015 Advocate General (AG) of the Court of Justice of the European Union Cruz Villanón rendered an opinion on the preliminary ruling from the preliminary ruling from the Bundesverfassungsgericht (Germany's Federal Constitutional Court) concluding that OMT is compatible with TFEU as long as legal act implementing it will require that government bonds are purchased in the secondary markets in a way that would ensure that a genuine market price would develop first. This means that a given asset should only be purchased if a adequate time lapsed since the issuance of this asset since *a purchase on the secondary market that is made seconds after the issue of the bonds on the primary market could completely blur the distinction between the two markets, although, formally, the purchase has taken place on the secondary market.*

The ECB welcomed the opinion and expressed satisfaction by the intermediary of Executive Board Member Yves Mersch that stated: *We have always been convinced that OMTs are legally sound and in line with our mandate. Any decision the Governing Council takes will be motivated by and restricted by its mandate to ensure price stability. As in the past, the Governing Council will comply with EU law.*

While the AG Opinion on any given case is not binding on the Court of Justice, we note that the Court mostly follows the direction set up by the AG, even if sometimes using slightly different arguments. An affirmative judgment by the Court of Justice will certainly foster the reputation of the ECB as well as the whole Eurosystem and add credibility to the monetary policy implementation not only with respect to the economy, but also preservation of the very existence of the Economic and Monetary Union.

1.4 CBPP and ABSPP

Following two rounds of Covered Bond Purchase programmes of 2009/2010 (CBPP) and 2011/2012 (CBPP2) the ECB decided on 4 September 2014 two additional rounds of private debt instruments purchase programme – this time complementing CBPP3 with Asset-backed Securities Purchase programme (ABSPP).

While the CBPP3 targets debt instruments issued by euro area credit institutions backed typically by mortgages or exposure to public sector, the debt instruments targeted under ABSPP are backed by a wide range of exposures to euro area non-financial private sector, such as auto loans/leasings, SME loans, consumer credit and mortgages. Revival of ABS market should facilitate flow of new credit into economy.

These tools aim at complementing the tools of monetary policy and fostering the forward guidance given by the Governing Council. This should, in addition to the increased flow of credit to economy, enhance monetary policy transmission mechanism in order to bring medium to long-term expectations closer to the price stability target, i.e. inflation in terms of consumer prices close but below 2%.

While the CBPP3 is not substantially different from previous waves, ABSPP is a new instrument complementing Eurosystem's toolbox. Following the September 2014 announcement, ABSPP was established by the Decision of the ECB of 19 November 2014 on the implementation of the asset-backed securities purchase programme (ECB/2014/45). The programme is based on Article 18.1 of the Statute of the European System of Central Banks and of the European Central Bank and is designed to last at least two years. It will be in an initial phase centralised at the ECB level and relying on the Eurosystem instructing its agents (External Asset Managers) to execute the deals. The originality of the program, in contrast to eligibility assessment for collateral purposes, is that purchases are allowed also in the primary markets. Further, in contrast with covered bonds that are liquid instruments, ABS will be purchased also in case they are retained by the originator, but on conditions that other investors will purchase asset with the same ISIN alongside Eurosystem. Finally, the ECB will perform risk assessment and due diligence relating to ABS purchases similarly to credit institutions.

2. New tasks for the ECB following the unfolding of the financial crisis

Post-2008, the ECB has been vested with a range of new tasks such as participation in troika (alongside the EU Commission and the IMF) effectively bringing its expertise in follow up of adjustment programmes of Greece, Ireland and Portugal as well as taking over new tasks as a euro zone wide supervisor of credit institutions.

2.1 Participation in troika

The ECB, together with the Commission and the International Monetary Fund, participates in the so-called troika that assess the progress of EU Member States under the adjustment programme. This permitted to suspend rating requirement for government bonds and certain government guaranteed assets in the collateral policy with respect to Member States under the adjustment programme. This was spelled out e.g. in the Guideline ECB/2013/4 as follows:

Article 7 of the Guideline ECB/2013/4

Suspension of the requirements for credit quality thresholds for certain marketable instruments

1. The Eurosystem's minimum requirements for credit quality thresholds, as specified in the Eurosystem credit assessment framework rules for marketable assets in Section 6.3.2 of Annex I to Guideline ECB/2011/14 shall be suspended in accordance with paragraph 2.

2. The Eurosystem's credit quality threshold shall not apply to marketable debt instruments issued or fully guaranteed by the central governments of euro area Member States under a European Union/International Monetary Fund programme, unless the Governing Council decides that the respective Member State does not comply with the conditionality of the financial support and/or the macroeconomic programme.

[...]

2.2 Single Supervisory Mechanism (SSM)

The possibility to confer supervisory tasks upon the ECB was made possible by Article 127 TFEU where EU legislator left an open door to centralise supervision of credit institutions, however, this same article excludes the possibility to extend this supervision to insurance companies.

Article 127 TFEU

[...]

5. The ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

6. The Council, acting by means of regulations in accordance with a special legislative procedure, may unanimously, and after consulting the European Parliament and the European Central Bank, confer specific tasks upon the European Central Bank concerning policies relating to the prudential supervision of credit institutions and other financial institutions with the exception of insurance undertakings.

The importance of establishing a Single Supervisory as one of the lessons learned from the financial crisis was clearly spelled out by the ECB President Mario Draghi: [...] because national supervisors, looking at the crisis, have asked their banks, the banks under their supervision, to withdraw their activities within national boundaries. And they ring fenced liquidity positions so liquidity can't flow, even across the same holding group because the financial sector supervisors are saying "no". And further [...] in the banking union or financial markets union, we will have one supervisor for the whole euro area.

SSM was established by the Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions and further complemented by the Regulation of the European Central Bank of 22 October 2014 on supervisory fees (ECB/2014/41) and by the Decision of the European Central Bank of 17 September 2014

on the implementation of separation between the monetary policy and supervision functions of the European Central Bank (ECB/2014/39).

Within the SSM, ECB will become a supervisor of approximately 6000 credit institutions across euro area. The functioning of monetary policy will be separated according to the Decision ECB/2014/39, including the meeting and agendas of the Governing Council. While the supervisory staff is separated from the monetary policy staff, the former will still be under the responsibility of the Executive Board with respect to organisational, administrative and human resources, however, will functionally report to the Chair and Vice-Chair of the Supervisory Board. This set up is necessary in order to allow exchange of non-anonymised information between the two policy functions under the responsibility of a common decision making body, the Executive Board.

Direct supervision of the ECB will extend to approximately 130 Significant Supervised Entities/Groups and will exercise supervisory oversight over the rest of the credit institutions/holdings.

Significant Supervised Entities/Groups are selected on the basis of published criteria, such as the volume of assets (min 30 billion) or share of these assets with respect to national GDP (20%). In Slovakia for example, SSE are the three largest credit institutions and some others via consolidated groups.⁴⁾

In order to allow for smooth functioning of the supervision, SSM will still rely on National Competent Authorities (NCA). NCAs will still be the contact point for the licencing; they will prepare a draft decision on granting/refusing the authorisation to given candidate wishing to operate a credit institution. ECB in its capacity of SSM will decide on the authorisation as ultimate decision maker. Similarly the ECB will decide in fine on acquisition that would trigger qualifying holding thresholds, but the first assessment and recommendation will come from the NCAs.

It remains to be seen whether this development will continue further and EU legislator decides that an EU wide supervision of other important actors in the financial markets is appropriate. This happened in some Member States at the national level, e.g. National Bank of Slovakia and Czech National Bank regulate and supervise in addition to credit institutions also insurance companies, pension funds, etc.

2.3 Single Resolution Mechanism (SRM)

Unlike the SSM that has as members 18 Member States of the euro area (19 with Lithuania as of 1 January 2015), the SRM, more precisely the inter-governmental Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund was signed by 26 EU Member States (all but Sweden and the United Kingdom). The SRM is further legally based on a Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.

Therefore, there is an open door for out-euro area EU Member States to adhere to SSM and in consequence benefit from SRM that would permit their troubled credit institutions to benefit from the coverage of the Single Resolution Fund. According to Article 2 of the SRM Regulation uniform rules and uniform procedure for credit institutions and

12 4) For more details see The list of significant supervised entities and the list of less significant institutions <https://www.ecb.europa.eu/pub/pdf/other/ssm-listofsupervisedentities1409en.pdf>

financial holdings subject to SSM will be applied by the Single Resolution Board. This will naturally involve the consultations of the ECB and NCA. According to Article 7 of the SRM Regulation, for institutions or groups that are not considered significant under SSM or otherwise supervised by the ECB, NCA will still be responsible to draw the resolution plans. Further, cooperation of the NCA will be necessary in order to ensure on-site inspections of the relevant credit institutions by the Single Resolution Board.

According to Article 69(1) of the SRM Regulation the Single Resolution Fund is planned to reach at least 1% of the amount of covered deposits of all credit institutions authorised in all of the participating Member States. This will happen over an 8 year transitional period and national contributions, while compartmented at the beginning, will gradually merge as of 1 January 2016 during the same period. The contributions of the relevant credit institutions will be adopted by the Single Resolution Board depending on their risk profile.

The SRM is a necessary corollary of the SSM and the ECB welcomed the plan to establish SRM in its opinion as follows:

ECB Opinion CON/2013/76

The ECB fully supports the establishment of a Single Resolution Mechanism (SRM), which will contribute to strengthening the architecture and stability of the economic and monetary union. The ECB also takes this opportunity to reiterate the position [...], namely that the SRM is a necessary complement to the Single Supervisory Mechanism (SSM) in order to achieve a well-functioning financial market union. Such a mechanism must therefore be established by the time the ECB assumes its supervisory responsibility in full.

[...]

The SRM is a necessary complement to the SSM, as the levels of responsibility and decision-making for resolution and supervision have to be aligned. In this respect, the ECB shares the view of the Commission that such a single mechanism is better placed to guarantee optimal resolution action, including adequate burden-sharing, than a network of national resolution authorities. Coordination between national resolution systems has not proved sufficient to achieve the most timely and cost-effective resolution decisions, particularly in a cross-border context.

[...]

The ECB welcomes the envisaged close cooperation between supervisory authorities and resolution authorities.

Conclusion

The Eurosystem monetary policy framework proved to be robust and flexible during the financial crisis. This can be illustrated by the resilience of euro against the dollar even if some pundits predicted⁵ and continue⁶ to predict at the minimum their parity. Indeed, the exchange rate only came down following implementation of ABSPP and third wave of CBPP and especially in expectation of large scale Fed-like quantitative easing by the Eurosystem. As the latter expectation will hardly materialise due to limits in the Eurosystem mandate as explained above, among others, referring to the Opinion of Advocate General Cruz Villanón, we can expect the exchange rate to trend back higher.

The effectiveness of the Eurosystem monetary policy and its implementation can also be evidenced by a decrease in periphery euro area Member States' sovereign bonds leading interest rates⁷ as well as swift adoption of unconventional measures such as SMP, OMT, CBPP and ABSPP. Moreover, instead of a feared euro area split up, the monetary union was enlarged by Slovakia in 2009, Estonia in 2011, Latvia in 2014 and Lithuania in 2015. In addition, the European legislator realised that functioning monetary policy requires banking union and established the first stepping stones in SSM and SSM.

The challenge that remains for the European Union and national institutions and bodies are structural adjustments of the economies as well as strengthening of the first leg of the Economic and Monetary Union, i.e. the coordination of economic and budgetary policies. This, however, goes beyond the scope of this article.

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Assuming a solution to the fiscal cliff is reached, what then is the next 'shiny object' that will capture the attention of the media, international politicians and the investing public? To us, it's the over-valuation of the European Union's common currency. The euro is the biggest factor preventing an economic recovery across the pond, exceeding even the indebtedness of Portugal, Italy, Greece and Spain, which no doubt remains a considerable concern.

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Marek Vojtaššák (Mgr.)

Paneuropean University, Faculty of Law, Tomášikova 20, SK-821 02 Bratislava; Banque Centrale du Luxembourg, 2, Boulevard Royal L-2983, Luxembourg, marek.vojtassak@bcl.lu

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European Harmonization versus National Constitutional Sovereignty – on the Example of the Measures to Contain the Crisis of the Common European currency

RA Jochen Becker

Abstract

The Eurozone Crisis is not just a monetary and economic challenge. It is as well the first tremendous challenge of the European Community and as well the national institutions and constitutions of the member states not only within the Eurozone. On one side the European Commission, the European Parliament and the ECB with its endeavours to safeguard and stabilize the single currency EURO within the Eurozone, to support the suffering countries in the south (PIIGS) with its struggle against speculative hedge funds, to render financial relief measures to those countries and its financial industry. Irrespective the fact governments and citizens within that countries, less appear to appreciate or honor that measures (Troika, Financial checks and budgetary control) as efficient help to stabilize but condemn as form of European paternalism and patronage.

On the other hand the countries and its citizenship especially in the north of the Eurozone to set a stop sign to the EU and the ECB. Therefore they stress the Maastricht criteria and cite the Art 125 of the TEU, which prohibits one nation to stand for or to be liable for the Government debts of another nation (no bail out).

Especially in the German perspective the demarcation line appears to run along between the European Commission, European Central Bank and European Court on the European side and the Bundesverfassungsgericht, the Bundesbank on the national German side.

Each of the institutions feels to be bound to its origin functions and principles and save the respective constitution and the task rendered by that constitution.

For a better understanding it is essential to get aware of and to reinforce the constitutional role which the Grundgesetz awarded to the Bundesverfassungsgericht and the Bundesbank and the German citizenship placing their confidence in these institutions.

Es soll konkret das Verhältnis zur Nichtbeistandsklausel No-Bail-out Klausel Art 125 AEU-Vertrag, den Europäischen Fiskalpakt / dem ESFS, ESM / dem OMT-Programm der EZB, möglichen Entwicklung des EU zur Haftungs- und Transferunion mit einem zukünftigen Haftungsautomatismus der Mitglieder, der Unterscheidung von gemeinsamer Währungspolitik und nationaler Wirtschaftspolitik, der drohenden Vergemeinschaftung von Staatsschulden einzelner EU-Länder, die Budgethoheit des nationalen Parlaments als freie Entscheidung über die Verwendung des nationalen Haushaltes untersucht werden. Mit allen diesen Fragen mussten sich das höchste Deutsche und Europäische Gericht in jüngster Vergangenheit intensiv beschäftigen.

Keywords: | *European Commission, European Court of Justice, Bundesverfassungsgericht, Grundgesetz, Treaty on the European Union, No Bail Out Clause, Budgetary Sovereignty of the National Parliament, Essential Core of Constitution, European Central Bank, Bundesbank, Outright Monetary Transactions (OMT), European Stability Mechanism (ESM), Eurozone Crisis, (Government Debts Crisis, Banking Crisis, Growth and Competitiveness Crisis).*

1. Die Rolle des Deutschen Bundesverfassungsgerichts im Allgemeinen

Wenn man die bundesdeutschen Wähler fragt welcher der höchsten staatlichen Institution sie am meisten Vertrauen, findet die Arbeit der Bundeskanzlerin Angela Merkel je nach politischer Großwetterlage Anerkennung oder Kritik, der Bundespräsident Joachim Gauck verdient kraft seines Amtes und seiner Vita als ehemaliger Bürgerrechtler in der DDR und Leiter der nach ihm benannten Gauck-Behörde für die Stasi Unterlagen hohen Respekt. Uneingeschränktes Vertrauen scheinen die Deutschen letztendlich nur einer Instanz entgegen zu bringen: dem Bundesverfassungsgericht in Karlsruhe.

Die Instanz Bundesverfassungsgericht scheint bisweilen den partei- und tagespolitischen Einflüssen gänzlich enthoben und losgelöst vom Tagesgeschehen, unabhängig über dem Gemeinwesen zu stehen.

Das hätte den Vätern und Müttern des Grundgesetzes, die sich 1948 in Herrenchiemsee trafen, um aus den auch rechtlichen Ruinen des Dritten Reiches eine demokratische deutsche Republik und einen effektiven Rechtsstaat aufzubauen, sicher außerordentlich gefallen. Gaben Sie dem Gericht doch ausdrücklich nicht die Rolle eines Superrevision Gerichts im laufenden Instanzenzug wie z.B. dem US-amerikanischen Supreme Court, sondern die Rolle eines vom Instanzenzug losgelösten Gerichtes, dessen Prüfungsmaßstab allein die Vereinbarkeit der angegriffenen staatlichen Maßnahme mit dem Grundgesetz ist. Das Gericht ist somit die „Hüterin der Verfassung“ und wird auch als solche wahrgenommen.

Hierbei hat für die Bürger die „Verfassungsbeschwerde“ eine herausragende

und populäre Bedeutung mit der Sie so die weitverbreitete Fehlvorstellung ohne den Instanzenzug beschreiten zu müssen, direkt die staatliche Maßnahme angreifen können von der sie sich in ihren Grundrechten verletzt fühlen. Dass dem nicht so ist, daher, dass der verwaltungsmäßige und gerichtliche Rechtsweg ausgeschöpft sein muss, wird vielfach verdrängt. (siehe **Merkblatt über die Verfassungsbeschwerde zum BVerfG, herausgeben von der Geschäftsstelle des Gerichts, unter: Bundesverfassungsgericht.de/ Organisation/ vb_merkblatt**).

Die Verfassungsbeschwerde war ursprünglich nicht direkt im Grundgesetz von Mai 1949 geregelt, sondern einfachgesetzlich im Durchführungsgesetz der Verfassungsgerichtsbarkeit (§§ 90 ff. BVerfGG) vom 12.03.1951. In das Grundgesetz selbst eingefügt und damit einer einfachen Gesetzesänderung entzogen, wurde die Verfassungsbeschwerde erst durch das Neunzehnte Gesetz zur Änderung des Grundgesetzes vom 29. Januar 1969 (Artikel 93 Absatz 1 Nr. 4a GG).

Andererseits gibt es gegen Gesetze keinen unmittelbaren Rechtbehelf und so werden eine Vielzahl von Verfassungsbeschwerden auf das Wahlrecht in Art 38 Abs. 1 und 2 GG gestützt, als das von Bundesverfassungsgericht als zulässig für die Einlegung einer Verfassungsbeschwerde anerkannte Recht auf Teilhabe an der demokratischen Legitimation der Staatsgewalt. Denn laut BVerfG sei das Wahlrecht nichts Wert, wenn die auf der Wahlentscheidung gestützte staatliche Legitimation nicht demokratischen Grundsätzen entspreche, dies wird als sogenannte „Demokratisierungsfunktion“ bezeichnet. **siehe: BVerfG Urteil. V. 07.09.2011 – 2 BvR 987/10 Abs. Nr. 101f..**

Im Jahr 2009 wurden insgesamt 5911 Beschwerden entschieden, 111 Verfassungsbeschwerden waren erfolgreich (1,9 Prozent). Knapp 70 Prozent der Beschwerden werden innerhalb eines Jahres entschieden, weitere 20 Prozent innerhalb von zwei Jahren (alle Zahlen einschließlich der Kommunalverfassungsbeschwerden). In 2009 wurden dabei rund 99,5 Prozent der Verfassungsbeschwerden von den aus drei Verfassungsrichtern bestehenden Kammern des Bundesverfassungsgerichts vorab entschieden (Ablehnung der Annahme oder Stattgabe), nur 0,5 Prozent kommen in den Senat. Quelle: **Jahresstatistik des BVerfG 2009; s. Hopfauf, in: Schmidt-Bleibtreu/Hofmann/Hopfauf, Kommentar zum GG, 12. Aufl., 2011, Art. 93 Rn. 155, Art. 94 Rn. 89 f..**

Die Verfassungsbeschwerden sind somit „Tagesgeschäft“. Insoweit gibt es auch sog. „Masseverfahren“ mit tausenden Beschwerdeführern z.B. gegen das Volkszählungsgesetz, die Vorratsdatenspeicherung, oder jüngst gegen die EURO-Rettungsschirme. Seit dem Bestehen des Gerichts wurden über 200.000 Verfahren anhängig gemacht **Hopfauf Rn. 90.**

Aufgrund der Vielzahl und Vielschichtigkeit der Verfahren ist das Bundesverfassungsgericht somit durchaus eine Institution die mitten im Leben und der Lebensrealität der Bürger steht

Man „geht“ allerdings nicht einfach nach Karlsruhe, so eine gebräuchliche Floskel um sein vermeintliches Recht zu bekommen, sondern wird dort unter sehr eingeschränkten Bedingungen zugelassen. Damit, welche Sachverhalte das Gericht zu Entscheidung annimmt, macht es, ohne es zuzugeben, auch Politik. Dies gilt insbesondere in den zahlreichen Verfahren gegen die Rettungsschirme und Programme (ESF, ESM, OMT) die auf europäischer und nationaler deutscher Ebene zur Beseitigung der Folgen der Eurokrise und Staatsschuldenkrise aufgespannt wurde. Hierüber wurden zahlreiche Verfahren sowohl bei EUGH und dem Bundesverfassungsgericht anhängig gemacht,

dort sowohl als Organklagen vom im Bundestagvertreter Fraktionen (Die Linke) als auch als Verfassungsbeschwerden von einzelnen Bürgern.

2. Europäische Staatsschulden – und Bankenkrise

Die vorliegende Abhandlung beschäftigt sich somit mit den Entscheidungen des Bundesverfassungsgerichts und weitergehend des EUGH, betreffend der gesetzlichen Regelungen zur Stabilisierung im EURO-Raum infolge der Krise der Gemeinschaftswährung ab 2008.

2.1 Der Gesamtkomplex: Die Moralische Prinzipien in der Staatsschuldenkrise Solidarität oder Moral Hazard

Moralische Prinzipien oder Solidarität zwischen Staaten sind grundsätzlich nicht Gegenstand gerichtlicher Entscheidungen, trotzdem spielen sie als Motivation bzw. Legitimation für deren Anrufung und deren Tätigkeiten eine gewichtige Rolle.

Unter Moral Hazard versteht man den nachvertraglichen Opportunismus und der überzogenen Risikobereitschaft einzelner Transaktionspartner eines Solidarsystems zu Lasten des Gesamtsystems (so **Definition Moral Hazard in Springer Gabler Wirtschaftslexikon**, (der Begriff kommt ursprünglich aus der Versicherungsbranche).

Das Problem des Moral Hazard ist in der Staatsschuldenkrise augenscheinlich. Bereits vor der Finanzkrise haben unsolide haushaltende EURO-Länder von soliden Haushaltländern profitiert und konnten sich aufgrund deren Stabilität zu geringen Zinsen verschulden. Die Gefahr besteht nach der Finanzkrise, dass sich Euro-Krisenstaaten ungeachtet der Maastrichtkriterien weiter ungebremst auf Kosten des EURO Gesamtsolidarsystems verschulden, um damit die anderen noch systemkonformen Staaten unter Druck zu setzen, ihnen zu helfen und um dadurch quasi für das Gesamtsystem EURO Systemrelevanz (Prinzip von Too big to fail) zu erlangen. Dies mit dem Ergebnis, dass die bis dahin Systemkonformen Staaten irgendwann auch ihre Disziplin fallen lassen, da dies vom System nicht honoriert wird, sie es auch ihren Bürgern nicht mehr vermitteln können und damit das Gesamtsystem letztendlich kollabiert.

Würden dagegen alle EU-Staaten unmissverständlich erklären, dass sie keine Banken, keine Unternehmen und keine Staaten mehr retten werden, so würde dies bei allen Staaten, Unternehmen, Banken und generell Kapitalanlegern wohl zu einem vorsichtigeren Verhalten führen – und zu einer breiteren Streuung von Geldanlagen, womit einzelne Pleiten dann auch keine “systemischen” Rückwirkungen etwa auf die Stabilität der Eurozone insgesamt mehr hätten (**Felix Ekardt, Europa und der falsche Weg aus der Klemme, in Legal Tribune Online am 31.03. 2011**).

2. Einzelne Aspekte in der Argumentation der Eurorettung:

2.2.1 Das Prinzip der Freiwilligkeit der multilateralen Finanzhilfen

In einem gemeinsamen Währungsraum wie der EURO-Zone mit entsprechenden Wechselwirkungen, in dem trotz der sogen. Maastricht Kriterien zur Neu- und

Gesamtverschuldung, die Haushalts- Sozial- und Wirtschaftspolitik und nicht zuletzt Finanz- und Bankenpolitik unter der nationalen Kontrolle des souveränen Staates stehen, fragt sich jedoch wie „frei“ ein anderes Mitgliedsland des EURO-Systems noch in seinen Entscheidungen ist, ob, in welchem Umfang und unter welchen Voraussetzungen es einem anderen Mitgliedsland helfen will, das sich in Schieflage befindet. Denn das eine Land ist durch die Maßnahmen oder Unterlassungen des andern Landes und insbesondere in der Reaktion der internationalen Finanzmärkte darauf, unmittelbar in seiner ureigenen nämlich der gemeinsamen Währungspolitik betroffen. Hier manifestiert sich der Geburtsfehler der EURO-Zone daher die reine Beschränkung auf eine gemeinsame Währungspolitik, ohne Berücksichtigung der Zwangsläufigkeit, dass die Währungspolitik in unmittelbarer Wechselwirkung mit den übrigen Politikfeldern steht (Prinzip der kommunizierenden Röhren). Dies bei der vollkommen unterschiedlichen volkswirtschaftlichen Leistungsfähigkeit und übrigen Ungleichgewichten der Staaten in ihren Handelsbilanzen.

Zwar glaubte man diesen zentrifugalen Kräften durch die Maastricht-Konvergenz-Kriterien Abhilfe geschaffen zu haben, deren Einhaltung Voraussetzung zur EURO-Zone waren.

Die Maastricht Kriterien besagten im Einzelnen:

- Preisniveaustabilität: Die Inflationsrate darf nicht mehr als 1,5 Prozentpunkte über derjenigen der drei preisstabilsten Mitgliedstaaten liegen.
- Finanzlage der öffentlichen Hand: (Art. 126 AEU-Vertrag) Der staatliche Schuldenstand darf nicht mehr als 60 % des Bruttoinlandsprodukts betragen.
- Das jährliche Haushaltsdefizit darf nicht mehr als 3% des Bruttoinlandsprodukts betragen.
- Wechselkursstabilität: Der Staat muss mindestens zwei Jahre lang ohne Abwertung am Wechselkursmechanismus II teilgenommen haben. Dabei darf die Währung des Landes nur in einer bestimmten Wechselkursbandbreite (meist 15%) vom Eurokurs abweichen; bei größeren Abweichungen muss die Zentralbank des Landes intervenieren.
- Langfristige Zinssätze: Der Zinssatz langfristiger Staatsanleihen darf nicht mehr als 2% über dem Durchschnitt der drei preisstabilsten Mitgliedstaaten liegen.

Das Problem hierbei war jedoch, dass man sich bezüglich der Einhaltung der Konvergenzkriterien in der Vergangenheit auf die Eigenauskünfte der Mitglieder verlassen hatte, die sich hierbei viel Bilanzphantasie und statistischen Kniffen bedienten, was sich zumindest am Beispiel von Griechenland nachgewiesen als Fehleinschätzung erwiesen hat.

Weiterhin versäumte die EU bereits zu Anfang des EURO Sanktionen gegen Staaten/ Defizitsünder durchzusetzen, welche die Kriterien verletzt hatten (so z.B. gegenüber Deutschland und Frankreich).

2.2.2. *ESM Europäischer Stabilisierungs Mechanismus, EU-Wirtschafts- oder EURO-Währungspolitik, europäisch oder multinational*

Der Europäische Stabilitätsmechanismus (ESM), englisch: European Stability Mechanism) ist eine internationale Finanzinstitution mit Sitz in Luxemburg. Der ESM trat am 27. September 2012 mit der Hinterlegung der deutschen Ratifikationsurkunde beim Generalsekretariat des Rates der Europäischen Union in Kraft. Der ESM ist Teil des sogenannten „Euro-Rettungsschirms“ und löste die Europäische Finanzstabilisierungsfazilität (EFSF) ab. Das anfängliche Stammkapital des ESM beträgt 700 Mrd. Euro. Aufgabe des ESM ist es, überschuldete Mitgliedstaaten der Eurozone durch Notkredite und Bürgschaften zu unterstützen, um deren Zahlungsunfähigkeit gegenüber den Gläubigern zu verhindern und zu ermöglichen, dass diese sich auch zukünftig am freien Kapitalmarkt zu akzeptablen Zinsen refinanzieren können. Laut den Bedingungen aus dem ESM-Vertrag entfallen auf Deutschland ein Eigenanteil von 190 Mrd. Euro, Eine besondere Brisanz liegt in der folgenden Regelung: Wenn ein Mitgliedsland im ESM als Zahler ausfällt, weil es selbst finanzielle Hilfen benötigt, müssen die anderen Staaten das – durch den Ausfall dieses Landes – fehlende Kapital zusätzlich aufbringen (Art. 25 Abs. 2 ESM-Vertrag. Deutschland haftet dafür anteilig mit weiteren 113 Mrd. Euro also insgesamt 303 Mrd. Euro. Der ESM ist somit nicht eine Gemeinschaft der Starken zur Solidarität der Gefährdeten, sondern eine Gemeinschaft mit derzeit unterschiedlichen Möglichkeiten und Potentialen.

Problematisch am abgestimmten Europäischen Stabilitätsmechanismus von Euro Gruppe (ESM) und EZB mit OMT-Programm früher SMP). ist sein Verhältnis zur Nichtbeistandsklausel (No Bail Out) in Art. 125 AEU-Vertrag, die eine direkte Haftung von Mitgliedstaaten oder der Europäischen Union als Ganzes für die Schulden anderer Mitgliedstaaten ausdrücklich ausschließt und die Art 122-126, Art 136 AEUV, welche Stabilitätskriterien für eine nachhaltige Haushaltswirtschaft definieren.

Zur Rechtfertigung des vorläufigen Stabilisierungsmechanismus wurde zunächst Art. 122 AEU-Vertrag als Grundlage herangezogen, der finanzielle Hilfen für einen Mitgliedstaat erlaubt, wenn dieser „aufgrund von Naturkatastrophen oder außergewöhnlichen Ereignissen, die sich seiner Kontrolle entziehen, von Schwierigkeiten betroffen oder von gravierenden Schwierigkeiten ernstlich bedroht“ wird. Ob nun die internationale Finanzkrise eine unvorhersehbare Naturkatastrophe ist, darf kritisch hinterfragt werden.

Auf Druck des Nicht-Eurolandes Großbritannien wurde durchgesetzt, dass bei Krediten für Staaten, die Mitglieder der Eurozone sind, lediglich die übrigen Eurostaaten haften. Insoweit wurde hier eine fragwürdige Grenze gezogen bei der nicht mehr definierbar ist, wo die gemeinsame Wirtschaftspolitik im EU Raum betroffen ist und wo die Währungspolitik im EURO Raum. Ein Europa der zwei Geschwindigkeiten wurden zwar seit den Verträgen von Maastricht, mit dem Schengen Abkommen und der Einführung des EURO in 2000 etabliert, ob der Gedanke des gemeinsamen Wirtschaftsraums noch aufrechterhalten kann werden kann, ist zunehmend fraglich.

Bezüglich Unterstützungsmaßnahmen der EZB verbietet auch Art. 123 AEUV-Vertrag den unmittelbaren Erwerb von mitgliedstaatlichen Schuldtiteln durch die Zentralbank („No Bail-Out“). Dieses Verbot versuchte die EZB dadurch zu umgehen dass sie die Schuldtitel nicht direkt von den Staaten übernimmt sondern vom Zwischenhandel des allgemeinen Finanzmarktes (Sekundärmarkt outright market).

Nachdem verschiedene Vorschläge aus den Mitgliedsstaaten wie die Einführung sogenannter Eurobonds durch die EU direkt (Frankreich, EU-Kommission) einerseits oder die Einrichtung einer Staateninsolvenzordnung um die Zahlungsunfähigkeit von Staaten strukturiert abzuwickeln (durch Deutschland) andererseits politisch nicht durchsetzbar waren, beschlossen die Regierungschefs der Euro-Gruppe auf dem Gipfel des Europäischen Rates am 16./17. Dezember 2010, den Art. 136 AEU-Vertrag um einen weiteren Absatz 3 zu erweitern. Dieser lautet: wie folgt:

Die Mitgliedstaaten, deren Währung der Euro ist, können einen Stabilitätsmechanismus einrichten, der aktiviert wird, wenn dies unabdingbar ist, um die Stabilität des Euro-Währungsgebiets insgesamt zu wahren.

Die Staaten des Euro-Währungsgebiets schlossen sodann am 2. Februar 2012 den Vertrag zur Einrichtung des Europäischen Stabilitätsmechanismus (ESM), der eine eigenständige Rechtspersönlichkeit besitzt und Art 136 Abs. 3 AEUV als Stabilitätsmechanismus umsetzt.

Die Gewährung der erforderlichen Finanzhilfen im Rahmen des Mechanismus soll dabei strengen Auflagen unterliegen (Thema Kontrolle durch Troika).

Erste Erfolge die Lage zu beruhigen und die Rückkehr der Krisenstaaten an die Finanzmärkte zu ermöglichen, zeigte der ESM unter anderem bei der jüngsten Emission von Staatsanleihen durch Griechenland Mitte April 2014. Fast vier Jahre nach dem finanziellen Kollaps hat sich Griechenland erstmals wieder Kapital bei privaten Investoren beschafft. Laut dem Finanzministerium in Athen spülte die Auktion von Staatsanleihen mit fünfjähriger Laufzeit drei Milliarden Euro in die Kassen. Die Anleger erhalten dafür einen Zinssatz von 4,75 Prozent. Die Nachfrage nach den Bonds war laut griechischem Finanzministerium sehr stark. Etwa 90 Prozent der Staatsanleihen seien an institutionelle Investoren im Ausland gegangen. **Quelle: Der Spiegel vom 18.04.2014.** Dass hierbei überwiegend sogenannte angelsächsische Hedgefonds zugriffen kann nicht verwundern. Über die Krise hinweg seien die Staaten wie Griechenland aber "nicht aufgrund eigener Bonität, sondern aufgrund der Rettungsschirme. Es haben letztendlich die Steuerzahler anderer Länder versprochen, die Schulden zurückzuzahlen." Solange es problemlos gehe, unter den Rettungsschirm ESM zu schlüpfen und die EZB diese Staatspapiere abkaufe und damit die Risiken trage, werde immer diese Steuerzahler mit dafür aufkommen müssen, so **Hans Werner Sinn, Präsident des Ifo Institutes im Deutschlandfunk am 28.04.2014.**

2.2.3. OMT Programm der EZB, verdeckte Staatsfinanzierung oder zulässige Währungspolitik als Sicherung der Preisstabilität der gemeinsamen Währung

Parallel zu den Maßnahmen des ESM begann die Europäische Zentralbank, von Mai 2010 bis September 2012 Staatsanleihen gefährdeter Euro-Staaten vom Anleihemarkt zu kaufen Security Markets Program (SMP). So hatte die EZB zwischenzeitlich Schuldtitel auf Staatsanleihen zum Stand 31. Dezember 2012 im Gesamtvolumens von (218 Mrd. Euro nominal, Buchwert 208,7 Mrd. Euro) vom Sekundärmarkt aufgekauft. Hierbei machten italienische Papiere nominal knapp die Hälfte des Volumens aus, gefolgt von spanischen (20 %) und griechischen (16 %). **Quelle: European Central Bank: 21 February 2013 – Details on securities holdings acquired under the Securities Markets Program. Press**

Release, Online, März 2014

Zum 31. Januar 2014 betrug der Bestand der im Rahmen des Programms aufgekauften Wertpapiere noch knapp 176 Mrd. Euro. Quelle: European Central Bank: Open-market operations: Ad-hoc communications. abgerufen am 7. Februar 2014

Das SMP wurde im September 2012 durch das OMT abgelöst. Das Programm soll es ermöglichen, die Zinsen für Staatstitel der betreffenden Staaten zu verringern und ihnen so die Aufnahme neuer Kredite zu erleichtern. Es ist in seinem Volumen unbeschränkt.

Mit dieser Entscheidung zum Aufkauf von Schuldtiteln auf Staatspapiere auf dem Sekundärmarkt wich die EZB von ihrem bisherigen Grundprinzip ab, niemals Staatsanleihen von Mitgliedstaaten zu kaufen, da ihre originäre Aufgabe laut AEUV die Stabilität der EURO Währung insgesamt aber nicht die Finanzierung der EURO-Länder ist. Da die jeweiligen Staatsanleihen nicht direkt beim jeweiligen Emittenten (nicht unmittelbar), sondern (nur mittelbar) auf dem Sekundärmarkt von der EZB „gekauft“ wurden und weiterhin jetzt noch werden (Outright Monetary Transactions) wird diese Umgehung von der EZB nunmehr als rechtlich legitim kommuniziert.

Als Outright Monetary Transactions (OMT) Offen-Markt Transaktionen bezeichnet man ein von der Europäischen Zentralbank (EZB) offeriertes Programm, unter dem die EZB am Sekundärmarkt Geschäfte über kurzfristige Anleihen von Staaten im Euro-Währungsgebiet durchführen kann. Technisch handelt es sich bei Transaktionen im Rahmen des OMT-Programms um Outright-Offenmarktgeschäfte. Das OMT kann von jedem Mitglied der EZB in Anspruch genommen wurde, was bisher aber tatsächlich noch nicht der Fall war. Das Programm soll es ermöglichen, die Zinsen für Staatstitel dem betroffenen Staat zu verringern und dem Staat so die Aufnahme neuer Kredite an den freien Märkten zu erleichtern. Es ist in seinem Volumen unbeschränkt.

Es wird davon ausgegangen, dass allein seine Ankündigung Spitzname (Bazooka) bereits eine beruhigende Wirkung auf die Finanzmärkte und eine abschreckende Wirkung auf Spekulanten, die gegen einzelne EURO Länder spekulieren, ausgeübt hat. Es gibt weder eine zeitliche Begrenzung des Programms noch eine summenmäßige Begrenzung der im Zuge des OMT-Programms aufgekauften Staatstitel.

OMTs können ausschließlich im Rahmen und unter den Voraussetzungen einer Inanspruchnahme der Rettungsfazilitäten des Eurosystems (ESM oder EFSF) genutzt werden, wobei nicht notwendigerweise ein volles Anpassungsprogramm durchlaufen werden muss. Erforderlich ist in jedem Fall aber, dass seitens der Fazilität auch Primärmarktankäufe der betroffenen Staatstitel durchgeführt werden können. Das OMT-Programm positioniert sich insoweit hinsichtlich der Anleihekäufe als Komplement am Sekundärmarkt.

Die Entscheidung über die Durchführung und die Beendigung von OMTs obliegt dem EZB-Rat. Infrage kommen hauptsächlich Obligationen mit einer Laufzeit zwischen einem und drei Jahren. Die EZB reklamiert für die unter dem OMT-Programm erworbenen Papiere keinen vorrangigen Gläubigerstatus (pari passu).

Der ehemalige Deutsche Bundesbankpräsident Axel Weber und ehemaliges Mitglied des EZB Rates, der mitten in der Krise zurückgetreten war, kritisierte in einem **Interview der Wochenzeitung „Die Zeit Ausgabe 52/13 v. 29.12.2013** das OMT-Programm wie folgt. „Die unorthodoxen Maßnahmen der Zentralbanken haben dazu beigetragen, die Lage kurzfristig zu stabilisieren. Das ist nicht zu leugnen, aber die langfristigen Risiken eines solchen Kurses – insbesondere für die Unabhängigkeit der Notenbanken – werden

verdrängt. Die Zentralbanken sollten nicht zu einer Art Reparaturbetrieb für die Fehler der Politik werden. Darunter leidet die Glaubwürdigkeit“.

Der EZB Präsident Mario Draghi sprach im Gegenzug in einem Interview mit der **Wochenzeitung „Der Spiegel“ 01/14** dass die deutsche Sorgen vor den Folgen der Euro-Rettungspolitik Ausdruck einer „perversen Angst“ seien. Die Europäische Zentralbank sieht OMT nicht als monetäre Staatsfinanzierung, welche laut Art. 123 des AEUV verboten ist.

Die Bundesbank Präsident Jens Weidemann lehnt das OMT ab, weil das Programm zu nah an einer „Staatsfinanzierung durch die Notenpresse“ sei, weil die Geldpolitik Gefahr laufe, in das „Schlepptau der Fiskalpolitik“ zu geraten, und weil die Interventionen erhebliche Risiken zwischen den Steuerzahlern verschiedener Länder umverteilen könnten, wozu die Europäische Zentralbank nicht legitimiert sei. (**Quelle EZB-Staatsanleihekäufe: Bundesbank kritisiert Beschluss offen. Frankfurter Allgemeine Zeitung. 6. September 2012**).

3. Das Verhältnis von Karlsruhe BVerfG zu Luxemburg - oder wer hat die Deutungshoheit über Europa

1. Die Entscheidungen der Höchsten Gerichte mit ESM und OMT

Hinsichtlich des **ESM hat der Europäische Gerichtshof in seinem Urteil in der Rechtsache C-370/12 Thomas Pringle / Government of Ireland, Ireland and the Attorney General Quelle: Gerichtshof der Europäischen Union PRESSEMITTEILUNG Nr. 154/12 Luxemburg, den 27. November 2012** www.curia.europa.eu einen Verstoß gegen Art. 125 AEU verneint: “Das Verbot für die EZB und die Zentralbanken der Mitgliedstaaten, Körperschaften und Einrichtungen der Union und der Mitgliedstaaten Überziehungs- oder andere Kreditfazilitäten zu gewähren oder unmittelbar von ihnen Schuldtitel zu erwerben, wird durch den ESM nicht umgangen. Dieses Verbot richtet sich nämlich speziell an die EZB und die Zentralbanken der Mitgliedstaaten. Wenn ein oder mehrere Mitgliedstaaten einem anderen Mitgliedstaat unmittelbaren oder über den ESM finanziellen Beistand leisten, fällt dies somit nicht unter das genannte Verbot. Mit der „Nichtbeistandsklausel“, nach der die Union oder ein Mitgliedstaat nicht für die Verbindlichkeiten eines anderen Mitgliedstaats eintritt und nicht für sie haftet, soll der Union und den Mitgliedstaaten nicht jede Form der finanziellen Unterstützung eines anderen Mitgliedstaats untersagt werden. Sie soll vielmehr sicherstellen, dass die Mitgliedstaaten auf eine solide Haushaltspolitik achten, indem sie gewährleistet, dass die Mitgliedstaaten bei ihrer Verschuldung der Marktlogik unterworfen bleiben. Sie verbietet es daher nicht, dass ein oder mehrere Mitgliedstaaten einem Mitgliedstaat, der für seine eigenen Verbindlichkeiten gegenüber seinen Gläubigern haftbar bleibt, eine Finanzhilfe gewähren, vorausgesetzt, die daran geknüpften Auflagen sind geeignet, ihn zu einer soliden Haushaltspolitik zu bewegen. Der ESM und die daran teilnehmenden Mitgliedstaaten haften aber nicht für die Verbindlichkeiten des Empfängermitgliedstaats einer Stabilitätshilfe und treten auch nicht im Sinne der „Nichtbeistandsklausel“ für sie ein.”

1. Die streitige Änderung greift nämlich nicht in die ausschließliche

Zuständigkeit der Union (Erster Teil des AEUV) im Bereich der Währungspolitik für die Mitgliedstaaten ein, deren Währung der Euro ist. Während das vorrangige Ziel der Währungspolitik der Union die Gewährleistung der Preisstabilität ist, wird mit dem ESM ein davon klar abweichendes Ziel verfolgt, und zwar die Stabilität des Euro-Währungsgebiets insgesamt. Die bloße Tatsache, dass diese wirtschaftspolitische Maßnahme mittelbare Auswirkungen auf die Stabilität des Euro haben kann, erlaubt es nicht, sie einer währungspolitischen Maßnahme gleichzustellen. Überdies gehören die zur Erreichung des mit dem ESM verfolgten Ziels, dafür zu sorgen, dass ein Mitgliedstaat eine Finanzhilfe erhält, ins Auge gefassten Mittel offenkundig nicht zur Währungspolitik.

Der ESM stellt vielmehr einen ergänzenden Teil des neuen Regelungsrahmens für die Verstärkung der wirtschaftspolitischen Steuerung der Union dar. Durch diesen Rahmen wird eine engere Koordinierung und Überwachung der Wirtschafts- und Haushaltspolitik der Mitgliedstaaten geschaffen, und er dient zur Konsolidierung der makroökonomischen Stabilität und der Tragfähigkeit der öffentlichen Finanzen. Während er insofern präventiver Art ist, als er die Gefahr von Staatsverschuldungskrisen so weit wie möglich verringern soll, dient die Einrichtung des ESM zur Bewältigung von Finanzkrisen, die trotz getroffener präventiver Maßnahmen eintreten könnten. Der ESM gehört infolgedessen zum Bereich der Wirtschaftspolitik und nicht der Währungspolitik.

2. Die streitige Änderung berührt auch nicht die Zuständigkeit der Union (Erster Teil des AEUV) im Bereich der Koordinierung der Wirtschaftspolitik der Mitgliedstaaten. In Bezug auf die ausschließliche Zuständigkeit der Union im Bereich der Währungspolitik für die Mitgliedstaaten, deren Währung der Euro ist Art. 3 Abs. 1 Buchst. c AEUV und 127 AEUV, wiederholt der Gerichtshof, dass diese Politik die Preisstabilität gewährleisten soll. Die Tätigkeiten des ESM gehören jedoch nicht zur Währungspolitik sondern zur Wirtschaftspolitik.

Der ESM soll den Finanzierungsbedarf seiner Mitglieder decken. Zu diesem Zweck ist er weder zur Festsetzung der Leitzinssätze für das Euro-Währungsgebiet noch zur Ausgabe von Euro-Münzen oder Banknoten befugt; die von ihm gewährte Finanzhilfe muss in vollem Umfang aus eingezahltem Kapital oder durch die Begabe von Finanzinstrumenten finanziert werden.

In Bezug auf die Zuständigkeit der Union für die Koordinierung der Wirtschaftspolitik Art. 2 Abs. 3 AEUV, 119 AEUV bis 121 AEUV und 126 AEUV führt der Gerichtshof aus, dass die Mitgliedstaaten befugt sind, untereinander eine Übereinkunft über die Einrichtung eines Stabilitätsmechanismus wie den ESM-Vertrag zu schließen, sofern die von den vertragschließenden Mitgliedstaaten im Rahmen einer solchen Übereinkunft eingegangenen Verpflichtungen mit dem Unionsrecht im Einklang stehen. Der ESM hat aber nicht die Koordinierung der Wirtschaftspolitik der Mitgliedstaaten zum Gegenstand, sondern stellt einen Finanzierungsmechanismus dar.

Mit der „Nichtbeistandsklausel“ Art. 125 AEUV, nach der die Union oder ein Mitgliedstaat nicht für die Verbindlichkeiten eines anderen Mitgliedstaats eintritt und nicht für sie haftet, soll der Union und den Mitgliedstaaten nicht jede Form der finanziellen Unterstützung eines anderen Mitgliedstaats untersagt werden. Sie soll vielmehr sicherstellen, dass die Mitgliedstaaten auf eine solide Haushaltspolitik achten, indem sie gewährleisten, dass die Mitgliedstaaten bei ihrer Verschuldung der Marktlogik unterworfen bleiben. Sie verbietet es daher nicht, dass ein oder mehrere Mitgliedstaaten

einem Mitgliedstaat, der für seine eigenen Verbindlichkeiten gegenüber seinen Gläubigern haftbar bleibt, eine Finanzhilfe gewähren, vorausgesetzt, die daran geknüpften Auflagen sind geeignet, ihn zu einer soliden Haushaltspolitik zu bewegen. Der ESM und die daran teilnehmenden Mitgliedstaaten haften aber nicht für die Verbindlichkeiten des Empfängermitgliedstaats einer Stabilitätshilfe und treten auch nicht im Sinne der „Nichtbeistandsklausel“ für sie ein.

Überdies stellt der Gerichtshof fest, dass die Übertragung neuer Funktionen auf die Kommission, die EZB und den Gerichtshof durch den ESM-Vertrag mit ihren in den Verträgen festgelegten Befugnissen Vgl. hierzu Art. 13 EUV vereinbar ist. Der Gerichtshof hebt insbesondere hervor, dass die der Kommission und der EZB im Rahmen des ESM-Vertrags übertragenen Funktionen keine Entscheidungsbefugnis im eigentlichen Sinne umfassen und dass die Tätigkeiten dieser beiden Organe im Rahmen des ESM-Vertrags nur den ESM verpflichten. Der Gerichtshof stellt zudem fest, dass auch der allgemeine Grundsatz eines effektiven gerichtlichen Rechtsschutzes dem ESM nicht entgegensteht. Wenn die Mitgliedstaaten einen Stabilitätsmechanismus wie den ESM einrichten, für dessen Einrichtung der EUV und der AEUV der Union keine spezielle Zuständigkeit einräumen, führen sie nämlich nicht das Recht der Union durch, so dass die Charta der Grundrechte der Europäischen Union, die für jede Person einen effektiven gerichtlichen Rechtsschutz gewährleistet Art. 47, nicht zur Anwendung kommt.

Zum Abschluss und zur Ratifikation des ESM-Vertrags vor dem Inkrafttreten des Beschlusses 2011/199

2. Klagen vor dem deutschen Bundesverfassungsgerichts zum OMT und ESM bzw. Vorgänger EFSF.

OMT und ESM und die zur Umsetzung erlassenen jeweiligen nationalen Gesetze, das Deutsche Stabilisierungsmechanismusgesetz, durch das die Beteiligung am EFSF/ESM beschlossen wurde, sind Gegenstand mehrerer beim BVerfG anhängiger Verfahren, die Verfahren werden als Verfassungsbeschwerden weitgehend auf Verletzung des in Art 38 GG geregelten Wahlrechts zum Bundestag gestützt und darauf, dass der Bundestag seine verfassungsgemäße Budgethoheit verliert.

Mit **Entscheidung vom 7. September 2011 - 2 BvR 987/10 - Rettungsschirm verwarf das Bundesverfassungsgericht** die Verfassungsbeschwerden, die sich gegen die „Griechenlandhilfen“ vor Etablierung des ESM wandten.

1. Die Entscheidung über Einnahmen und Ausgaben der öffentlichen Hand ist grundlegender Teil der demokratischen Selbstgestaltungsfähigkeit im Verfassungsstaat (vgl. BVerfGE 123, 267 <359>). Der Deutsche Bundestag muss dem Volk gegenüber verantwortlich über Einnahmen und Ausgaben entscheiden. Das Budgetrecht stellt insofern ein zentrales Element der demokratischen Willensbildung dar (vgl. BVerfGE 70, 324 <355 f.>; 79, 311 <329>) das Parlament muss auch in einem System intergouvernementalen Regierens die Kontrolle über grundlegende haushaltspolitische Entscheidungen behalten.

2. Der Deutsche Bundestag darf seine Budgetverantwortung daher nicht durch unbestimmte haushaltspolitische Ermächtigungen auf andere Akteure übertragen. Insbesondere darf er sich, auch durch Gesetz, keinen finanzwirksamen Mechanismen ausliefern, die - sei es aufgrund ihrer Gesamtkonzeption, sei es

aufgrund einer Gesamtwürdigung der Einzelmaßnahmen - zu nicht überschaubaren haushaltsbedeutsamen Belastungen ohne vorherige konstitutive Zustimmung führen können.

3. Es dürfen keine dauerhaften völkervertragsrechtlichen Mechanismen begründet werden, die auf eine Haftungsübernahme für Willensentscheidungen anderer Staaten hinauslaufen, vor allem, wenn sie mit schwer kalkulierbaren Folgewirkungen verbunden sind. Jede ausgabenwirksame solidarische Hilfsmaßnahme des Bundes größeren Umfangs im internationalen oder unionalen Bereich, muss vom Bundestag im Einzelnen bewilligt werden.

4. Darüber hinaus muss gesichert sein, dass hinreichender parlamentarischer Einfluss auf die Art und Weise des Umgangs mit den zur Verfügung gestellten Mitteln besteht.

5. Die Bestimmungen der europäischen Verträge (ESM) stehen dem Verständnis der nationalen Haushaltsautonomie als einer wesentlichen, nicht entäußerbaren Kompetenz der unmittelbar demokratisch legitimierten Parlamente der Mitgliedstaaten nicht entgegen, sondern setzen sie voraus. Ihre strikte Beachtung gewährleistet, dass die Handlungen der Organe der Europäischen Union in und für Deutschland über eine hinreichende demokratische Legitimation verfügen (BVerfGE 89, 155 <199 ff.>; 97, 350 <373>). Die vertragliche Konzeption der Währungsunion als Stabilitätsgemeinschaft ist Grundlage und Gegenstand des deutschen Zustimmungsgesetzes (BVerfGE 89, 155 <205>).

6. Hinsichtlich der Wahrscheinlichkeit, für Gewährleistungen einstehen zu müssen, kommt dem Gesetzgeber ein Einschätzungsspielraum zu, der vom Bundesverfassungsgericht zu respektieren ist. Entsprechendes gilt auch für die Abschätzung der künftigen Tragfähigkeit des Bundeshaushalts und des wirtschaftlichen Leistungsvermögens der Bundesrepublik Deutschland

7. Mit der Höhe der aktuellen Bürgschaften sei noch keine Obergrenze überschritten. Dies wäre erst der Fall, wenn die Haushaltsautonomie des Bundestags „für einen nennenswerten Zeitraum nicht nur eingeschränkt würde, sondern praktisch vollständig leerliefe“.

Am 27. Oktober 2011 erließ das Bundesverfassungsgericht eine **einstweilige Anordnung**, wonach das Parlament seine Verantwortung nicht auf ein sog. Neuner-Sondergremium delegieren darf.

In einem Organstreitverfahren entschied das **Bundesverfassungsgericht am 28. Februar 2012, - 2 BvE 8/11, „ESM I“**, dass das Umsetzungsgesetz des ESM das **Stabilisierungsmechanismusgesetzes** § 3 Absatz 3 die Bundestagsabgeordneten in ihren Rechten aus Art. 38 Absatz 1 Satz 2 GG verletzt. Dort sollten die Entscheidungen über die Hilfen in einen Unterausschuss des Parlaments den „Europausschuss“ verwiesen werden. Die Delegation von Entscheidungsbefugnissen des Deutschen Bundestages auf ein Untergremium des Parlaments verbunden mit der Befugnis zur selbständigen und plenareretzenden Wahrnehmung dieser Zuständigkeiten, steht in einem Spannungsverhältnis zu dem die Befassung des Plenums gebietenden Grundsatz der Budgetöffentlichkeit, der als Ausprägung des die Demokratie prägenden Transparenzgebotes ebenfalls Verfassungsrang genießt. Der damit einhergehende weitgehende Entzug von Abgeordnetenrechten bedarf besonders gewichtiger Gründe, die nicht vorliegen.

Entscheidungen in den Verfahren und Beschluss vom 14. 01.2014 zum OMT

Das OMT-Programm war Gegenstand mehrerer (verbundener) Verfahren vor dem deutschen Bundesverfassungsgericht, die Maßnahmen des Eurosystems im Zusammenhang mit der Eurokrise betreffen. **Bundesverfassungsgericht: Pressemitteilung Nr. 9/2014 vom 7. Februar 2014.**

Im September 2012 erklärte das Bundesverfassungsgericht im einstweiligen Verfahren zum OMT vorab: Ein Erwerb von Staatsanleihen am Sekundärmarkt durch die EZB, der auf von den Kapitalmärkten unabhängige Finanzierung der Haushalte der Mitgliedstaaten ziele, ist als Umgehung des Verbotes monetärer Haushaltsfinanzierung (...) untersagt.

Mit Beschluss vom **17. Dezember 2013 - 2 BvR 1390/12 u.a.** trennte das Gericht die sich auf den OMT-Beschluss beziehenden Verfahrensgegenstände vom Hauptsacheverfahren ab.

Mit **Beschluss vom 14. Januar 2014 - 2 BvR 2728/13 u.a.** setzte es die abgetrennten Verfahren aus und richtete mehrere Vorlagefragen zwecks Vorabentscheidung an den Europäischen Gerichtshof (EUGH). Hauptgegenstand der Vorlage ist die Vereinbarkeit des OMT-Beschlusses mit dem Mandat der Europäischen Zentralbank. Das Bundesverfassungsgericht äußerte dabei in seinem mit 6:2 Stimmen ergangenen Beschluss, dass das OMT-Programm aus seiner Sicht nicht vom Mandat der Europäischen Zentralbank gedeckt sein dürfte, weil es sich „nicht mehr als währungspolitische, sondern als überwiegend wirtschaftspolitische Maßnahme darstellt. Damit habe die Europäische Zentralbank ihre Zuständigkeit überschritten und handle „ultra vires“.

Der Europäische Gerichtshof könne jedoch so BVerfG in einem orbiter dictum, den OMT-Beschluss in seiner Gültigkeit begrenzen oder eine primärrechtskonforme Auslegung herbeiführen, welche mit dem Grundgesetz vereinbar sei. Dies setze wohl voraus, dass ein Schuldenschnitt ausgeschlossen wird, Staatsanleihen einzelner Mitgliedstaaten nicht in unbegrenzter Höhe angekauft und Eingriffe in die Preisbildung am Markt soweit wie möglich vermieden werde. **Bundesverfassungsgericht: Pressemitteilung Nr. 9/2014 vom 7. Februar 2014**

Entscheidung des Bundesverfassungsgerichts vom 18.03. 2014 zum „ESM II“

BvR 1390/12 u.a., Quelle: www.juris.de, das Rechtsportal

Vorgeschichte. Am 31. August 2012 gab der Verein „Mehr Demokratie“ bekannt, dass insgesamt 37.018 Menschen gemeinsam mit dem Bündnis „Europa braucht mehr Demokratie“ gegen ESM und Fiskalpakt klagen, **Quelle: <http://www.mehr-demokratie.de/rote-karte-fuer-eurorettung.html>**. Es ist die bisher größte Massenbeschwerde in der bundesdeutschen Geschichte

Tenor der Entscheidung: Euro-Rettungsschirm und europäischer Fiskalpakt sind nach Ansicht des Verfassungsgerichts verfassungsgemäß und verstoßen nicht gegen das Grundgesetz, die Verfassungsbeschwerden wurden zurückgewiesen.

Der Entscheidung liegen die folgenden Erwägungen zugrunde:

1. Vor allem das Budgetrecht darf das Parlament nicht aufgeben. Es darf den Regierungen der Mitgliedstaaten der Europäischen Union nicht die Befugnis einräumen, über Einnahmen und Ausgaben des deutschen Staates zu entscheiden. Das wäre der

Fall, wenn der Bundestag einem nicht an strikte Vorgaben gebundenen und in seinen Auswirkungen nicht begrenzten Bürgschafts- und Leistungsmechanismus zustimmen und sich damit selbst entmachten würde.

Das BVerfG betont, dass der demokratische Prozess offen bleiben muss, damit zukünftig andere demokratische Mehrheiten andere Entscheidungen treffen können. Insbesondere eine irreversible rechtliche Präjudizierung künftiger Generationen muss vermieden werden. Eine solche träte ein, wenn die Haushaltsautonomie zukünftiger Parlamente praktisch völlig leerliefe. Das befürchtet der Senat jedoch nur bei einer "evidenten Überschreitung äußerster Grenzen".

2. Laut BVerfG bleibt trotz der eingegangenen Verpflichtungen von 190 Mrd EURO die Haushaltsautonomie des Deutschen Bundestages hinreichend gewahrt. Es sei jedoch haushaltsrechtlich sicherzustellen, dass etwaige Kapitalabrufe nach dem ESM-Vertrag im Rahmen der vereinbarten Obergrenzen fristgerecht und vollständig erfüllt werden können und somit eine Aussetzung von Stimmrechten Deutschlands in den ESM-Gremien zuverlässig ausgeschlossen bleibt.

3. Vor diesem Hintergrund muss der Gesetzgeber ausreichende Vorkehrungen treffen, um seine Integrationsverantwortung dauerhaft erfüllen zu können. Er darf sich namentlich seines Budgetrechts nicht begeben, auch nicht in einem System intergouvernementalen Regierens.

4. Für die Einhaltung des Demokratiegebots kommt es entscheidend darauf an, dass der Bundestag der Ort bleibt, an dem eigenverantwortlich über Einnahmen und Ausgaben entschieden wird, auch im Hinblick auf internationale und europäische Verbindlichkeiten. Zwar ist es in erster Linie Sache des Bundestages selbst, in Abwägung aktueller Bedürfnisse mit den Risiken mittel- und langfristiger Gewährleistungen darüber zu befinden, in welcher Gesamthöhe Gewährleistungssummen noch verantwortbar sind. Aus der demokratischen Verankerung der Haushaltsautonomie folgt jedoch, dass der Bundestag einem intergouvernemental oder supranational vereinbarten, nicht an strikte Vorgaben gebundenen und in seinen Auswirkungen nicht begrenzten Bürgschafts- oder Leistungsautomatismus nicht zustimmen darf, der - einmal in Gang gesetzt - seiner Kontrolle und Einwirkung entzogen ist. Das Demokratieprinzip gebietet es zudem, dass der Bundestag an diejenigen Informationen gelangen muss, die er für eine Abschätzung der wesentlichen Grundlagen und Konsequenzen seiner Entscheidung benötigt.

5. Die Verpflichtung des Haushaltsgesetzgebers auf eine bestimmte Haushalts- und Fiskalpolitik ist nicht von vornherein demokratiewidrig. Sie kann grundsätzlich auch durch die Übertragung wesentlicher haushaltspolitischer Entscheidungen auf Organe einer supra- oder internationalen Organisation oder die Übernahme entsprechender völkerrechtlicher Verpflichtungen erfolgen. Zu entscheiden, ob und in welchem Umfang dies sinnvoll ist, obliegt in erster Linie dem Gesetzgeber. Das Bundesverfassungsgericht hat jedoch sicherzustellen, dass der demokratische Prozess offen bleibt, aufgrund anderer Mehrheitsentscheidungen rechtliche Umwertungen erfolgen können und eine irreversible rechtliche Präjudizierung künftiger Generationen vermieden wird.

6. Eine unmittelbar aus dem Demokratieprinzip folgende Obergrenze könnte allenfalls überschritten sein, wenn sich die Zahlungsverpflichtungen und Haftungszusagen im Eintrittsfall so auswirkten, dass die Haushaltsautonomie jedenfalls für einen nennenswerten Zeitraum nicht nur eingeschränkt würde, sondern praktisch vollständig leerliefe. Dies kommt nur bei einer evidenten Überschreitung äußerster Grenzen in Betracht.

Das Zustimmungsgesetz zur Änderung des Art. 136 AEUV verletzt die Beschwerdeführer und die Antragstellerin nicht in ihren Rechten aus Art. 38 Abs. 1, Art. 20 Abs. 1 und Abs. 2 i.V.m. Art. 79 Abs. 3 GG. Insbesondere führt Art. 136 Abs. 3 AEUV nicht zum Verlust der Haushaltsautonomie des Bundestages, sondern ermöglicht den Mitgliedstaaten des Euro-Währungsgebietes lediglich, einen Stabilitätsmechanismus zur Gewährung von Finanzhilfen auf völkervertraglicher Grundlage zu installieren und bestätigt insofern die fortdauernde Herrschaft der Mitgliedstaaten über die Verträge. Die Entscheidung des Gesetzgebers, die Währungsunion um die Möglichkeit aktiver Stabilisierungsmaßnahmen zu ergänzen, sowie die damit verbundene Prognose, mit solchen Maßnahmen die Stabilität der Währungsunion gewährleisten und fortentwickeln zu können, hat das BVerfG angesichts des Einschätzungsspielraums der zuständigen Verfassungsorgane grundsätzlich auch insoweit zu respektieren, als Risiken für die Preisstabilität aufgrund dieser Entscheidung nicht auszuschließen sind.

Eine Erweiterung der bestehenden Zahlungspflichten Deutschlands im Wege der Kapitalerhöhung ist zwar möglich, bedürfte aber der Zustimmung der gesetzgebenden Körperschaften. Eine völkerrechtliche Verpflichtung zur Vornahme einer solchen Kapitalerhöhung besteht nicht.

Schließlich begründet der ESM-Vertrag auch keine unauflösbare Bindung Deutschlands.

4. Fazit/ Conclusion

Der EUGH neigt im Zweifel zu einer Stärkung und Erweiterung der Kompetenzen der EU gegenüber den Mitgliedsstaaten und einer dahingehenden Auslegung des AEUV.

Das BVerfG ist ein kritischer Begleiter der EUGH Rechtsprechung. Mit den aktuellen Urteilen bleibt das BVerfG seiner bisherigen Rechtsprechungslinie treu, zwar die Befugnisse des Bundestages zu sichern und zu stärken, Regierung und Parlament aber die notwendige Freiheit zur Bewältigung der Finanzkrise und zur Stabilisierung des Euro zu geben. Mit dieser Zurückhaltung entspricht das Gericht seiner Aufgabe, für die Beachtung des Grundgesetzes zu sorgen. Die richtige Politik in Geld- und Währungsfragen müssen nach der gewaltenteiligen Ordnung der Verfassung, das demokratisch legitimierte Parlament und die Bundesregierung verantworten. **(Joachim Wieland ESM und Fiskalpakt verfassungsgemäß - Der Rettungsschirm hält, Beitrag vom 18.03.2014 in Legal Tribune Online)**. Das Gericht folgt damit seinem Grundsatz der Europafreundlichkeit, gibt aber seinen Vorbehalt der Kontrolle Europäischen Rechts nicht auf, soweit es in die nationale Ordnung eingreift, so **Andreas Voßkuhle Präsident des BVerfG mit dem Präsident des EuGH Vassilios Skouris bei einer Diskussion mit dem Titel. Wer hat das letzte Wort? des DAV auf dem Deutschen Anwaltstag 2011 in Straßburg, Martin Huff Verhältnis BVerfG- EUGH versöhnlich im Ton , hart in der Sache, Quelle Legal Tribune Online 10.06.2011.**

Derzeit besteht zwar kein Verfassungskonflikt zwischen nationaler Verfassung und AEUV, ein solcher könnte sich aber schon aus einer konträren Entscheidung des EUGH nach Vorlage des BVerfG zum OMT Programms ergeben. Jegliche Übertragung nationaler Souveränität an die EU bedarf formal einer entsprechenden Rechtsgrundlage und muss auf dem Prinzip der begrenzten Einzelermächtigung Art. 5 AEUV, Art 23 GG beruhen.

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RA Jochen Becker

MBA, Fa. Optima Packaging Group GmbH, D-74523 SHA

Adresse: Pfarrgasse 17/1, D-74538 Rosengarten, Tel. (0049)-791 506-1126, ra.jochen-becker@t-online.de

Ergodic axiom: the ontological mistakes in economics

Ladislav Andrášik

Abstract

There are several ontological mistakes in contemporary mainstream economics. Among them, the so-called ergodic axiom is play significant role. It is understandable that the economy on first sight looks like dynamic system. However, that is right only of dynamical systems in mathematical formalism. Economy that is in our understanding societal and/or collective economy is complex evolving organism. If we imagine such organism in the form of dynamical system that is as clear mathematical formalism, we are losing their crucial authentic character. The significant irredeemable attribute of societal economy is lying in his complex evolving network process character created by large population of people with different decision-making and complex realizing among them. Going from these imaginations the two entities in a question that is dynamical system with their ergodicity and societal economic organism as complex evolving network are qualitative very different entities. That is the reason why we cannot accede with endeavours to draw on living economy straitjacket of ergodic axiom. To articulate that cause by other words ergodic dynamical systems are applicable for physical and partly for chemical entities and only scarcely are fit for living organisms. On the other hand however, as clear method the ergodic dynamical system have good applying for didactical approaches in economics in the better understanding the complexity of dynamics. The purpose of that essay is to discuss problems around usability of ergodic dynamical system methods in economics.

JEL Classification: B41, B52, C02, C18, C61, C63, C92

***Paul Samuelson claimed that the “ergodic hypothesis”
is essential for advancing economics
from the realm of history to the realm of science.***

Paul Davidson

But is it really tenable to assume – as Samuelson and most other neoclassical economists – that ergodicity is essential to economics?

The answer can only be – as I have argued here, here, here, here and here – NO WAY!

Samuelson said that we should accept the ergodic hypothesis because if a system is not ergodic you cannot treat it scientifically. First of all, that's incorrect, although I think I understand how he ended up with this impression: ergodicity means that a system is very insensitive to initial conditions or perturbations and details of the dynamics, and that makes it easy to make universal statements about such systems ...

Another problem with Samuelson's statement is the logic: we should accept this hypothesis because then we can make universal statements. But before we make any hypothesis—even one that makes our lives easier—we should check whether we know it to be wrong. In this case, there's nothing to hypothesize. Financial and economic systems are non-ergodic. And if that means we can't say anything meaningful, then perhaps we shouldn't try to make meaningful claims. Well, perhaps we can speak for entertainment, but we cannot claim that it's meaningful.

In what sense would saying something that's patently false be “meaningful,” or “scientific” rather than “historical”? You can see where I'm going with this. Important models that economists use are not ergodic, so what's this debate about?...

In finance or economics the situation is different. Take the most basic model of a stock market, Louis Bachelier's random walk. Is that model ergodic? No. A little later, in the 1950s, maybe starting with M. F. M. Osborne, the popular model in finance became geometric Brownian motion—basically a random walk in log-space ...

Since geometric Brownian motion is a mathematical model, you can answer the question of whether that's ergodic by scribbling a few lines of equations. Of course it is not. It's a model of growth, after all, so it can't be ergodic, but you can actually make this completely formal and do the math, and not even the expectation value of the growth rate is equal to the time average of the growth rate. At the end of the day, what's more important in finance than growth rates?

So Samuelson's comment makes little sense. A hypothesis is about something we don't know, but in the case of finance models this is something we do know. There's no reason to hypothesize—the system is not ergodic. It's like hypothesizing that 3 times 4 is 0 because it makes the mathematics simpler. But I can calculate that the product is 12. Of course, a formalism that's based on the 3-times-4 hypothesis will run into trouble sooner or later. In economics, that happens with the ergodic hypothesis when we think about risk, or financial stability. Or inequality, as we're just working out at the moment.

The reason this is so important is quite simple, and stems from a basic question: what does risk mean if the notion of time is not irreversible? The only reason risk exists is that we cannot go back and make decisions over again. Economics got very confused about the point of dealing with risk, and had to resort to introducing psychology and human behavior and all sorts of things. I don't mean to say that we don't need behavioral economics. What I mean is that there are lots of questions in economics that we can only answer behaviorally at the moment, but at the same time we have a perfectly formal natural physical analytic answer that's very intuitive and sensible and that comes straight out of recognizing the non-ergodicity of the situation.

To be blunter, I'm pointing out that economics is internally inconsistent. I accept all the models that economists have developed. I could critique them, but I'm not worried about that. I didn't make them up, the economists did. But when the economists treat the models as if they were ergodic, that's when someone has to say "stop, that's enough."

IS "MATHEMATICAL SCIENCE" AN OXYMORON WHEN USED TO DESCRIBE ECONOMICS?

By

PAUL DAVIDSON, PROFESSOR EMERITUS UNIVERSITY OF TENNESSEE

In "How Economics Became A Mathematical Science" Roy Weintraub has provided a well written fascinating book that suggests, at least to this reader, why Keynes's General Theory was shunted to a wrong track and has never had any real impact on the theories and models proposed by rigorous mainstream economic theorists.

At the very start of his book, Weintraub raises the issue of what is meant by "rigor" and "proof" in mathematical analysis and how mathematicians's views about these concepts keep changing. The nature of mathematics as defined by the community of mathematicians is not fixed and invariant over time and mathematicians's changing philosophies has affected economists's vision as to what is "rigorous" economic theory. In each of the eight chapters of his book, Weintraub explores how economics has been shaped by economists' ideas about the "nature and purpose and function and meaning of mathematics"(p. 3), while mathematicians have been changing their outlook on these aspects. In the middle of the twentieth century economists tried to assimilate new ideas about axiomatics, formalism and rigor "as professional mathematicians reconstructed the meaning of these terms" (p. 4)

Weintraub notes that some methodologists have questioned the validity of the use of mathematics in economics. For example Ingreao and Israel [1989] are critical of modern economics and complain of the "capture of economic analysis by ideas alien to the foundations of that economic analysis....[and] how economists deflected from their appropriate concerns by a mathematics that did not permit continued expression of a number of important ideas" (p. 5). Mary Morgan [1999] noted that economics, at the end of the 20th century was "a discipline that concerns itself with models, not theories, so how did this happen?"(p. 7) In my view, such statements merely reflect the fact that a basic general theory of economics has been developed and accepted of the mainstream community that has dominated the economics discipline for the. last half century.

Unfortunately this general theory adopted by the mainstream is not Keynes's General Theory. Instead it is Debreu's general equilibrium theory. Consequently any deviation from the competitive general equilibrium of Debreu that rigorous economic scientists analyze is thought to be simply special cases (models) of Debreu's general theory¹

Weintraub argues that the boundaries of the disciplines of mathematics and economics are determined by what is being practiced in the separate communities of mathematicians and economists respectively. Accordingly, there is boundary between these two communities. When these practices of mathematicians meet and cross the boundary (typically in a unilateral direction from math to economics), views about what constitutes knowledge and beliefs in economics change. It is the history of this change

that Weintraub tries to chronicle in the eight chapters of his book.

In the first chapter, Weintraub notes that, in the nineteenth century, mathematics - as represented by the marginal revolution - was already part of the accepted practice of economists. Nevertheless at the time there was a good deal of controversy as to the scientific status and boundaries of an economics discipline that well into the 20th century was still alive with other practices as developed by the German Historical School, the Austrian School, the American Institutionalists, etc.

At the end of the 19th century, however, European mathematicians -- except in Cambridge, England -- were reconstructing their discipline as a crisis concerning the very foundations of mathematics became apparent. This crises had three major threads: (1) the foundations of geometry specifically Euclidean geometry 's failure "to domesticate" the non-Euclidean geometries; (2) the failure of set theory, and (3) paradoxes in the foundations of arithmetic and logic. Responses to these challenges left mathematicians unsure of what was right and true.

At about the same time, the discipline of physics's (especially rational mechanics) failure to deal with new problems of thermodynamics, quanta and relativity led to a crisis. Plank and Einstein gives birth to a new physics of: statistical mechanics, quantum mechanics, and relativity theory. This required mathematical physicists to think in terms of new models of the universe. These new physical models were based less on the mathematics of Newton and deterministic systems and more on statistical argumentation and algebra (p.11). "Consequently, mathematical physics was to link up with newer mathematical ideas in algebra (e.g., group theory) and probability theory (e.g., measure theory) as mathematicians took up the challenge to work on mathematical ideas that could facilitate the understanding of the world" (pp.10-1)

In the 20th century mathematicians sought new foundations for their subject based on axiomatization. By the 1920s and 1930s mathematics appeared to become clear and coherent again after its foundations's crisis of the turn of the century. According to Weintraub the history of 20th century science indicates that the problems, paradoxes, and confusions existing in the turn of the century mathematics were resolved by conceptualizing the fundamental objects of mathematics just as physics had reframed the building blocks of the natural world.

At the turn of the century in the Cambridge of Marshall and the early Keynes, however, the mathematics studied differed from European mathematics. In Cambridge the emphasis remained on mathematics as applied to 19th century physics problems in mechanics and optics. Thus, in Cambridge at that time, rigor meant that the analysis was "based on a substrata of physical reasoning" (p.17). This antediluvian view "retarded understanding of pure mathematics as a logical, or structural, discipline... [It] was the antithesis of what we now think of as rigorous mathematics" (p. 16). Accordingly, the English mathematics studied by Marshall and Keynes, Weintraub argues "considered 'rigor' and 'axiomatization' as antithetical, whereas the two notions are virtually indistinguishable in mathematics of the late twentieth century".(p. 17 emphasis added).

Weintraub states "I cannot emphasize too strongly that although all mathematics, at least through much of the 19th century, required connected physical reasoning to be considered rigorous, by the end of this century this link was broken in nearly all European countries except England" (p.17) Yet, for Marshall mathematics was concerned with deriving certain "true" conclusions based on Euclidean geometric arguments and

Newtonian mechanics (p. 23).

When the foundation crisis in mathematic finally was recognized in Cambridge, it became clear that this Euclidean-Newtonian math was no longer “a sure path to truth”. Weintraub notes that this late day Cambridge recognition appears to be underlying the opinion of Cambridge scholars such as Joan Robinson who believed that the “world of mathematical economics [as epitomized by Marshall and Walras?] was a wrong turn” (p. 22).

In this comment I think Weintraub may have misunderstood Joan Robinson’s aversion to the way mathematical economists operated in the later half of the 20th century. She was not revolting against the Marshallian Euclidean geometry approach to mathematical economics. I remember Joan Robinson often saying “I did not study math, therefore I had to think about economic problems”. In other words, as I will explain in greater detail later, Joan’s objection was not to mathematical logic per se. What Joan was objecting to was the axioms that was the foundation of Debreu’s general equilibrium theory – the black box of economics in Weintraub’s nomenclature– that was never questioned in applying this non-Keynes general theory to explaining the economic problems of the real world.

But I digress from Weintraub’s chronological explanation of how mathematicians changed their view of what constituted “proofs” and “truth” and how these changes impacted the mainstream community of economists. To provide a glimpse of how mathematicians’ vision of their discipline was changing, Weintraub cites Felix Klein, a turn of the century German mathematician who distinguished between naive intuition and refined intuition. The former required constructs in geometry, the latter “arises though the logical development from axioms considered as perfectly exact”. Klein believed that no one could ever arrive at a fully axiomatized state but that mathematics had advanced by combining intuition with axioms in the refined intuition approach.

At the end of the 19th century having a mathematical model of a phenomenon without having a physical model of that phenomenon might be considered “non-rigorous” mathematics. Once axiomatization as the foundation for scientific (mathematical) theory is explicitly recognized, however, then it is possible “to have a mathematical model of a phenomenon

without having a physical model of the phenomenon” (p. 37) and still provide “rigor” and “truth”.

In Chapter 2, Weintraub notes that as opposed to the pluralistic economics discipline of the pre second world war era, post-war economics has become a monolithic mathematical discipline. Paul Samuelson views of this development is characterized by Weintraub as good science displaces bad thinking, loose thinking and inappropriately varied argumentation of economists(p. 41). Others view this development of the neoclassical synthesis as “bereft of joy, intelligence, and humanity...so that Evil would triumph” (p. 41)

In the early 20th century if one produced “a nonrigorous explanation or a model in biology or economics, or physics... [it meant one] provide[d] a model unconstrained by experimental data or by interpersonally confirmable observations” (p. 49). I note that since economists could observe that it is impossible for a full set of forward markets to exist in the real world, if we were still living with this pragmatic view of rigor, the Debreu general equilibrium model could be construed as a nonrigorous explanation

of the market system. Today, however, Weintraub indicates that economists tend “to identify the abstract reasoning chains of formal mathematics work with the notion of rigor, and to set rigor off against informal reasoning chains. Nonrigorous signifies, today, intellectual informality” (p. 49)

In my view this modern concept of “rigor” explains why Lucas’s “rigor” was so widely accepted by the mainstream and even awarded a Nobel Prize though any astute observer would recognize that humans cannot possess rational expectations.. Lucas’s rigorous rational expectations chain of reasoning derived from the ergodic axiom provided a scientific way of explaining the “truth” of an Arrow-Debreu system whenever some pragmatist raises the objection that personal observation indicates that a full set of forward markets do not exist.

By the middle of the 20th century, as far as mathematicians were concerned rigor meant “derivable from an axiomatization in a formal or formally consistent manner.” (p. 66). In economics, rigor did not require quantification and the testing via empirical evidence to support the theoretical conclusions drawn from its axioms.

Accordingly, there exists today an unbridgeable gulf between modelers and theorists. Weintraub argues that econometricians or applied economists today are modelers who “insist that the assumptions and conclusions of an economic model, a model constructed and developed mathematically, must be measurable or quantifiable. This is the distinction between modelers and theorists that divides modern departments of economics even as both groups consider themselves neoclassical economists” (p. 70).

Interestingly, although Weintraub does not note this, Keynes of the General Theory combined both the 20th century mathematicians view of the relationship between “rigor” and axiomization with the earlier pragmatic mathematical view of a scientific theory being a representation of an observable physical world phenomenon. For example, in the General Theory Keynes attacks the classical theorists for rigorously drawing conclusions from an axiomatic basis that does not, and cannot represent, the real world phenomenon which he called the entrepreneurial economy.

Keynes notes that: “the classical theorists represent Euclidean geometers in a non-Euclidean world who, discovering that in experiences straight lines apparently parallel often meet, rebuke the lines for not keeping straight --as the only remedy for the unfortunate collisions which are occurring. Yet, in truth, there is no remedy except to throw over the axiom of parallels and to work out a non-Euclidean geometry. Something similar is required today in economics. We need to throw over the second postulate of the classical doctrine and to work out the behaviour of a system in which involuntary unemployment in the strict sense is possible” [Keynes, 1936, pp. 16-7].

In Chapter 3, Weintraub indicates that in economics “there is widespread confusion about the nature and interconnections among ‘rigor’, ‘axiomatics’ and ‘formalism’.

The mathematician Denis Hilbert is credited with believing that formal axiomatic systems are a powerful tool for mathematical research. Hilbert argued that some fundamental axioms are the basis for the “progressive development” of knowledge in a field (p. 86). Independence and consistency between the fundamental axioms are the foundation of knowledge. Axiomization was seen as a method for organizing and systematizing mathematical systems. Thus by 1930 Hilbert and other mathematicians, by the use of axiomatics, were developing mathematical structures that could be used in applied fields of physics. This approach required “that the axiomatization be consistent

in terms of systems that are ...fundamental.....If one has a consistent system, a particular proposition expressible in that system will either be true or false (in that system) else that system is not complete. Of course, one can add as an axiom to the system a proposition which is neither true nor false in the system and thus make the system more complete. The completeness of the system thus is tied to the problem of the decidability of propositions". (p. 89-90 emphasis added). Whenever a system is consistent and complete, then "mathematization settled the epistemological quest for certainty" (p. 90) Weintraub argues that it was this Hilbert-type axiomatic approach that played a decisive role in the development of mathematical economics via the Cowles Commission and the Econometric Society in the early post war period.

At this point Weintraub makes a statement, that I disagree with. Weintraub states that Post Keynesians (among others) have argued that this axiomatic approach essentially subverted economics in the 20th century (p. 91). I can not speak for all the "others" but it should be clear that when Keynes uses his non-Euclidean geometry metaphor (cited above) he was trying to use axiomatics to reorient classical economics to the real world. Also in many writings in the last two decades (e.g., Davidson, 1982-1983, 1984, 1994) I have argued that Keynes's general theory analysis was an axiomatic based approach that required fewer restrictive axioms than the classical system. Moreover, as Keynes noted in defending his fewer axiomatic approach as being a more general theory, "It is for those who make a highly special assumption to justify it rather than for those who dispense with it to prove a general negative". In that sense Keynes was not only a developer of economics as a mathematical (axiom-oriented) logical scientist, but he was one that had a pragmatic vision of a physical process in mind. In essence therefore Keynes combined the best of both worlds- the modern axiomatic approach of mathematics to obtain rigor with the older, 19th century Cambridge vision of mathematics as a description of a real world physical process.

The problem was that Keynes did not express his axiomatization of economics in specific axiom based mathematical terms. Moreover, in Chapter 21, Keynes disparagingly talked about the use of the "pseudo-mathematical method of formalizing a system of economic analysis" that encourages "blindly manipulating" the mathematical symbols of the system instead of keeping "at the back of our heads the necessary reserves and qualifications" required to make the mathematical system applicable to a real world phenomenon. [Keynes, 1936, p. 297]. Nevertheless Keynes's logical talents for axiomatization encouraged the Econometric Society to elect him as its President for the 1944-45 term. Even more ironically, Keynes's photo appears on the page (264) facing the article "Existence of an Equilibrium For A Competitive Economy" by Arrow and-Debreu [Econometrica, 24, 1954, pp. 265-90] for it is this article that permanently shunted the study of economics away from the axiomatic system laid down by Keynes in The General Theory and towards the special case axiomatic classical system of Debreu.

Weintraub notes that in 1930 Kurt Godel's paper suggested that Hilbert's quest for mathematical knowledge of consistency and complete certainty was not possible. This lead mathematicians to the more conservative claim that axiomatics could lead to "relative certainty" if one was "able to show consistency relative to an extended set of postulates or axioms: if a proposition P was undecidable in system A, appending P to A (extending the axiom system) could assure P's truth as it were; for any system, truth as consistency was to be relative to the structure in which that system was embedded" (p. 100).

Thus it appears obvious to me, that when Keynes's general theory indicates that

involuntary unemployment can occur even in a freely competitive market place with instantaneously flexible money wages and prices, the addition of the ergodic axiom, which Samuelson (1968) argues is necessary to make economics a science, and the gross substitution axiom assures that it is a mathematical truth that all markets will clear simultaneously. Yet, as will note later, Arrow and Hahn have shown that if the gross substitution axiom is not applicable, then all existence proofs are jeopardized.

In a very important statement, Weintraub sums up the argument of chapter 3:

"If mathematical knowledge is communal and contextual, and mathematical knowledge undergirds scientific knowledge, then the idea of scientific knowledge – a fortiori the idea of economic knowledge – has changed, as has the very idea of a rigorous scientific argument because of the emergence of the axiomatic approach to mathematics. Thus we have the split...between those who would argue that mathematical rigor (and scientific knowledge) must develop not from axioms but from observations (about the economy) and economic data, so that the very truth of a theory or model may be tested or confirmed by reality... and those who would claim that mathematical (economic) models are rigorous (and true) in the only useful scientific sense of the word) if they are built on a cogent economic base – like von Neumann and Morgenstern, and Debreu." (p. 100). In the latter view, truth and consistency are intertwined and consistency is established by relating the theory to a "model" known to be consistent.

This raises the important question: "what does one mean by "truth" in economic analysis?" Is "truth" reached merely by the use of any axiomatic theory that is consistent relative to an extended set of axioms. If a real world observation (e.g., involuntary unemployment) is not "true" within this extended axiomatic system, the addition of another axiom (e.g., rigid money wages and prices) make the system more complete and the empirical observation "true" within the enlarged axiomatic system.

As the new image of mathematics emerged in the early decades of the 20th century, it shaped the development of mathematical economics. "To preserve the relationship between rigor and truth, economists began to associate rigor with axiomatic development of economic theories, since axiomatization was seen as the path to discovery of new scientific truths" (p.98) This is the fundamental approach of mainstream economics since the end of the second world war.

Alternatively is "truth" obtained by an axiomatic theory based on the least number of assumptions ("a general theory of employment, interest and money") that is descriptive and applicable to reality? This alternative was Keynes's vision -- as suggested in his analogy of comparing classical economists with Euclidean geometers in a non-Euclidean world.

It is also the belief that underlies Sidney Weintraub and my vision of a Post Keynesian economic theory where that the axiomatic base should be as small as possible – but applicable to the real world in order to provide a more general theory of real world economic processes. Additional consistent axioms added to this general theory will produce special cases theories that may be true within their restrictive larger axiomatic foundation but these cases may, or may not be applicable to the real world. The onus is on those who add such restrictive axioms, e.g., Debreu, to demonstrate the relevance to the real world of their additional restrictive axioms of their specific case analysis.

I would agree that a fixity of prices assumption might not permit a free market automatic adjustment to restore full employment after a demand shock. Nevertheless,

I would argue that even if a real world entrepreneurial system could be reflected in a “Euclidean” axiomatic system of instantaneous flexible prices, this flexibility of spot market prices assumption would not *per se* produce an automatic mechanism to assure full employment in either the short run or the long run

Chapter 4 provides the historical background that explains why Keynes’s general theory axiomatic system was ignored by mathematical economists who, after World War II, began to dominate the economics profession and to equate economic truth with the rigor of the new mathematics of Godel’s “relative certainty”. Weintraub explains (p. 99) that “This relativization of scientific knowledge (communally stable beliefs) in the sense of an axiomatic method does not mean that there is no scientific ‘truth’ to be obtained in any field. Rather it allows the relevant scientific community to accept claims to knowledge as true, and to embed that knowledge into practices, language, models, and theories of the community. For mathematicians, acceptance is based on the communally agreed upon idea of a ‘good’ mathematical proof.”

In other words, what the Establishment in a discipline believes is good mathematics, economics, physics, etc. becomes the only acceptable method of seeking scientific truth in the discipline. No wonder that the 19th century- early twentieth century pluralistic approach to economics atrophied under the mathematical economists crusade for “rigorous” proofs of economic truths.

Beginning in the 1930s in France, a small group of mathematicians (who became known as the Bourbaki school) attempted to “purify” scientific discourse in all disciplines. The philosophy of this Bourbaki school of mathematics captured mathematical economics in the 1950s primarily through the work of a Bourbaki disciple, Gerard Debreu. In his Nobel Museum (Internet) autobiography, Debreu states that during his formative years at school “Bourbaki...fashioned my mathematical taste”.

Quoting Lax (1989) Weintraub notes that by the second world war “the predominant view in American mathematical circles was the same as Bourbaki ‘: mathematics is an autonomous abstract subject, with no need of any input from the real world’.... [accordingly] Bourbaki came to uphold the primacy of the pure over the applied, the rigorous over the intuitive” (p. 102). Bourbaki created an unbridgeable chasm between math and its applications in real world science, between the rigor of axiomatization and the rigor in the old sense of basing argumentation on physical problems. This Bourbaki desire for purity and isolation from the real world apparently did not unleash a backlash among natural scientists until the 1990’s and it is now often claimed that the hold of “the Bourbaki plague is dying out” in the physical sciences (p. 103).

In economics, the Bourbaki philosophy was transplanted into post war American economics by Debreu and the seed bed that encouraged the domination of this non-real world view of economic theory was the Cowles Commission of the early 1950s (p. 104). The Bourbaki method was for deducing special cases from what was considered the general (Walrasian-Debreu) equilibrium case. The general structure of this case was obtained by developing chains of syllogisms from what were considered fundamental axioms that might be buried under accumulated debris of real world details.

In this Bourbaki approach “good general theory does not search for the maximum generality, but for the right generality” (p. 113). In other words, Bourbaki did not accept Keynes’s search for the “maximum” general theory, i.e., a general theory that had the smallest axiomatic foundation that still provides a readily recognizable description of a real world economy. (Keynes’s general theory threw out three classical restrictive axioms².)

According to Bourbaki, Keynes's general theory based on fewer axioms than Debreu's general equilibrium theory is not "good" theory. Instead, Debreu's general equilibrium theory of value which expresses itself in terms that few, if any, would readily recognize as an apt description of a real world economy (p. 114) provides the Bourbakian "right" level of generality. In other words, theories that are readily recognizable as descriptions of reality are not necessarily important, in a Bourbaki view of economics.

Debreu's 1959 monograph "The Theory of Value ...still stands as the benchmark axiomatization of the Walrasian General Equilibrium model...the 1959 book wore its Bourbakist credentials on its sleeve, though there may have been few economists at this juncture who would have understood the implications of" (p.114) Debreu's statement on p. x of the preface:

"The theory of value is treated here with the standards of rigor of the contemporary formalist school of mathematics. The effort towards rigor substitutes correct reasoning and results for incorrect ones.....leads to a deeper understanding of the problems to which it is applied...also lead to a radical change of mathematical tools.... Alliance to rigor determines the axiomatic form of analysis where the theory, in the strict sense, is logically disconnected from its interpretation".

Here is a declaration of independence indicating there is no need for the elements of a rigorous economic theory to have counterparts in the real world! Debreu considered that "the model of Walrasian equilibrium was the root structure [the right level of generality] from which all further work in economics would eventuate" and he showed disdain for attempts (like that of Kenneth Arrow and Frank Hahn) to forge explicit links between the Walrasian model and contemporary theoretical concerns in macroeconomics (p. 121)

In his bold leap of faith, Debreu believed his work to be "the definitive analytic mother-structure from which all further work in economics would depart, primarily by weakening its assumptions or else superimposing new interpretations upon the existing formalism. This stance, however, requires one very crucial maneuver that was never explicitly stated by Debreu, namely that the Walrasian general equilibrium approach was the root structure from which all further scientific work in economics must be developed (p. 122).

Just as Jefferson's declaration of independence liberated the thirteen colonies from King George, Debreu's declaration of what constituted the mother-structure "liberated" economics from its dependence on real world analogies. Weintraub states that Debreu's "Bourbaki program marked a definitive break with physical metaphors". Successes in the natural sciences may depend upon "bold conjectures and experimental refutation, but economics had nothing else to fall back upon but mathematical rigor" (p. 122).

But why, we may ask, is refutation not possible in economics? In my view the answer is that most important economic stochastic processes are nonergodic and hence a permanent rejection of any conjecture about important economic phenomena such as employment, economic growth, etc. are linked to specific historical events, culture, and an uncertain, not statistically reliably (even in principle) predictable future.

Although Debreu's expresses "enthusiasm" for the way he incorporates "uncertainty" into his axiomatic model, his concept of uncertainty has nothing to do with the concept of an unpredictable future. Debreu introduces "uncertainty" by merely redefining the interpretation of a commodity to take account of contingencies (or expressed different states of the world) and a complete set of contingency markets for every date in the

foreseeable future. Weintraub notes that the “Bourbakism propagated by Cowles had identified neo-Walrasianism and good economic theory....neo-Walrasian theory had become conflated with the very standard of mathematical rigor in economic thought.... why precisely should the Walrasian framework be taken as the sole ‘structure’ from which all mathematical work should depart?... was it not better to make a case for the right level of generality, then claim one had the maximum level?” (P. 125) The Bourbaki answer is that rigor was a matter “of style...and politics...and taste” (p. 125)

In chapter 6, Weintraub provides evidence of an interesting event that occurred when the editor of *Econometrica*, Robert Strotz, attempted to obtain referees to judge the 1954 classic Arrow-Debreu paper. Strotz passed the problem onto Associate Editor Georgescu-Roegen who was asked to find qualified and impartial referees, i.e., ones who had no connection with the Cowles people. or the people at Rand where Arrow was associated. Two referee’s were selected: Cecil Phipps from the University of Florida mathematics department and William Baumol. According to Weintraub, Baumol thought the paper was important enough to be published, but Baumol “did not discuss why this might be the case”. According to a letter from Georgescu Roegen, Phipps “concentrated on the axioms. Phipps is emphatically against publication until the paper is revised”. Georgescu Roegen wrote to Strotz that Baumol’s few comments were “trivial” and that Baumol “did not check the argument in detail”. Georgescu Roegen admitted that although he had read the paper he “did not check the argument in detail.. But instead based his decision [to publish] on the reputation of the authors” (p. 198). Nevertheless Georgescu Roegen noted that Arrow and Debreu claimed the need for “strong assumptions” and that real world systems would be “deprived of such assumptions”-- and therefore it is unlikely that such an equilibrium could exist in the real world (p. 195).

A comparison of an early draft of the manuscript with the published paper “shows that there were virtually no changes...between submission and publication”. In essence this milestone paper was published because of the “reputation of the authors” although one referee was strongly against publication without revision. When Phipps wrote a letter to Strotz objecting to the article being published, Strotz turned to Lionel MacKenzie for guidance. Mackenzie told Strotz to reject Phipps even though the “complexity of the [Arrow-Debreu] article precluded careful examination on his [Mackenzie’s] part”(p. 202).

The conclusion that Weintraub draws from this written evidence is important. Accepting proof of a theoretical argument is a social process. The trust in the Arrow and Debreu’s ability outweighed this (Phipps) obscure (and from an obscure school) mathematician’s challenge and criticism of the axiomatic based-proof presented by Arrow and Debreu. “The community of economists was largely persuaded of the proof’s correctness by the trustworthiness and distinction of its authors” (p. 207).

Chapter 7 is a very moving biographical discussion of the author’s father, Sidney Weintraub, and his development into a professional economist. For me it was especially telling since Sidney Weintraub was my Ph. D. thesis advisor, mentor and co-founder of the *Journal of Post Keynesian Economics*. The story is that of a excellent economist “with immense professional ambitions, but with little training or aptitude for mathematics”(p. 211). Sidney relied on a younger brother, Hal, who went to Harvard for a Ph. D. in mathematics (under Sidney’s urging) financed by the G.I. Bill, received his degree in 1951 and went on to teach mathematics at Tufts. In 1949 Hal was diagnosed as suffering from Hodgkin’s disease, a then lethal form of cancer. Sidney relied on Hal to provide mathematical guidance and proofs for his writings but by 1953 Hal’s illness prevented any

further helping for Sidney's writings. I started my Ph.D. in economics at the University of Pennsylvania in 1955 financed by the GI bill. [Before being drafted into the Army in 1952 I had studied for a Ph. D. in biochemistry at the University of Pennsylvania.] Weintraub quotes me as writing about my graduate economic studies:

“As a refugee from the empirical research of the biological sciences with its emphasis on experimental design and statistical inference, I found Weintraub's realistic approach to economic analysis more relevant than the so-called ‘scientific’ empirical approach of some of my professors at Pennsylvania who tried to distill the values of economic parameters from time series data... I was fortunate to study under Sidney during the period when he was developing his ideas for his Approach To The Theory of Income Distribution analysis; the lucidity of his arguments strongly affected my own choice of problems to be studied in future years”.

As Hal became ill and died, Sidney would look to his eldest son to become his mathematically trained aide for his economic analysis. His son however writes; “Not all fathers can be mentors to their sons. In any event he never believed he had achieved appropriate recognition as an economic theorist. Looking back from today, and the perspective of the preceding chapters, by the time he was ready to take his professional place, his intellectual time of nonmathematical economic theory had past.” (P. 245)

In chapter 8, Weintraub argues that by the 1950s the Bourbaki revolution led mathematicians to become engrossed in the beauty of mathematics “and theorems were described in aesthetic terms. Mathematical structure was to be explored and understood not in terms of applicability to other fields, but on its own terms with its own standards, standards where the highest compliments were of the form ‘What a lovely theorem’ or ‘It's such an elegant proof’ (p. 252). Structure rather than applicability became important. And when Cowles pushed Bourbaki on the mathematical development of economics in the 1950s, the same standards were erected.

In Chapter 9, Weintraub notes that Karl Popper's conjectures and refutations was a failure in economics. [Quick quiz to the reader: Considering all the empirical testing done in the last 50 years, indicate one major economic conjecture that has been refuted by empirical evidence and therefore discarded by all economists.] Accordingly, the socialization and training of economists since economics has become a (Bourbaki) mathematical science means to “learn the current tools, techniques and appurtenances of the discipline and thus have a great deal invested in the rectitude of current ideas” (p. 267).

New inductees into the profession are taught that if they are to invest wisely their scarce human resources they should believe that the best of the discipline's scientific knowledge is contained in the current mainstream “scientific” literature, and to read the heterodox literature is a foolish waste of human capital. And as Weintraub argued earlier, because of the scarcity of human capital, “scientists” must take some components of their discipline as givens “intellectual paralysis awaits the scientist who seeks to reopen every foundational issue every day. For most economists the competitive equilibrium proof is a tool to use with little regard as to how the tool was constructed.

Those who study science use the idea of a “black box” for settled results that are locked up and impenetrable...For every science black boxes are both healthy and necessary.” (P. 184) Thus the black box of the Arrow-Debreu axiomatic system has become the closed confine of the mainstream “scientific” mind. Accordingly, even the calls of Hahn, Arrow, and Tobin for more realism in economic theory have gone unheard.

Will economics ever break out of the foolish black box that Debreu and his Bourbaki associates at Cowles chained the economics profession in? I have my doubts.

Weintraub notes that by the 1970s the disillusion with Bourbaki was evident in the mathematics discipline. By the 1990's this disillusion was apparent in the natural sciences. "A similar soul searching is only now coming in economics". (p. 123). Weintraub does not give us a clue however as to when this soul searching will occur in economics and what will replace the Bourbaki scourge..

I am more pessimistic regarding the future of economics— now that it has become a Bourbaki "mathematical science". There is a good deal of evidence, only slightly alluded to by Weintraub, that those mathematical economists who understood the irrelevant nature of the Arrow-Debreu axiomatic system and tried to warn their colleagues that this system was not applicable to the real world, were ignored.

For example, as early as 1971 [*Econometrica*, 1971, p. 417] Hahn warned that in the general equilibrium axiomatic system "money could play no essential role". In his inaugural lecture at Cambridge University entitled "On The Notion of Equilibrium in Economics", Hahn indicated that the Arrow-Debreu system shows the conditions that are necessary to provide an optimum allocation of resources. Consequently "a quick way of disposing with the claim [that a free market will properly allocate 'exhaustible resources' over time] is to note that an Arrow-Debreu equilibrium must be an assumption he is making for the economy and then to show why the economy cannot be in this state.

The argument will here turn on the absence of futures markets and on the inadequate treatment of time and uncertainty...This negative role of Arrow-Debreu equilibrium I consider almost a sufficient justification for it since practical men and ill-trained theorists everywhere in the world do not understand what they are claiming to be the case when they claim a beneficent and coherent role for the invisible hand...[since] we know that these [futures] markets are in fact very scarce...[and] some contingent markets could logically not exist...we can easily refute propositions [like these] on exhaustible resources....

Moreover one can locate precisely where the argument goes wrong" [Hahn, 1973, pp. 14-16.]. Moreover, even one of the co-authors of the Arrow-Debreu system, Arrow [1974, p.8] has recognized that in the real world, forward markets for most goods do not exist and hence a general equilibrium system is not applicable to the real world.

Again in their book, *General Competitive Analysis*, Arrow and Hahn wrote:

"The terms in which contracts are written matter. In particular, if money is the good in terms of which contracts are made, then the prices of goods in terms of money are of special significance....If a serious monetary theory comes to be written, the fact that contracts are made in terms of money will be of considerable importance". [1971, pp. 356-7, emphasis added]. Further, Arrow and Hahn recognized in "a world with a past as well as a future and in which contracts are made in terms of money, no [general] equilibrium may exist" [1971, p. 361].

In 1983 Hahn warned "The most serious challenge that the existence of money poses to the theorist is this: the best developed model of the economy cannot find room for it. The best developed model is, of course, the Arrow-Debreu version of a Walrasian general equilibrium. A world in which all conceivable contingent future contracts are possible neither needs or wants intrinsically worthless money. A first, and to a fastidious theorist difficult, task is to find an alternative construction." [Hahn, 1983, p.1].

Similarly Tobin [1988, pp. 108-9] has written “Money has always been an awkward puzzle for neoclassical general equilibrium theory...there is no need for money holding...[yet] common sense tells us that money is held and has value....The makeshift compromise in neoclassical theory has been the alleged [axiom of the] neutrality of money...the application of this neutrality proposition to the actual real world monetary policies is a prime example of the fallacy of misplaced concreteness”.

As some one who, since at least 1972 [Davidson, 1972], has attempted to provide the “alternative construction” that Hahn has called for and developing “a serious monetary theory” in terms of contracts and money, while emphasizing the impossibility of have a complete set of futures contingency contracts in a world of nonergodic uncertainty, I have seen the mainstream continually ignore my analysis due to its lack of “rigor” i.e., its inconsistency with the black box of the Arrow-Debreu axiomatic system.

Of course it may also be that I, like Phipps of Weintraub’s chapter 6 , am an obscure economist who have spent most of my professional life at non-mainstream academic institutions and hence do not possess the stature and reputation to be taken seriously by the mainstream community of economists.

Yet Keynes raised similar objections regarding the axiomatic foundation of the classical economics of his time. Why has the not obscure John Maynard Keynes been ignored and dismissed as irrelevant in this era when “economics became a mathematical science”? My answer to this question turns on the fact that the axiomatic basis of the pre-war classical economics of Keynes’s time had not been defined in the rigorous manner of Debreu. This made it more difficult for Keynes (especially in Chapter 2 of The General Theory) to correctly identify the classical axioms (similar to the Euclidean axiom of parallels) that he insisted had to be overthrown if a non-Euclidean economics were to be worked out.. Keynes’s failure to see the Bourbaki axiomatization of economics that was shaped by Debreu and the Cowles Foundation in the 1950s made it impossible for Keynes to use the precise axiomatic language of Arrow-Debreu in attacking classical theory .

Instead he could only explicitly attack the fuzzy theoretical propositions of classical economists such as Pigou and Irving Fisher in the language that these latter two used. Accordingly Keynes argued there are two objections to the second classical postulate of classical economics, namely that in equilibrium the real wage equals the marginal disutility of labor for this “clearly presumes that labour itself is in a position to decide the real wage for which it works” [Keynes, 1936, p. 11]. Keynes’s two objections are (1) the actual behavior of labor and (2) “there may be no method available to labour as a whole where it can bring the wage-good equivalent into conformity with the marginal disutility of the current volume of employment” [Keynes, 1936, pp.12-13]. Thus instead of discarding the fundamental axioms, in Bourbaki fashion, that made what Keynes called the second classical postulate “true”, Keynes attacked the conclusion of the classical axiomatic system as unrealistic and not applicable to the real world.. This has lead Hahn to indicate “that Keynes had no real grasp of formal economic theorizing [i.e., the Bourbaki axiomatic approach]...and that he consequently left many gaping holes in his theory...none the less his [Keynes] insights were several orders more profound and realistic..... These insights seem to me to make it impossible to take a Walrasian long-run equilibrium, or for that matter a rational expectations equilibrium, as descriptively satisfactory” [Hahn, 1983, pp. x-xi, emphasis added].

We are indebted to Weintraub, for in this masterful book, he shows with the utmost

clarity that the mathematical scientist emperor of mainstream economics is without any clothes.

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NOTES

1 In comparison, Keynes (1936, p. 3) claimed that his analysis is a general case, while the "postulates [axioms] of the classical theory are applicable to a special case only and not to the general case".

2 These are (1) the ergodic axiom for stochastic models or the ordering axiom for deterministic models, (2) the gross substitution axiom, and (3) the neutrality of money axiom.

Holistic Transformation Leading to Sustainable Development in China

Dr. Chan Kei (C K) Thong

Abstract

China's phenomenal economic development since 1979 has caught the attention and envy of the rest of the world. 500 million Chinese have been lifted out of poverty since then.¹ Yet, it has come with a huge price which threatens not only China but the rest of the world. These challenges include corruption, environmental issues, social inequalities and a rapidly aging population. If China is not able to overcome any of these, then its development will not be sustainable and the impact will be immensely negative just as its development over the last three decades have been positive on the rest of the world.

*The purpose of this article is to show that there is a little-known transformation happening in China which may address the above issues. It is the thesis of the author that China's present developmental challenges are fundamentally a problem of misplaced values, i.e. unsustainable priorities. And the little known transformation is that tens of millions of Chinese are quickly embracing a new set of values and accepting a biblical worldview.² Rodney Stark, sociologist and popular author, has shown through his many works, such as *For the Glory of God: How Monotheism Led to Reformations, Science, Witch-Hunts, and the End of Slavery*,³ that societies which have espoused the monotheistic belief system are able to successfully overcome similar social challenges and remain viable.*

Introduction:

The meteoric resurgence of China in the 21st Century is epochal in itself. Moreover, it has come at a time when Europe is struggling with its sustainability. Whether China's development is sustainable will have far-reaching ramifications for the rest of the world, including Europe. Therefore, it is all the more important for us to predict the sustainability of China's development and determine a strategy for global partnership.

1 <http://www.worldbank.org/en/country/china/overview>

2 Researcher Paul Hattaway estimates that there are 105 million Chinese Christians as of 2011, see <http://asiaharvest.org/index.php/how-many-christians-china-1/how-many-christians-are-in-china/>

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1. China's Meteoric Development Over The Last Three Decades:

Appendix 1 shows that China's per capita GDP has grown 23.3x since the inception of its modernization campaign in 1979 to now. (Statistics from Austria, Singapore and Slovakia are included for the purpose of comparison.) The significance of this development is that 500 million people have been lifted out of poverty in 30 years. This is a phenomenal achievement in human history.

On a broader scale and considering China has a population of 1.3 billion people, this development is titanic in total output. It has become the second largest national economy in the world and is projected to become the largest in two years' time in 2016!⁴ China's foreign reserves rose to a record U\$3.66 trillion in the third quarter of 2013.⁵ This development has profound ramifications for the rest of the world because of China's new found influence on global politics and finances. A crucial discussion is whether China can sustain this rate of growth and will it be good for the rest of the world.

Simply looking at China's per capita GDP and her growth trend,⁶ one can tell that China still has a vast growth potential ahead of her. However, this growth potential while extremely lucrative is not without significant challenges.

2. Obstacles to China's Sustainability:

Just as China's development over the last three decades has been eye-catching, the price it pays for it has been equally if not more news-worthy. The author will list a few prominent ones to show the extent and gravity of China's present improbable sustainability.

2.1 Corruption

That this is the number one obstacle to China's sustainability is well attested by the priority placed upon the fight against corruption by various Chinese Administrations in the last fifteen years. President Xi has made it his crusade to eradicate corruption at all levels of government. In his first nine months as President, 108,000 officials were punished for corruption.⁷ From a financial standpoint, corruption costs China a whopping 10% of its annual GDP.⁸ U\$3.72 trillion has left China in the last ten years despite restrictive fund movement policies.⁹ (Note that this figure is greater than its total foreign reserves.) This massive movement can be explained by mistrust in the system as well as ill-gotten gains seeking safer havens.

4 <http://www.telegraph.co.uk/finance/china-business/9947825/China-to-overtake-America-by-2016.html>

5 <http://blogs.wsj.com/economics/2013/10/15/chinas-foreign-exchange-reserves-jump-again/>

6 China's per capita GDP in 2013 is 7.5x and 2.7x smaller than that of Singapore and Slovakia respectively. All things being equal, China has a lot of room for growth in the coming decades.

7 http://www.upi.com/Top_News/World-News/2013/12/25/Chinese-Communist-party-determined-to-fight-corruption/UPI-43471388031300/

8 According to a study by economist Andy XIE Guochong as report by Al Jazeera, <http://america.aljazeera.com/articles/2013/8/26/as-bo-xilai-trialendsantigraftcampaignwillrearon.html>

9 HUANG Yanzhong, <http://yaleglobal.yale.edu/content/china-dark-side-growth>

2.2 Environmental Issues:

While corruption is detrimental to Chinese people, environmental issues as a result of China's development have grievous immediate consequences for the rest of the world. According to Environmental Defense Fund, 50% of the world's coal supply is burned by China each year; and 20% of the world's climate pollution originates in China.¹⁰ China's polluted air is now threatening the West Coast of USA.¹¹ Besides air pollution, China's sustainability will be determined by how it resolves other environmental issues such as water pollution¹², desertification¹³, biodiversity¹⁴, cancer villages (towns that have become unlivable because of high cancer risk)¹⁵, and consumerism (Chinese consumers have become the biggest spenders on the world's luxury goods, accounting for up to 29%¹⁶ of the global market, outstripping Japan and USA along the way).

2.3 Social Disparities:

China's economic growth is not shared evenly. Its economic inequality as measured by the GINI coefficient is 0.473 in 2013¹⁷. Some rise in inequalities is to be expected as China has adopted a market-driven system. But these social inequalities are also caused by policy decisions such as restrictions on rural-urban migration, poor health and educational facilities for rural areas and certain landlocked regions. These inequalities are seriously exacerbated by corruption mentioned above. The ruling Communist Party earned its mandate on a platform of absolute social equality and it has continued to project this image since it came to power in 1949. As such, along with the problem of corruption, social disparities can easily trigger mass movements of dissent which may ultimately destabilize a nation of 1.3 billion people.

2.4 Aging Population:

China as a society will have the highest proportion of aged people by 2030 according to a study conducted by China Academy of Social Sciences.¹⁸ And the rate of aging will intensify. The report says that by 2050, senior citizens above 60 will make up 30 per cent of the entire population! A major contributor to this phenomenon is China's one-child

10 http://www.edf.org/climate/why-china-center-our-climate-strategy?s_src=ggad&s_subsrc=chinaclimate&gclid=CKu6hfux7wCFUcV7Aod_iAAmg

11 See study as reported by Los Angeles Times <http://www.latimes.com/science/sciencenow/la-sci-sn-china-exports-air-pollution-united-states-20140120,0,1142263.story#axzz2t8sq145l>

12 More than half of China's lakes and reservoirs are unsuitable for human consumption, see http://www.nytimes.com/2013/11/08/opinion/if-you-think-chinas-air-is-bad.html?_r=0

13 China is one of the countries most adversely affected by desertification which encompasses about 30% of its land mass and losing about 3,600 sq km of grassland each year. Desertification affects about 400 million Chinese [c/f http://www.fao.org/docrep/w7539e/w7539e03.htm](http://www.fao.org/docrep/w7539e/w7539e03.htm)

14 For example, of all the critically endangered species listed by Convention on International Trade in Endangered Species (CITES) 25% are found in China, <http://www.cites.org/eng/app/appendices.php>

15 The Chinese government in a departure from previous policy has official acknowledged the existence of cancer villages, http://usa.chinadaily.com.cn/china/2013-08/08/content_16878735.htm

16 <http://business.time.com/2014/02/13/despite-slowdown-the-cult-of-luxury-grows-in-china/>

17 <http://online.wsj.com/article/BT-CO-20140120-700094.html>

18 <http://english.peopledaily.com.cn/90001/90776/90882/7137446.html>

policy.¹⁹ According to the same report, China's demographic dividend will peak in 2013 and gradually decrease from there. The increasingly aged population will slow GDP per capita growth and asset accumulation while at the same time demanding greater public funding in terms of health and elderly care.

These are just four of the main obstacles to China's sustainability. They are formidable by themselves. No doubt, solutions to these challenges will come from viable policies founded on science, technology and innovations. However, it is the position of this author that science and technology alone will not overcome these challenges. A parallel movement may be the solution.

A Simultaneous Mega Development:

While China's economic development has been well publicized, a parallel and equally massive movement is that of the number of Chinese who consider religion to be a part of their lives.²⁰ As China has modernized, a significant number of Chinese have left Atheistic Communism to embrace tradition faith, particularly that of Protestant Christian beliefs²¹. When the Communist Party took power over the whole country in 1949, it was estimated that there were fewer than 1 million Chinese Christians of various denominations. Over the next two decades, especially during the Cultural Revolution from 1966 to 1976 the government used various means to suppress all forms of religious beliefs and practices, especially towards the Christian faith because it was deemed "foreign". These oppressive efforts have failed and may have even inadvertently spurred the masses towards the Christian belief system. Most of this growth comes from unregistered "house churches".²² Since they are not registered and not regulated, it is not easy to determine the exact number of Chinese Christians. Estimates vary from 70 to 200 million. For the purpose of this paper, I will use the figures published by Harvest Asia which is a total of 105 million Chinese Christians or 7.71% as of 2011.²³ (Another creditable estimate puts it at 115 million or 8.6% of total population in 2010.²⁴)

While disagreements still exist on the exact total number, what is certain is that the growth trend continues, that is more and more Chinese are embracing Christian values. The 7.71% in 2011 is set to grow to a probable 20% by 2050. The following chart and map show a projection of 225 million Chinese Christians by 2050.²⁵ This mega movement is a significant predictor of China's future because Christians are already its most homogenous social group. As a social group, it is informed by a common book (the Bible) which provides for them a set of common values and beliefs. Just as the increase of the Christian population in the Roman Empire in the first few centuries in the Common Era had shaped Europe, so will this movement in modern China determine its

19 For a history of this policy, refer to <http://iml.jou.ufl.edu/projects/fall07/Henneberger/History.html>

20 <http://www.pewforum.org/2008/05/01/religion-in-china-on-the-eve-of-the-2008-beijing-olympics/>
A 2006 Pew Research showed that 31% of Chinese considered religion to be important. A 2005 Pew Research with a slightly different question showed that 56% of Chinese considered religion to be very important in their lives.

21 Please examine the "active ingredients" rather than be caught up with the Protestant "label". Same as I will reference Max Weber's work on the "Protestant Work Ethics".

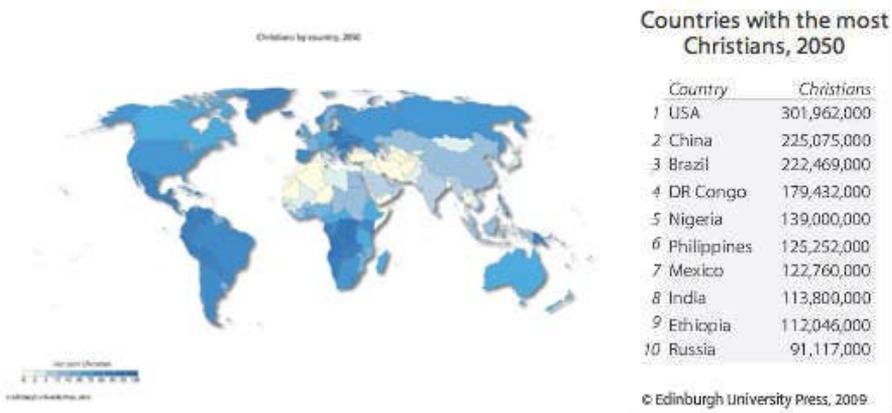
22 A Chinese House Church is an informal but regular gathering of Chinese Christians quite like Christian gatherings in the first two centuries. They meet in homes or offices usually without paid staff and they do not have institutional affiliations. When the number of attendees outruns the available space or when authorities interfere, these groups will simply multiply into more gatherings at new places.

23 <http://asiaharvest.org/wp-content/themes/asia/docs/christians-in-china/China.htm> Go to the home page of Harvest Asia to see their methodology on how they arrive at their numbers.

24 Johnson, Todd M. & Ross, Kenneth R. (Eds), *Atlas of Global Christianity*, Edinburgh University Press, 2009, 140p.

25 *Atlas of Global Christianity*, 106p.

future. 26



4 Values As A Predictor of Sustainability:

While science and technology had given Western economies a distinct advantage over the rest of the world since the Industrial Revolution, the recent economic crises have led some to discuss other predictors and contributors to sustainability. One of these notions is that of sustainable values. Some have argued that spirituality is fundamental to the Common Good.²⁷ If it is true that a corporate culture will determine the viability of an organization, then it is reasonable that the culture of a nation will determine its sustainability.

4.1 Consequences of Monotheism:

Rodney Stark is a social scientist who has written 30 books and more than 140 scholarly articles on the sociology of religion. Through his work, *One True God: Historical Consequences of Monotheism*²⁸ he explains how and why the three monotheistic faiths, i.e. Jewish, Christian and Muslim have such immense power to unite and to divide. He shows how these great monotheisms shaped the past and created the modern world. Philosopher and author Os Guinness said, “Far from scandalous and dangerous, as some have charged, belief in ‘one true God’ is the most influential and innovative belief in all human history.”²⁹ Monotheism has the power to unite 21st Century Chinese and to give them a purpose for the common good. This is the stabilizing factor which the government is desperately seeking.

4.2 Consequences of House Groups:

The Chinese House Churches are formed and multiplied much like the beehives. There is not a master-plan with little external influences. They are formed and multiplied spontaneously as millions of Chinese are attracted to the spiritual, social, emotional and

26 Vishal Mangalwadi has argued comprehensively that the Bible has created the soul of Western Civilization and shaped its world. Reference his book, *The Book That Made Your World*.

27 An example of this is *Leadership, Spirituality and the Common Good, East and West Approaches* edited by Henri-Claude de Bettignies & Mike J. Thompson published by Garant, Antwerp, 2010.

28 Princeton University Press, 2001.

29 Os made this remark in his praise for this author’s work *Finding God in Ancient China*, Zondervan, Grand Rapids, Michigan, 2009.

psychological benefits of gathering in a small group on a regular basis. These small groups become viable communities which can support and enhance their macro society.

They will and already are addressing the social inequalities mentioned above albeit on a micro level. However, when these micro efforts are given a chance to express itself on a national level, they will exert a macro impact. An anecdotal illustration of this was the aftermath of the 7.9 earthquake which hit Sichuan Province in May 2008. About 70,000 people died and another 18,000 went missing. Chinese Christians by the thousands acted immediately through locally organized disaster relief teams. Their spontaneous relief efforts were instrumental in helping vast areas of Sichuan to recover quickly.³⁰

4.3 Consequences of Biblical Values:

Much like the historical ethics of the West were shaped to a certain extent by the Bible, new Chinese Christians by the millions are experiencing a transformation of values. Most of these values are already consistent with traditional Chinese values such as the importance of traditional family units, integrity and honesty, thrift and hard work, etc. In this mega shift, the majority of the Chinese Christians favor Protestantism. They are in effect espousing the “Protestant Ethics”.³¹ The Bible is reaffirming Chinese traditional values which were first discarded by amoral atheistic beliefs and subsequently by greed-driven capitalism. It is also energizing them by giving Chinese entrepreneurs and officials a new purpose in life. Max Weber in his *The Religion of China: Confucianism and Taoism* explained that traditional Chinese beliefs and Protestant Ethics share similar qualities but differ in their goal. He further explained why traditional Chinese attitudes did not contribute to the development of capitalism while Protestant Ethics did in Europe. This recent shift in attitudes in China is giving them a new focus and dynamism without giving up its core. What the Chinese government cannot accomplish through external restraints, Chinese Christians may effect through this new set of internalized ethics.

There is a second implication to this shift in values. Historically, nations which have generally espoused Protestant Ethics are least corrupt. Appendix 2 shows the 2013 Global Corruption Perceptions Index (CPI). The 17 least corrupt nations have all generally espoused Protestant Ethics including Singapore, Barbados and Hong Kong which were all former British Colonies. These least corrupt nations are also most competitive and viable economies in the world. China is ranked 80 in this Index and has a serious problem of corruption (a score of 50 and below indicates a serious problem). This author predicts that Protestant Christian influence will alleviate the problem of corruption in China in time to come.

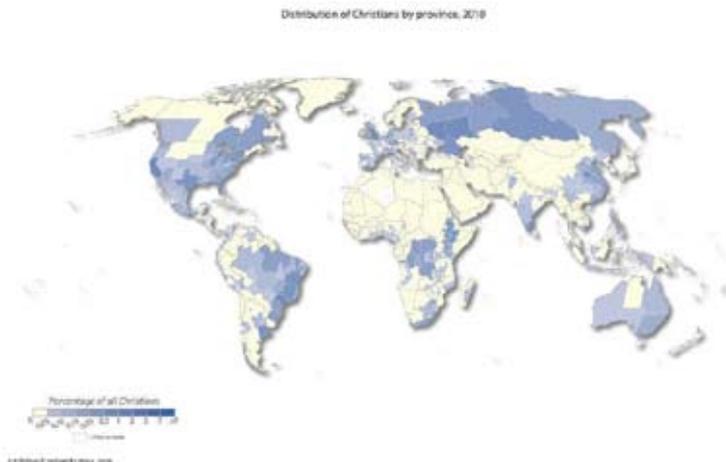
4.4 Consequences of Global Networking:

This mega cultural shift has advantages for China not only internally but also externally. Cultural differences are a major hindrance to global exchanges. With this shift, Chinese will have a common language, a common set of values and newfound

30 The Weekly Standard reports on how charity is developing in China through Christian efforts, read http://www.weeklystandard.com/articles/charity-begins-china_663832.htm

31 For definition, see <http://www.britannica.com/EBchecked/topic/479867/Protestant-ethic>. See also Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, Germany, 1905. As before, please look beyond the label to look at the “active ingredients” studied by Weber.

platforms to network with the rest of the world, especially in the dynamic regions of the world such as Africa and Central America where the same religious developments are happening. A common value system builds trust and provides vital and viable bridges for international exchanges. Informal relationships build on a shared value system provide a highly efficient system for economic and other international exchanges that is second to none. The following map shows the global distribution of Christians by province in 2010.³² From this map we can see how China is now integrated into the global village through the Christian faith as never before.



Conclusion:

China will continue to grow because of its enormous growth potential. External factors such as the financial crisis of 2008/2009 are not as threatening to China as its internal challenges such as corruption, environmental issues, social disparities and a rapidly aging population. While any of one of these will shipwreck China's sustainability, a parallel transformation is happening in China. Though this movement is opposed by the government, it may be the best help it can get. This movement is the spontaneous and explosive growth of acceptance of biblical values especially within small viable communities. In this paper the author has merely summarized how this movement can provide a soft landing for China. At the same time, we can see great opportunities for the rest of the world because of this mega shift. This author proposes that this the most significant and positive way to engage China in the near future.

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32 *Atlas of Global Christianity*, pp 58-59.

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Appendix 1: IMF Estimates of national per capita GDP (nominal) in current US\$ from 1980 to 2018:³³

Country	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
 Austria	10,611	9,176	9,163	9,311	8,782	8,988	12,741	15,911	17,431	17,309
 China	307	287	277	293	298	290	277	296	364	400
 Singapore	4,990	5,655	5,975	6,689	7,118	6,748	6,853	7,767	9,303	10,715

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
 Austria	21,512	22,260	24,678	23,847	25,439	30,044	29,497	26,114	26,780	26,598
 China	341	353	417	517	467	601	699	771	817	861
 Singapore	12,745	14,413	16,099	18,251	21,420	24,702	25,930	26,158	21,647	21,441
 Slovakia				2,527	2,900	3,650	3,934	3,972	4,177	3,822

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
 Austria	24,045	23,854	25,769	31,341	35,720	37,143	39,339	45,246	49,915	46,004
 China	946	1,038	1,132	1,270	1,486	1,726	2,064	2,645	3,404	3,740
 Singapore	23,414	21,194	21,705	23,320	27,047	29,403	33,089	38,763	39,383	37,860
 Slovakia	3,809	3,926	4,558	6,187	7,867	8,919	10,375	13,938	17,553	16,168

33 [http://en.wikipedia.org/wiki/List_of_countries_by_past_and_future_GDP_\(nominal\)_per_capita](http://en.wikipedia.org/wiki/List_of_countries_by_past_and_future_GDP_(nominal)_per_capita)

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018
 Austria	45,112	49,444	46,643	49,256	51,641	54,057	56,331	58,463	60,637
 China	4,423	5,434	6,071	6,569	7,138	7,743	8,388	9,102	9,865
 Singapore	45,639	51,242	52,052	52,918	53,671	55,259	56,933	58,608	60,313
 Slovakia	16,121	17,832	17,008	17,929	18,945	20,066	21,296	22,633	24,045

Appendix 2: Global Corruption Perceptions Index (CPI) 2013³⁴

RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	91	72	France	71	88	Kuwait	43
1	New Zealand	91	72	Saint Lucia	71	89	Romania	43
2	Finland	89	73	Austria	69	47	Beychelles	54
3	Sweden	89	74	United Arab Emirates	69	48	Costa Rica	53
5	Norway	88	75	Estonia	68	48	Latvia	53
6	Singapore	88	76	Qatar	68	49	Rwanda	53
7	Switzerland	88	77	Botswana	64	50	Mauritius	52
8	Netherlands	83	78	Ethiopia	62	53	Malaysia	50
9	Australia	81	79	Oman	62	53	Turkey	50
9	Canada	81	80	Portugal	62	54	Georgia	49
11	Luxembourg	80	81	Puerto Rico	62	55	Lebanon	49
12	Germany	78	82	Saint Vincent and the Grenadines	62	57	Bahrain	48
12	Iceland	78	83	Ireland	61	57	Croatia	48
14	United Kingdom	76	84	Taiwan	61	57	Czech Republic	48
15	Brunei	76	85	Burundi	60	61	Namibia	48
15	Belgium	75	86	Poland	60	61	Oman	47
15	Hong Kong	75	87	Spain	59	63	Slovakia	47
18	Japan	74	88	Cape Verde	59	63	Cuba	46
18	United States	73	89	Dominica	59	63	Ghana	46
19	Uruguay	73	90	Lithuania	57	66	South Africa	46
21	Ireland	72	91	Slovenia	57	66	Jordan	45
22	Bahrain	71	92	Mali	56	67	Moldova (PR)	44
22	Chile	71	93	Korea (South)	56	69	Montenegro	44
81	Morocco	37	114	Indonesia	32	136	Guinea	27
81	Sri Lanka	37	116	Albania	31	136	Kenya	27
84	Algeria	36	118	Nepal	31	140	Honduras	26
84	America	36	119	Vietnam	31	140	Kazakhstan	26
84	Benin	36	119	Mauritania	30	140	Laos	26
84	Colombia	36	119	Mozambique	30	140	Uganda	26
84	Djibouti	36	119	Sierra Leone	30	144	Cameroun	25
84	India	36	123	Timor-Leste	30	144	Central African Republic	25
84	Philippines	36	123	Denmark	29	144	Iran	25
84	Suriname	36	123	Commonwealth Republic	29	144	Niger	25
102	Ecuador	35	123	Guatemala	29	144	Papua New Guinea	25
102	Moldova	35	123	Togo	29	144	Ukraine	25
102	Panama	35	127	Azerbaijan	29	150	Guinea	24
102	Thailand	35	127	Comoros	29	150	Kyrgyzstan	24
106	Argentina	34	127	Gambia	28	150	Paraguay	24
106	Bolivia	34	127	Lebanon	28	153	Angola	22
106	Gabon	34	127	Madagascar	28	154	Congo Republic	22
106	Mexico	34	127	Mali	28	154	Democratic Republic of the Congo	22
106	Niger	34	127	Nicaragua	28	154	Tajikistan	22
111	Ethiopia	33	127	Pakistan	28	154	Tajikistan	22
111	Korea	33	127	Russia	28	154	Tajikistan	22
111	Tanzania	33	136	Bangladesh	27	157	Burundi	21
114	Egypt	32	136	Cote d'Ivoire	27	157	Myanmar	21
137	Zimbabwe	19	157	Zimbabwe	19	157	Zimbabwe	19
180	Cambodia	18	180	Cambodia	18	180	Cambodia	18
180	Eritrea	18	180	Eritrea	18	180	Eritrea	18
180	Mozambique	18	180	Mozambique	18	180	Mozambique	18
180	Chad	18	180	Chad	18	180	Chad	18
180	Equatorial Guinea	18	180	Equatorial Guinea	18	180	Equatorial Guinea	18
180	Guinea-Bissau	18	180	Guinea-Bissau	18	180	Guinea-Bissau	18
180	Haiti	18	180	Haiti	18	180	Haiti	18
180	Yemen	18	180	Yemen	18	180	Yemen	18
180	Syria	18	180	Syria	18	180	Syria	18
180	Turkmenistan	18	180	Turkmenistan	18	180	Turkmenistan	18
180	Libekistan	18	180	Libekistan	18	180	Libekistan	18
171	Iraq	17	171	Iraq	17	171	Iraq	17
172	Libya	17	172	Libya	17	172	Libya	17
173	South Sudan	17	173	South Sudan	17	173	South Sudan	17
174	Sudan	17	174	Sudan	17	174	Sudan	17
175	Afghanistan	17	175	Afghanistan	17	175	Afghanistan	17
175	Korea (North)	17	175	Korea (North)	17	175	Korea (North)	17
175	Somalia	17	175	Somalia	17	175	Somalia	17

34 This annual index is published by Transparency International (TI), the global coalition against corruption.

Dr. Chan Kei (C K) Thong

Founder, LDi International and International Schools of China, Atlanta, GA, USA
 Doctor of Law, Trinity Western University, Vancouver, Canada

Social situation and poverty of Roma

Lenka Kováčová

Abstract

The purpose of the article is to **analyze the social situation of the Roma** and poverty more broadly, to highlight the factors underpinning their lack of access to education and hence to jobs from which they derive income insecurity and worsen their living conditions, their poor health and finally, their poor contact with the majority. **Theme of Roma poverty** and their general social situation is very demanding in terms of finding the solution, since the large rate of Roma population is unable to even minimally participate in social, economic, cultural and political life. I have picked a combined survey interview as a method for the empirical part of the article, by looking at various projects and literature. Scientific objectives of the article is to highlight the fact that in all areas affecting **the way of life of Roma**, including their discrimination, the most influential one is the long-term segregation of the learning process, which is essential to their integration into an active lifestyle. I refer to the fact that the condition of education of Roma children depends mainly on the socio-economic environment from which they come from and which can be measured by various factors. As one of the factors in the education of the parents alone, other factors could be household equipment, monitoring the overall social, economic and cultural status of Roma pupils. In the conclusion of the article, I want to point out that a large number of research findings demonstrate that **the dependence of education** outcomes as students from their socio-economic environment suggests that the education system is no way meeting the requirements of a fair transfer of learning to all, according to their abilities and is just never obliterating the social equality in education. The Education Act and the related rules do not contain provisions that are aimed directly at Roma pupils. However, the general term „**socially disadvantaged**“ environment is being used, that is defined primarily by poverty. However, many disadvantages faced by the Roma in all areas of life, often are not only subject to their financial circumstances.

„Given that some portion of barriers stem from the approach of the majority population towards the Roma on the basis of their declared or credited ethnicity, it is questionable whether the measures are based on the financial circumstances of families enough.“
(Draft concept of education of Roma children and pupils, including the development secondary and higher education, 2009, p.1).

Keywords: | Poverty. Roma. Education. Unemployment. Health and housing. Social conditions.

Introduction

The ethnic composition of Slovak Roma people have their special place. They live mostly in segregated or integrated form. As a whole, in fact, they stand for minority that is not interrelated with the definitions for the exhaustive determination as a national minority, which means that they do not own any territory in the world, which would represent their culture and national standard language of communication. Perhaps, for this reason most of the people see this minority rather than ethnicity than nationality. According to various historical records, the Romas resides on the territory of the Slovak Republic for more than 680 years in ethnic sub-communities, and that is in Olah, Rumungri, German (Sinti), Hungary and Slovak gypsy communities. However, data on the total number vary greatly. Official sources says that in 1991, that there was a 75,802 of Roma (the ones who applied to Roma nationality) aged between 15 -- 69 and in year of 2001, it was 89 920 people in total. According to estimates - anecdotal evidence respectively - of their actual number there is 480 000 up to 520 000 of them in total. The point is that in real life society, the most attention goes to the most regressed part of the Roma minority for decades, the minority which is living in marginalized segregated health risk settlements with a high concentration of individuals. It is possible that these are the Roma, which belongs to the extent possible who are the Rumungro Roma sub-community. Especially for those Roma in these settlements, the problems are most concentrated and there are a socio-economic, participation, coexistence, communication, cultural and linguistic problems of education, health, environmental, safety and many others nature of problems that are there for countless years already. Despite the enormous efforts of the whole society at all levels of the state and the amount of depleted funds to improve the situation of Roma, not even a single significant issue has been successfully improved or even minimize any significant issue which are also interconnected and as a whole are harmful not only to the minority itself, but also for the entire Slovak society. Settlements and ghettos, segregated areas, where hygiene is significantly underdeveloped, just as culturalism, there are often greater and/or lesser offenses occurring in these kind of places. These are areas which ordinary citizen is not attending/visiting since Roma people like these create fear, resistance, as well as the conviction itself. Many studies conducted focused just on the social category of people within the Roma minority proves this fact. Despite the trend of civilization development of a large part of the population, it seems like the time has stopped at the 18th or early 19th century in these settlements we are talking about. It is an undeniable fact that, just as in the past, unfortunately, even today, the socio-economic problems of excluded Roma from their settlements are being solved more randomly, not giving importance of their interrelation and follow-ups, regardless of the consequences or effect, of course, without direct participation of persons known to be personally affected. It is well known, as well as social practice confirms it, that solving the problems which are tackled-out-of-context, though well-intentioned, where the professional specific

action is being neglected, is weakening and certainly is phasing out. Many issues must be addressed in a wider context, and particularly systematically, and in particular with the active participation of Roma. We can only confirm its finding that the understanding of the nature and differences in the type and quality of life of the Roma ethnic group is possible only if problems are openly named and also where there an interest expressed to provide assistance for their removal in the broad sense, without any xenophobia and prejudice. Only this way, can we work towards the „optimal“ solutions to problems raised by Roma, but also society as a whole. Attention is drawn to highlight the overall social situation of the Roma and poverty, which consists mainly of unemployment, insufficient diet, inadequate housing conditions in poor condition, as well as in many other factors. It is necessary to emphasize the draft resolution and measures that could contribute to the enhancement and improvement of the living conditions of the Roma. The main emphasis should be given to under-education of the Roma population, because without education, there is no such path along which they could walk through their conscious lives, and thus, to fulfill their objectives and to ensure a more fulfilling life in all areas.

1. Roma and their history

The origin of the Roma by many literature and preserved historical manuscripts circulated different variants. In the course of history, it was argued that the Roma come from Egypt. However, in the 18th century, on the basis of comparative linguistics showed that the original homeland of the Roma is the Indian subcontinent. Various studies have shown that they belonged mostly to the poor segment of the population that lived a nomadic way of life.

They were earning a living by working in various crafts such as blacksmith, processing leather, clay, wood and wicker, as well as breeding and selling horses or were entertaining others by signing and dancing. According to a preserved researches, the scientists believe that they were part of the Dom group of people, who live there until now. The discovery of Roma origin contributed finding Calvinist priest Štefan Váli from the surrounding of Komárno, who studied in the second-half of the 18th century in the Dutch city of Leiden. There, he met three Indian students: because their language was strikingly resembling the language of the Roma from around his hometown, he wrote a thousand of words they spoke and their meaning as well. When he returned home and read the Indian words to local Roma, they were able to translate them back to him correctly. „During the 9th and 10th century, the ancestors of today's Roma were leaving India and the groups traveled through Persia, Armenia and minor Asia on the European continent.“ There are various hypothesis standing behind the possible reasons for which they came to Europe, as for example: to expand the circle of people interested in their products and services, search for better livelihoods in areas that have favorable climatic conditions, or it could be the reasons for the external nature and expansion of other tribes in India. (Arne B. Mann, 2001, p. 2).

1.1 Journey of the Roma and their way of life

So far, the oldest known written mention of the Roma in Europe is from 1068. It is a record in the manuscript „Life of St. George Antonita“, written by his disciple George Little in a monastery on Mount Athos Iberony in today's Greece, Chalkdiki peninsula. It

describes the incident in the court of the Byzantine Emperor Constantine Monomach, who in 1050 called into his office - Constantinople (today Istanbul) the group of „wizards“, to let them to destroy the beast in his hunting grounds by their spells. The writer tagged them by a term of Adsincani. On the territory of present-day Greece stayed even larger groups during the 13th to 14th century- the island of Crete and the Peoloponnese. From the 14th to the 18th, they existed on the island of Corfu „Baroni Gypsies“ (feudum Acinganorum), where the local Roma had to hand down the prescribed dose (money and poultry) regularly to the administrator of the island. During the 12th and 13th centuries, Roma gradually penetrated along the Danube from the Balkans to Central Europe.

„The oldest preserved reports on residence of Roma in Slovakia are from the second-half of the 14th century, in years 1377 and 1381 they have been mentioned in the Zemplen County. Roman came to Europe in groups. One of these groups was passing in the 15th century through the territory of Slovakia. There was „king“ Sindel standing as the head and the „dukes“ Panuel, Michal and Ondej. In 1471, this group consisting of more than 300 individuals went from Buda through Košice to Bratislava, where it was divided into several parts. Members of the nomadic groups are represented as pilgrims from Little Egypt, who, as a penitent sinners must travel around the world. Population was initially accepting them with hospitality. Various nobles, kings and popes, emitted them a protective instrument - safe doncut. One such instrument was for „Gypsy Duke Ladislav“ which was issued in 1423 by Emperor Sigismund at Spiš castle. In 1563, the Roma got established in Liptovský Hrádok, through the permission they have been given, to forge the required tools for farmers, such as nails, hoes, axes, forks and also halberds for night watchmen. In 1850, they have been granted a permission by the city magistrate, in Litpovská Ľupča, to settle down in a place „Pod šibenice“ (Below the Gallows) to three Roma brothers, called Puška - to make living as blacksmiths. In 1561, there was a census of Roma conducted in Liptov, which shows that in this region, there were 96 sedentary families: they were all employed as blacksmiths, trough-men, brushmen, basketries and some have referred to as a side job to play the violin. „(The Office Government Plenipotentiary for Roma Communities Facts about Roma, Roma history, www.romovia.vlady.gov.sk).

1.2 Roma and their history after 1945

According to various authors, after the Second World War, there was a significant relocation of Roma from Slovakia to the Czech lands, where they found a position not only to work, but also to have a better option than living in Roma settlements. Since the most of the Czech Roma never returned from the Nazi concentration camps, the bulk of the Roma living now in the Czech comes from the Slovakia. „Roma are employed mainly in mountain pasture cooperatives, later in state farms and forest plans. They found jobs even in the war-damaged economy - in road construction, reconstruction factories and the like. The relationships between the Roma families living both countries are alive, and the relatives are visiting each other during the holidays and various family events up to this day. The authorities in the post-war period refused to treat Roma as a specific ethnic group. They were considering that their backwardness can be overcome only if they give up of their former life as much as possible and if they adapt to the majority population. Such was the establishment of the (until then) Nomad - Olah Roma people: politicians then came to the conclusion that living in homes is better than traveling“. (Arne B. Mann, 2001, p.22). Widely significant milestone was the 1969 creation of the

„Government Commission for issues of Gypsy population“ and when Slovak Ministry of Labour and Social Affairs, whose main activity consisted in solving the problems of employment, housing, education and youth crime restrictions. In different districts, they were a district committees constituted at which a network of social workers in the field gradually emerged. They were tasked to do so - through the intermediaries between Roma residents of the community and the authorities. Each year, there were reports made out on the number of Roma population, about their problems in housing, employment, schooling of children etc. It should be excluded that the work of social workers in the past was very necessary and beneficial. However, the above-mentioned Committee of the Government, as well as the entire network of field workers in 1991 were canceled. (Office of the plenipotentiary for Roma Communities Facts about Roma, Roma history, www.romovia.vlady.gov.sk).

1.3. The Roma and their history after 1989

An important milestone recent Roma history was the year 1989. Shortly after the events of November, the first Roma political party arose - Roma Civic Initiative, followed by other parties and cultural associations. In the first election in 1990, there was a 10 members of the Roma elected for the shortened term of two-years into the highest organs of the then, Czecho-Slovakia. A very important element at that time was well accepted principles of governmental policy of the Slovak Republic for Roma and it was on 9th of April in 1991. This document in the broader aspects, designed the approach to solving the problems of ethnic, social, cultural, educational as well as the area of economic security. The main principle of ethnic has been in legislative and legal system, starting with the constitution of the Republic, to recognize the Roma ethnic identities for them to be at the level of other ethnic minorities living in the Slovak Republic. In practice, this meant that Roma were emancipated with the other ethnic minorities. The proposals in the social and economic security, which principles contained, was however, at a later stage met with criticism particularly in relation to compliance with the principles of not shedding the special funds under the state, provision of aid, social, cultural, educational and schooling or healthcare for the Roma who needed assistance on the basis of ethnicity. Document was not taking the need of solving the issues related to employment and housing of Roma into account. The principles also pointed to the weaknesses of the system. (Kotvanová A., 2003, p. 23).

„Based on the noted history, it can be concluded that after the 1989, a lot of positive things has happened for the Roma. In particular, during the years of 1990 - 1992, there were important acts and symbolic recognition recorded - recognition of the Roma as national minority, the Roma Holocaust grant, the possibility of developing the Roma language. „ (M. Vašečka, 2010, p. 4.) In the 90s, there was a space created for publishing activities and periodicals has been published. Currently, the only magazines published continuously since 1990, is a fortnightly *Romano nevo líl* - the Gypsy Sheet. (www.rnl.sk). Since 2002, there is also a Roma Press Agency, medium on the principle of Internet Newspaper (www.rpa.sk), book market is continually expanding each year with the initial formation of Roma and translated literature. It can be concluded that it is the education, where there was a lot of changes made, whose main task was to improve the educational level of Roma children and on the other hand, the increase of awareness of the majority population of Roma, at the same time. Nevertheless, the overall social and economic condition did not improve at the desired pace. As a result of socio-economic

transformation after 1989 was the the gradual creation of a new system of social inequality and large part of the Roma lost their jobs and new job opportunities are absent. Life in Roma settlements and ghettos is marked by material poverty, poor hygiene, deteriorating health situation, but also with social exclusion.

Constantly deteriorating social status of the Roma population was continually requiring a systemic solutions at the level of government and in 1989, the government of Slovak Republic, appointed a plenipotentiary for Roma communities.

2. Poverty Roma, its causes and cosequences

Roma poverty can be understood in a narrow but also in the broader sense.. In a broader sence, it can be understood, except metarial consumption and as a lack of other aspects, even including lack of access to social services, which means inability to participate in social, economic, political and cultural life, but due to many factors such as: low income, poor health, lack of education, respecitvely, little contact with the majority population and discrimination. Poverty among Roma is closely related to four main factors.

A) economic conditions in the region - in economically developed regions, the situation of the Roma favorable compared with those living in poorer areas.

B) size and concentration of the Roma population in the colony - in comparision with Roma in other countries in various regions of the Slovak Roma often live in settlements and on the dges of villages and towns. Types of settlements vary considerably in geographical location and ethnic composition. Approximately, one quarter of the Slovak Roma live in settlements, many of which lie in the poorer eastern regions of the country. Their actual number is difficult to estimate because of the methodological problems in the census of Roma and the definition of what actually „settlement“ means. The living conditions of Roma living in settlements are generally worse than the rest of the Roma population.

C) proportion of Roma in the settlement - based on research and each statistic, there is an ample evidence that the poverty rate in areas with a higher proportion of the population is higher than in areas with a lower density of Roma. According to the researches poverty among Roma in districts where at least 5 percent of population officially proclaimed themselves as a Roma, is substantially greater and deeper than the Roma popualtion in general.

D) degree of geographic integration or segregation of the settlement and its distance from the nearest town or village - within regions, there seems that the level of poverty of Roma settlements is closely linked to the geographical location of settlements and the level of ethnic integration and segregation. The conditions in th esettlements populated exclusively for Roma population are significantly worse than those in integrated communities. (World Bank, Foundation, S.P.A.C.E - INEKO, 2002, p. 13).

From above mentioned characteristics, it shows that the more isolated and segregated the settlement is, the more deeper and arsher is the property in it, from which logically follows that the resident also have fewer opportunities to work outside the village because they lack sufficient funds to travel for their work and consequently, it increases the likelihood that the majority of Roma will continue to live in isolated settlements and poverty will subsequently deteriorate.

Social, as well the economic indicators show, that the Roma in segregated settlements are doing much worse because these settlements' unemployment rate is in most cases 100%, and therefore, there is a poorer education, and health status of the population. Roma living in segregated settlements, which are located in poor areas are called „doubly marginalized“ - because they face a higher risk of political and social exclusion.

2.1. Indicators of poverty

One can only agree that Slovakia still remains the first indicator of income poverty assesment. Thus, adversely built situation is the result of, perhaps, a lack of experience with alternative methods of tracking poverty.

Due to lack, respectively, no no income, many Roma equate poverty with their current living conditions are poor and inadequate housing conditions, not fully built infrastructure, poor health status, but primarily, the lack of food and drinking regime, lack of clothes, almost no social net they could count on and high unemployment and finally, anti-social exclusion. Most of them do not work in the long term, thereby, it is affecting a significant lack of funding and they can not prove their families with proper food, not even for their children.

Another factor affecting the Roma poverty is their low level of education from which derives the mere change of finding a job, which precedes the indicators adopted. Problems is seen in the fact, that most of the Roma population have not completed primary education, but of course, there are also an individuals who has the apprenticeship, some of them even finished high school or university. And it is the ignoramus of Roma which, to a great extent, is the consequence of the poverty and social exclusion of the Roma ethnic group, causing unemployment, hunger, malnutrition, poor housing conditions, as well as poor health.

2.2 Lack of education of the Roma as the most serious causes of poverty of Roma ethnicity

Education of Roma children is one of the topics on which most discussion in the efforts to classification and association of Roma. It is, therefore, one of the key areas, in which intervention is required, first, by the state, but of course, by the third sector as well. Training and education is also one of the areas where a more complex system reform has taken place and all changes are therefore, partially implemented within the inefficient functioning of the school system. The critic of unequal access of Roma children to education is facing a long-term critic, which comes mainly from the Slovak third sector, and from the external manily from internation organization whose focus is human rights. But, the need of imporvment of the situation of Roma education has also been mentioned in several various government documents. It is true that it has not took place, yet, in the context of a comprehensive reform of education but on the other hand, it should be noted that, in the field of education it recent years, there was perhaps, the most action made, and it is still not possible at present time, to measure their success.

The issue of training and education of Roma is one of the many themes that resonate in our society and this issue is addressed on a global scale. Education is one of the main conditions for the development of every human community, but at the same time, a

great need for personal growth of each person who is preparing by education for his own life with a positive integration into society. In our society, it is considered that Roma do not value education. Young Roma until now, still did not know the relationship between education and socio-economic success. Roma do not realize that only the education from early childhood and education leads to not only to meet the material requirements but also the spiritual abundance. However, the present case is that Roma who wants to go to school, face many obstacles. Especially for Roma, living in segregated settlements away from the town or vilalge, the very way to school itself, is the obstacle. Subsequently, the parents of Roma children often can not afford to buy even an adequate clothing and not to mention the school supplies and food. Consequently, a major problem is the teachers themselves approach to Roma children. Roma children are never separated in classes, to not be with the non-Roma children. They must, therefore, often attend separate classes that were not in the same class with non-Roma children. Not only in Slovakia but also in many other countries, there is a disproportionate number of them assigned to the schools for the mentally handicapped, therefore, in special schools. This may be a wide-social problem, resp. the problem of the whole system, because the lack of scholarship of Roma children is related, mainly due to the fact that many Roma parents describe their consent to their children without understanding, in order for their children to be assigned to special schools. By doing this, the children are already prejudged to the poor life, because without qualification, they have no chance to apply for the labor market in their future. However, many Roma parents often do not even know what they sign, because they, themselves, can not read and this way, they can not come to awareness of the dire consequences of the proceedings. Several official investigations have shown that the inclusion of Roma children in schools, serves as a tool of segregation of these children. That conclusion has been confirmed, in some cases, by the state school inspection.

On the other hand, there is a prevalent view, that segregated education can even have its weaker but also its better effects. The positive one, is that Roma children are in their own community, they are not pushed away and underrated. The curriculum is also adapted in that way, that Roma children will receive the most appropriate scholarship, which should be manageable for him or her. These kids learn here what is the most important for the self-realisation. The negative side is that as long as the kid does not suffer any mental retardation of a subtle degree, his/her personal development stagnates and is insufficiently developed and prepared for further education and life.

Here again, we encounter the root causes such as poverty, poor social conditions, but least, as we already noted, profound underestimation of education. On the other hand, the shortcomings of the school system must be noted too. „Portik, in his book states that : the analysis of the failure of Roma pupils indicates that the majority of pupils is primarily caused by exogenous factors of socio-economic environment, lack of educational stimulation, lack of hygiene and medical care, rather than genetic factors. „ (M. Portik, 2003.)

Despite the many efforts of the Slovak society, is just at the beginning of its search for appropriate ways of dealing with Roma issues. Despite the intensive efforts of many governmental and non-governmental organizations, it can be stated that the Roma situation regarding education and training completely failed in its solving. The current situation can not be considered as optimal, and it is therefore, necessary to say that the policy of preferential treatment do not have the support of the general public and not even of the representatives of political life. Some social change could happen if the xenophobic perception of the Roma would be suppressed, in accordance with the awareness of the

need to build our society.

2.3 Unemployment as a result of Roma poverty

Position in the labor market, together with the employment status and educational attainment, is among the most important factors. A mismatch between high unemployment and weak skill is ultimately excluding Roma from the standard of living and other life chances. The fact that the bulk of the Roma ethnic group suffers the exclusion in the labor market has also deep historical roots, which may be due to the magnilaziation of Roma in th elabor market mentioned several factors such as as:

- Low level of education and qualification level
- The presence of hidden prejudice and discrimination against the Roma ethnic group by the majority population, respectively employers (reputation unreliable workers without work ethics, discipline and motivation).
- Low status housing, living conditions and the poor state of health
- Persistently high (long-term) unemployment and the associated devastation of human capital and loss of work habits.

In addition, to these factors on the Roma population which are affecting the employment, respesively, unployment is currently in the adverse conditions in the area of employment by various employers, whether it is a private, respectively, public administration. As can be noted, however, there was a loss of heavy industry in which, the Roma often found their job positions in a great extent, the heavy industries have been broken into the individual peasant cooperatives, which also employed a large part of the Roma in the past. There have been major changes in the bulk structure of the demand for unsilled labor in the labor market and significant growth in competition of foreign workforce.

Based on the number of available data and published statistical information, it shows that Roma unployment is very high, and in some places it even reaches the level of 100%. A specific festure is therefore, the fact that it is a long-term unployment, while it is one of the most risky social categories has become the youth of Roma. The young Roma mostly have not experienced any period of work responsibilities and do not have a minimum work experience. Riskines for these young people is the result of interaction of their age, lack of work experience and practice, with related expertise as well as incomplete education. Such long-term youth unployment leads to a kind of subculture of unployment, and in those cases the subsequent atempt to apply the official labor market is minimal to none.

2.4 Poor housing as a result of Roma poverty

Multiple sources of data and information across the European Uniion clearly shows that many Roma in the Eu are still living in conditions that are far below the minimum standards for adequate housing, as well as that of their substandard contitions, uncertain and most often segregated housing are often the cause of a very large Roma problems that interfere with other aspects of life such as education, unployment and health. Despite the fact that the EU direcitvie on Racial Equality Act 2000 provides the protection

of Roma from discrimination in housing, their direct and indirect discrimination on the right to access to housing remains considerably enhanced. In several member states of EU, but also in other countries, that are still many evictions of Roma occurring.

The housing situation of Roma is currently a serious problem and needs to be addressed through urgent actions of EU institutions, member states, as well as local authorities to ensure and promote equality and social inclusion. In this regard, it is important active participation of Roma in all stages of the development of housing policies, starting from planning, through its actual implementation of evaluation and assesment to both the EU, national, regional as well as local policies.

The quality of housing of Roma in global-scale, is still necessary to monitor and of course, improve. Some authors in their works argue that the states should affirm the right of people to pursue sedentary or nomadic lifestyles, according to their own free choice, and to ensure equal treatment with various authorities should make all the conditions that would suit such cultivation lifestyles. It should be ensured housing conditions of Roma in the form of, for example, access to the building, planning and access to private land.

In Slovakia, the majority of Roma live in settlements and do not even own their homes or land on which the dwelling is built. Many of them does not even has a water, gas, electricity or water closets. Many Roma settlements have still not settled the ownership of land as a key to improving the overall condition of their housing conditions, as local authorities and governments are not willing, or not able to invest in the maintenance of buildings or local infrastructure, if this property is not settled. „Improvement of infrastructure in Roma settlements is one of the fundamental objectives of the current policy of the Council of Europe. Unfortunately, many governments are not willing to invest in improving the housing situation of Roma and these processes are, thus, too lengthy. „ (Council of Europe Information Office in Bratislava, 2008, p, 29).

2.5 Poor health as a result of Roma poverty

The Roma population's health condition rates their health condition very favorably compared to the total population in the Slovak Republic. But, we know, that the score does not reflect the reality at all, and there is a different reference framework for the assessment of both groups of their own health. Research has found that Roma suffer from a low number of chronic diseases, „but we believe, that there is a large number in this population of undiagnosed diseases. Since the Roma have poor access to health services, many of them are visting the doctor only when it is the symptom of advanced disease stage.

Hunger and food are among the main determinants of measurment factors that affect the poor health status of the population. If we could compare different periods, we could rate the period before the 1989 in Slovakia postively in terms of procurement, of at least, the basic fod of the Roma population, mainly because of their almost full employed status, as well as the possibility of subsidized consumer goods. In the transition period, these conditions have changed very significantly, while Roma housholds in the poorest settlements have huge difficulties in procuring sufficent quantities of food and thus, to maintain adequate nutrition of families. Malnutrition of Roma children is seen as a common problem, resulting in poor health associated with the symptoms of stunting among Roma children.

Thus, on the basis of the facts above, we know that another important manifestation of overall prosperity or poverty condition. Doctors have confirmed, several times that in Roma settlements, there is significantly worse health status compared with other populations, the main factors are being attributed to unhealthy lifestyle, including mainly due to poor nutrition, smoking, and of course, the terrible living conditions. Research methods were clearly found that the incidence of various infectious diseases, together with poor conditions, is significantly higher in the more isolated and segregated settlements. „ In most cases, there are a different epidemic hepatitis occurring, also trachoma, tuberculosis, meningitis and various skin diseases, including scabies among the inhabitants of Roma settlements. These diseases were eliminated almost completely in the majority population and today are associated only with the over-population, consuming non-potable water, shortages in the removal and disposal of waste and proximity of environmentally contaminated areas, all of which are characteristics of Roma living conditions. „ (FSG, 2007, p. 31).

The most common reasons for the occurrence of dangerous diseases is their bad lifestyle, poor diet but often, also untreated injuries. Information about congenital diseases are inadequate, and in the majority, there are no health index. Regarding research, drug addiction in Roma communities - it is being eliminated by the poverty itself, however, there is a high occurrence of alcoholism.

A significant problem with the Roma in terms of their health, is their low health awareness and highly unsanitary environment in which they live. Therefore, isolated Roma settlements are a warning sign because of their alarming health situation for the whole society.

„Disastrous and ever deteriorating living conditions, low health awareness and low, respectively, no vaccination rates suggest that the trend of increased risk of infectious diseases in the population of the Roma ethnic group will continue. Especially, a high risk of diseases associated with low hygienic standards, which range in epidemic scale. „(FSG, 2007, p. 26).

Given the very poor state of health and well adversely access to health services of Roma, there should be needed to develop a participative way of involved individual components of the special health programs that would be, first but not last, dedicated to one level the inequalities of Roma and non-Roma population in health and on the other hand, their main aim would be to focus on tools that would increase the individual responsibility for their own health, education, employment as well as their social status.

2.6 Poverty and social exclusion

Is not necessary to ask the question in this regard, it is better to measure poverty and social exclusion. It can also be said that every measure of poverty, resp., social exclusion involves some clear idea about their causes and consequences. The poverty measure, i.e. by setting the poverty line, represents the measurement of only a certain symptoms of poverty, i.e. a concept of poverty. However, in respect of social exclusion, it is necessary to focus not only on the description of possible dimension and specific indicators, with the help of which, we can examine social exclusion, but also point to the very concept of social exclusion. Uniform definition of what social exclusion means and how to measure its breadth and depth, certainly does not exist, but perhaps, it is possible to rather point out to the various alternatives.

However, it should be an effort of various scientists to the future, and all involved in this issue focus on the problem of poverty and social exclusion in a comprehensive manner to obtain a various of useful and relevant data to describe and indentify risk factors for most vulnerable groups in this way, to provide social policy makers, such data on which it could be credibly and effectively conceive the various strategies and plans. In addition to this, as a member state of the EU, we are comitted to regularly handle the National Action Plan for Social Inclusion and monitor poverty and social exclusion, with the help of the common indicators. However, in addition to common indicators that allow international comparsions, it would be also useful to construct a national indicator of poverty (i.e. Social exclusion), reflecting the specific situation of Slovakia.

Social exclusion is mainly the lack of participation of individuals who are part of the majority considered distinct. It relates to poverty and highlights the social, economic, cultural and political context.

Social exclusion is associated with its opposite, to social inclusion, integration and cohesion. In this context, there is an issue of inclusive capacity of the communities and region getting to the spotlight, in which there are socially excluded Roma groupings. It is primarily, the capacity of institutions and organizations working in the following municipalities and regions, to provide members of socially excluded grouping servies (social, educational, health, etc.), which would allow the development of their human, social and cultural capital and to ensure the social deelopment of socially excluded grouping as a whole.“ (A. Muřinka 2011, p. 115).

3. Social and economic situation of the Roma

Solving the poverty of Roma in Slovakia, but also in the world is a long-term task, which can be in process for further decades. Of course, it is a complex task that requires participation of the whole society and versatile solution at ministries. NGOs, international organizations to the level of the European Uniion. It is still very needed, to create a new effective projects in this area, to which it would be possible to engage the Roma themselves, in cooperation with local governments and municipalities in Slovakia. Great opportunity to address and financing of such projects is being offered by the EU, and henceforth, by ensuring prijects in their external financing.

The EU and its member states have a special responsibility for the situation and the solution of the Roma living in the member states, and in the candidate countries, the potential candidate contries respectively. The values on which the European Union is built are set out in the Charter of Fundamental Rights. These values should be applied in practice in order to improve the situation of the Roma, who also represent the largest ethnic minority in the European Union. Roma inclusion is in line with the priority educational growth, which is in the context of the EU 2020 strategy and particularly, its pilot initiative called the European Platform against Poverty. Achieving full Roma integration would result in significant economic growth and especially for those countries that have declining populations and should not afford to exclude part of their potential labor force.

Challenges of the European Union to address the situation of Roma and poverty in the future mainly include:

- Improved collaboration between stakeholders at European, national and international level and representatives of the Roma communities, which are based on a commitment in favor of Roma Inclusion
- Reflecting such undertaking, and this cooperation into positive changes at the local level. Here is the need to co-responsibility of local authorities, civil society as well as Roma themselves in such a way, to implement various programs and projects.
- More effective communication in the context of the benefits of Roma inclusion for local and national economic and social development. Social and economic integration of Roma is a two-way process, which requires a change in mindset of the majority, as well as members of Roma communities and their leaders
- Support the integrated use of EU funds in order to address the multidimensional challenges associated with the exclusion of the Roma
- Developing policies to eliminate segregation, particularly in education and housing, and support them through the Structural Funds
- Achieving a special focus on the most disadvantaged micro-regions
- Focusing efforts on Roma inclusion in the broader policy areas, such as education, employment, public health, infrastructure, urban planning and economic and territorial development.

3.1 Discrimination

Equality and equal treatment and/or respect for different and diversity are an essential part of each individual of a dignified life in society. But, these are often just an ideal to which we are trying to move closer, than reality itself. Discrimination and discriminatory practice still remain widely prevalent, which in many cases, is of structural nature.

Anti-discrimination legislation is valid in Slovakia since 2004, which provides equality of all citizens and protection against discrimination based on skin color, age, gender, sexual orientation, wealth, social origin, disability, membership of a national or ethnic minority or religion. The reality is that no legislation can not reliably prevent discrimination. „As shown by the experience of other countries in the implementation of anti-discrimination legislation (f.e. UK), the ingrained discriminatory structure is changing very slowly“ (M. Sekulová 2010, p. 7). There is almost the same situation in Slovakia.

Despite the legislative and structural roots of discrimination mean that there are still prejudice and stereotypes prevailing, not only against selected groups, but there are also specific acts occurring, which are discriminatory. „In other words, even though the principle of equality and non-discrimination is enshrined in many national and international documents, not all people are equal in real life“. (M. Sekulová 2010, p. 7). The existence of unequal treatment experience with phenomena of discrimination and racism are clearly not visible only through deeper insight into public discourse, media reports, but not least, it is often being reflected in the statements of several public officials.

Ultimately, discrimination may be the result of historical deprivation and exclusion of certain groups in society. According to available materials there was a comparative research on the European Union Agency for Fundamental Rights carried out in 2009. This research was focused on the issue of discrimination against minorities in the European Union, while also covering Slovakia. Research has produced interesting results about the subjective experience of Roma and Romani with discrimination in Slovakia. This particular survey showed that 41% of those surveyed Roma and Romani women felt to be discriminated. Roma men and women largely face discrimination in the private sector. Other parts of the areas, where they experience discrimination are - the labor market, job search, public health, specifically with medical staff. What was interesting and significant result was that they experience the least in education.

In that context, it is appropriate to stop and think about it, since the Roma realize the discriminatory practices, because it is the education which is now widely discussed in relation to discrimination because of the prevalence of segregation. The conclusion of that research was that these people often face discrimination and perceive it as widespread.

However, in the present context, a true measure of discrimination of Roma in Slovakia is difficult to quantify precisely because of the continuing lack of ethnically specific data. So, in order to obtain a comprehensive view of the problem of discrimination against the Roma population, the specifically oriented research against Roma population of such a real situation is needed. „In this context, however, there is a raising persistent problem of obtaining reliable data on discrimination on grounds of ethnicity or race (mainly because of Roma ethnicity), disability, age, religion, sexual orientation, but also social status and multiple discrimination in accordance with legislation governing the protection of personal data. One consequence of this situation is the impossibility of evaluating the impact and measuring the progress of anti-discrimination policies and their individual actions.“ (Office of the Government Plenipotentiary for Roma communities, Strategy for the integration in 2020, 2011, p. 43).

The principal legislative instrument in compliance with the principle of equal treatment and non-discrimination in Slovakia is called „Anti-discrimination Act of 2004“, as a general rule covering social security, labor law and similar legal relationships, such as education, healthcare, provision of goods and relating to the calculation of the protected grounds, including national or ethnic origin, race or color. In terms of the incorporation of European anti-discrimination directives in the Slovak legal system, a key moment was the adoption of the Law no. 365/2004 Coll. on equal treatment in certain areas and protection against discrimination and amending certain laws (Anti-discrimination act).

The law was adopted on 20th of May in 2004 and entered into force on 1st of July in 2004. The law prohibits discrimination - in area of employment and similar legal relations - on sex, religion, belief, race, national or ethnic origin, disability, age or sexual orientation. According to Law no. 365/2004 Coll. of equality, there has been a Slovak National Centre for Human Rights established as the main, central body for monitoring these complaints. In addition, to these centres and other bodies, these complaints are also being monitored by other bodies such as. Institute of the Ombudsman, and the Office of the Plenipotentiary for Roma Communities.

There is a prohibition of discrimination applying for specific legal relationships circuit (of § 112 paragraph. 1 of Act no. 387/1996) - according to which: „An employer must not publish job offers containing any restrictions or discrimination based on race, color, language, sex, social origin, age, religion, political or other opinion, political

affiliation, trade union activity, the nationality or ethnic group or other status. „(Act of NR SR no.387 P 1996 Coll employment).

In 2004, there was also a law promulgated - Act. 5/2004 Coll. Employment Services. According to § 50 of this Act, there may be a contribution given to the employing the disadvantaged employer (graduate of school up to 25 yrs. old, the candidate over 50 yrs. old, long-term unemployed ones, lone citizen caring for a child, a disable person and the like.). Although, the law nor the concept encourage employment of disadvantaged jobseekers in terms of labour, social affairs and family in 2004 arising from it, it does not confer the ethnic minorities directly, a large proportion of socially excluded Roma population falls into the category of disadvantaged job seekers, as defined by law. (World Bank, Foundation S.P.A.C.E - INEKO 2002, p. 57).

The constitution of SR, in article 35 guarantees everyone the right to work. According to Article 12, everybody has a right to work, regardless of sex, race, color, faith and religion, political or other opinion, national or social origin, nationality or ethnic origin, property, birth or other status. (Act no. 460/1992 Coll., Constitution of the Slovak Republic).

Also, the Act. 428/2002 Coll. of privacy policy protects ethnic minorities in the sense that it prevents a potential employer during the interview employment to require the candidate information about his ethnicity.

„Other sources of data, which may terminate, in particular about the discriminatory potential of the opinion polls, which show that Slovakia is deeply rooted by prejudices and stereotypes about the Roma minority. There is also a strong likelihood linked to this, for example, employers apply such an approach to the recruitment of Roma unemployment. Although, it can be stated that the issue of discrimination against the Roma in the labor market after the legislative side was sufficiently covered, in practice, many problems probably still persist for long time, since, in practice, the legislation is being used insecurely and insufficiently. Overall, there is a problem in practice, when examining the situation and both, rates of discrimination and then, the application of anti-discrimination legislation itself. „(Office of the Government Plenipotentiary for Roma Communities, Strategy for the Integration in 2020, 2011, p. 43). The experience of the EU shows that the area of labor relations is an area where there is very difficult to prove the discrimination.

4. Aspects of Roma policy

The solving of social situation and poverty of the Roma is a complex task, which should be addressed in a collaborative approach among many partners, various organizations and as well as the state itself. Roma themselves should be also involved to the solution, but also non-Roma. The details of the Roma living in settlements can only encourage considerable unease about future policy. There has been numerous projects carried out to this topic for decades, which should solve the problems of the Roma ethnic group, but it must also be acknowledged that a longer-term horizon on the Roma problem can only lead to a deeper entrenchment of segregation and the consequent impoverishment. It is necessary to adopt a package of short-to-medium-term measures that are targeted at the most important area of improving the living conditions of the Roma in the Roma issue.

Finally, in this regard, the involvement of non-governmental organizations such as

the Office of the Plenipotentiary for Roma affairs is very important.

Peter Pollák, the government Plenipotentiary for Roma said that „over the last 20 years, there has been 17 different concepts worked out for the Roma issue, and despite that, the situation for the segregated community is still difficult.“ He also further emphasizes that the Roma issue is complex and can not be resolved in the short term. And the production of proposals of law than on a treadmill can not be expected. Nevertheless, ÚSVRK in cooperation with the Ministry of Labour, Social Affairs and Family submitted the National Council Act of Material Deprivation in 2013, which includes three pillars of Roma reform, that are the hardest measures of the Roma reform.

The representative, Peter Pollák, has also spoke very favorably about the issue of placement of Roma in special schools. The Office also supported the pre-school education for children from socially excluded communities. The ÚSVRK gave thousands of Roma children a chance for better future through projects and through variety of programs created 590 jobs. Plenipotentiary Peter Pollák also raised the issue of settlement land with Roma settlements and there was an expert group established to perform this task, which has to analyze the settlement of the land“. (Peter Pollák, cas.sk, 24.11.2013).

4.1. Proposed measures

In this part, I would like to suggest the possibility of policies and measures that could be implemented to improve the living conditions of the Roma. The idea is that these measures should eliminate poverty of Roma, and improve their future opportunities though expanded opportunities for education and work. It is possible to benefit from the numerous proposed, as well, as the taken measures, concepts and projects in Slovakia, as well from other European countries with these proposed measures.

The main task should be to develop a strategy that would cover the satisfied basic needs of life of the Roma and other hand, their own participation in the socio-economic, in order for them to participate on the satisfaction on their life needs. The most difficult question, as well as the solution are the Roma from the segregated settlements themselves, and their access to education, to health services, to better housing conditions as well as to education itself.

Despite investing many millions of Euros to the Roma issue, it seems that we are only at the beginning of solving this issue. Our society has also invested, as above noted, millions of Euros, to these Roma programs but the results are far behind expectations. It seems that these failures are mainly caused by the ignorance of the target group of Roma, constantly ignoring their cultural and linguistic differences as well as disregard for their involvement in the projects. However, it should be noted that on one hand, the implementation of projects, there is a disregard for the specifics of the target group occurring and on the other hand, the projects are managed in a poor way. (A. Marcinčin, 2009, p. 46).

In various areas of social life , it is therefore needed for the Roma communities, to take measures and concepts that will be targeted as well as be more intense for this minority. Within the aforementioned areas, which are necessary for the Roma issue, there has already been many solutions proposed but we would like summarize the most basic to the following measures:

■ Living area of education

Improving the educational level of the Roma can lead to better access to employment in the labor market.

Solutions in the field of education for Roma

- Include the Roma children to the education at pre-school and compulsory attendance in kindergarten.
- Enhance the education of Roma teachers and teaching assistants who can work with parents and students, they should be able to speak the Romany language, and of course, they should know more of their history, culture, and thereby the learning would be more efficient.
- Do not place Roma children automatically in special schools, since many Roma children do not belong there.
- Put the social educator into practice, whose primary task should be to build confidence in the Roma children about the school, and the social educator would be a coordinator between Roma families and schools.
- Ensure regular monitoring of attendance of Roma children in schools
- Focus on supporting talented young Roma who are doing well and where there it is expected that they also graduate from the university and find suitable employment.

■ Living area of employment

The rate of employment opportunities for Roma people is one of the preconditions for social and labor integration. It is essential that job opportunities are accessible to all and that the poorest people have the means to exploit new opportunities

Solutions in the field of employment for the Roma community

- Improve the implementation of anti-discrimination legislation.
- Develop retraining programs to acquire skills
- Involve young Roma in social and voluntary activities
- Promote the employment of Roma in the areas in terms of the historical development of livelihood were their jobs such as agriculture, forestry, then in crafts such as blacksmithing, basket-making.
- Promoting small and medium enterprises providing employment for Roma population
- Introduce an obligation, for at least for a limited period, to employ some Roma to employment agencies

- Promote better access to credit facilities to increase business opportunities even for Roma who are low-income groups.

- Living area of housing

In this area, it is necessary to adopt measures that would improve the living conditions of the Roma population and improving municipal facilities

Solutions for housing for Roma

- Settle financial circumstances relating to the ownership of land and buildings that prevent citizens and local governments to invest in the improvement and maintenance of the property.
- Provide drinking water to Roma settlements
- Offer rental housing for the Roma, who are properly classified in socio-economic life in families where there is regular school attendance

- Health living area

The solution to the problem of poor health of Roma increases precondition to improve their participation in education and the labor market. It is necessary to ensure the improvement of conditions for monitoring the health status of the Roma population. Solutions in the field of health for Roma

- Ensure better access to the isolated Roma to health care through mobile care
- Involve schools and social workers to improve public health
- Promote the training in health education and therefore, to ensure increased standard of personal hygiene.
- Raise awareness and the number of Roma who can be vaccinated in order to reduce the incidence of infectious diseases.

- Social living area

Social impacts need to be addressed as a total complex of social policy, which is for all citizens without distinction of ethnicity. To provide social protection for the weak, to Roma and as well as to other citizens.

Solutions for Social for Roma

- Social programs directed to all vulnerable groups, including Roma, according to regional conditions of our country and increase the share of power from the state to municipalities in this area
- Re-establish, respectively, Expand the network of social workers in a high concentration of Roma
- Cause major initiative church charities and similar institutions to address social area of Roma

- Establish centers that would take and implement projects aimed at the Roma issue, they would also involve the Roma themselves in projects administered by feedback to individual ministries to address deficiencies that would have occurred in the implementation of projects.

Conclusion

Solving the poverty of Roma in Slovakia is a complex task that requires time and patience. Poverty among has many aspects and deep historical roots. Effective policies on its solving requires comprehensive approach and the creation of national partnerships among Roma and international organizations, national governments, non-governmental organizations at all levels, local governments and communities. The accession process to the European Union provides an excellent opportunities to Slovakia, to solve the problems through programs and projects financed from external sources.

The latest overview of Roma programs in Slovakia suggest the existence of a number of projects, that have been implemented to address the needs of the local Roma. Many of them apply creative approaches to solving difficult problems and to engage dedicated and dynamic individuals and communities. Future activities should be built on these experiments. In that regard, it is therefore important to emphasize the critic need for establishment of mechanisms to monitor the results of the projects, dissemination of good experiences and developing the strategies to promote and proliferate the smaller initiatives across regions and communities. This process requires the involvement of the whole spectrum of different partners, including governments, NGOs and other civil society subjects, as well as the international community.

Finally, I would like to add that it is necessary that the Slovak Republic should use and drew te European Union funding to adress Roma integration into social life at all levels, since the experience has shown that due to the long-term Roma issue, it wold not possible, from the government perspective, to cover such solution via financial resources of the state and it also would not be possible to find such a socio-economic tool by which this issue should be solved. It is necessary to participate to this field, to many quality projects and not just to address the removal of the weaknesses but also to promote growth opportunities.

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Ing. Lenka Kováčová

College of Health and Social Work of St. Elizabeth, Palackého no. 1,
810 00 Bratislava, Slovak Republic,
+421908566642,
lenka.kovacova55@gmail.com

Emerging tradition of european symposia at the pan-european university

Martin Dolinsky

Abstract

Purpose of the article is to describe purpose of symposia oriented at sustainable development, existing achievements of the Pan-European University in organization of such events and future plans. Methodology used in this manuscript is simple observation. Manuscript discovers potential of the Pan-European University to come up with further similar events in the year 2015. Concluding remarks are that described activities fully conform into the vision of the Pan-European University to become a well-known institution within the Global Research Area, traditionally elaborating research and scientific collaboration across national borders. Sustainable Development Symposium and follow-up events belong to top-rated international events bringing together scientists, professionals, and policymakers from many countries.

Keywords: | *ustainable Development Symposium, Pan-European University, follow-up events*

JEL Classification: *A20*

Introduction

An idea of annually organized Sustainable Development Symposia was born in 2011 in Ireland. Young people pursuing their academic careers in an interdisciplinary field of sustainable development decided to come out with an annual platform where they could meet and work for the future of our descendants, for the future of mankind. The Trinity College in Dublin was first institution that “gave voice” to these young people. The event was then taken to Austria, where young researchers grouped around professor Michael Narodoslowsky prepared second series of this annual event. The event lasts for three days and contains thematic sessions. Every presentation day is enriched by invited foreign keynote speakers. Sustainable Development Symposium is organized by young scientists and is backed-up by their professors. The third symposium came to Italy thanks to enthusiasm of students from the Parthenope University of Naples. Based on competitive selection process, the preference to organize 2014 series was given to

the Pan-European University in Bratislava. Sustainable Development Symposium 2014 was organized by the team around professor Molnar. The official symposium program contained thematic sessions, lunch, coffee breaks, official visit of the National Council of the Slovak Republic and a social event. Invited keynote speakers are summarized in the table 1.

Table 1 Summary of Invited Keynote Speakers

Keynote Speaker	Home Institution	Country
Prof. Michael Narodoslowsky	Graz University of Technology	Austria
Dr. Volker Schaffler	Smart City Agency, Vienna	Austria
Dr. Silvia Pinti	PintInox, S. p. A.	Italy
Dr. Chan Kei Thong	LDi group	USA
Dr. Janna Smirnova	Università della Calabria	Italy
Dr. Pier Andrea Podda	Anglo American University	Czech Republic

Source: Own elaboration

1. Symposium and related events

The symposium was enriched with a workshop aimed at diminishing communication barriers between scientists from different fields (social sciences, technical sciences). Participants were shown a way how to understand each other's research content much better. Authors of workshop, Dr. Lisa Nazarenko (UAS Technikum Wien, Austria) & Dr. Gillian Schwarz-Peaker (University of Vienna, Austria), focused on areas of communication that can cause misunderstanding among scientists from various fields. According to their words, "The focus of their work is getting researchers and engineers to communicate clearly with people outside of their specialty area. They use various methods: Cutting the jargon, organizing ideas purposefully, and focusing on the specific audience's needs. The symposium workshop was typical for its interaction with conference participants in order to have them practice the features of clear speaking and writing as it is presented in papers written by Dr. Nazarenko and Dr. Schwarz-Peaker. Nazarenko and Schwarz-Peaker have found that professionals in all fields (including native speakers of English) have trouble communicating clearly with people outside their field, and could use guidance in this area. This topic of the workshop always goes beyond merely writing well - it extends to the more serious issue of how the use of professional terminology can actually hinder the meaning that the writer or speaker is trying to get across. During the closing ceremony of the Sustainable Development Symposium 2014, we announced the next organizer for the year 2015 - the team around professor Elisabete Freire from the Faculty of Architecture of the University of Lisbon. The closing ceremony is depicted in the Figure 1. The 2014 edition held in Bratislava was attended by participants and keynote speakers from 11 countries and was considered as a very successful event. After the farewell to the 2014 series of the symposium, the team around professor Molnar continues with research activities in the field of sustainable development. The main achievements are so far:

- Preparation of a special edition of the Springer Journal on Energy, Sustainability and Society devoted to the Young Researchers Forum about Sustainable Development in a cooperation with professor Michael Narodoslowsky,
- publication with Springer of the work named "Sustainable systems - Game theory as a tool for preserving energy resources".



Source: Own database

Figure 1 Sustainable Development Symposium – February 2014

Research activity of our team is typically aimed at eco-innovations, sustainability measurement metrics, bottom-up solutions of societal crisis and practical elaboration of a game theory. Our activities involve cooperation with foreign universities, institutes, entrepreneurs and various bodies and we see our mission also in the delivery of functional concepts that were proved to be viable abroad, to Slovakia. For this reason, we decided to hold a follow-up symposium aimed at presentation of the triple bottom line of sustainable development to students in Slovakia. The follow-up event was organized on Wednesday, 12th November 2014 within the premises of the Pan-European University in Bratislava (see the Figure 2).



Source: Own database

Figure 2 Follow-up event – November 2014

Invited keynote speakers represented three pillars of sustainability. Dr. Karl-Heinz Kettl from the Styrian Energy Agency had a speech about efficient usage of energy, management system for communal energy activities and other pragmatic solutions for communities. Dr. Kettl was representing environmental pillar of sustainable development.

The social pillar was represented by Karl-Heinz Slabschi, a co-founder of the Economy for the Common Good movement. Economy for the Common Good (ECG) is the initiative jointly supported by NGOs, politicians, private individuals and companies. Beginnings of this initiative date back to October 2010. According to ECG representatives, more than 1500 companies officially support the initiative and over 300 have created a „Common Good Balance Sheet“. In over 80 local support groups, the Economy for the Common Good (ECG) is becoming an international, grassroots movement. It is a growing, dynamic movement with global resonance. ECG is seen as an open space, striving for networking and cooperation with other social movements. An Italian expression for this kind of initiative is “il movimento culturale morale”, which means the cultural movement based on values of morality. The very first time when Economy for the Common Good appeared within academic boundaries in Slovakia was during the Week of Science on 12 November 2014, during our follow-up event related to the Sustainable Development Symposium organized in Bratislava by the Pan-European University and the Slovak Committee for Scientific Management. The economic pillar was represented by the speech of associate professor Molnar, who gave overview of application of sustainable strategic moves respecting typical entrepreneurial boundaries. Special thanks belong to professor Molnar who continually gives a significant support to the team of young researchers and doctoral students in research activities and elaboration of a tradition of sustainable development symposia at the Pan-European University. We have to express our gratitude to the vice-rector of the Pan European University, associate professor Vlasta Kunova who gives official institutional support to sustainable development symposia organized at the Pan-European University. And last but not least, we thank also to the dean of the Faculty of Economics and Business, prof. Kajetana Hontyova, for labelling symposia as official events of the Faculty of Economics and Business.

Conclusion

Based on previous success and media attention (Our activity was covered by the National Slovak press agency), we are looking forward to the organization of successive events in 2015, crossing the boundaries of the Slovak Republic. As we recently realized, there is an interest to attend our events from the side of Austrian public and students, we therefore plan to prepare next events abroad (e.g.: Game theory workshops for students, professionals, communities and municipalities). We are also intensively preparing a Horizon 2020 proposal topically aimed at sustainable development.

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Martin Dolinsky (Ing., PhD.)

assistant, Department of Management and Marketing, Faculty of Economics and Business, Pan-European University, Tematinska 10, 851 05 Bratislava, Slovakia, martin.dolinsky@sustainability.sk

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Scope: scientific forum for economists with an interest in interdisciplinary research, the first academic journal focussed on the economics of creativity and knowledge society. Business and Economics, interdisciplinary studies.

Main section: Economics/Creative Economy; International Business/Knowledge Transfer; Management/Knowledge Transfer/Creativity; Marketing/Knowledge Transfer/Creativity; Management Intellectual Property/Creative Economy;

Related section: Marketing Communication/Media/Creativity; Psychology/Creativity/Knowledge; Sociology/Creativity/Knowledge; Art/Science/Creativity



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