

RAJK LÁSZLÓ COLLEGE FOR ADVANCED STUDIES

————— *Call for Application* —————

## VI. Central European Conference

*'The Role of the State: Reformed or Deformed?'*





“STILL ROUND THE CORNER THERE MAY WAIT  
A NEW ROAD OR A SECRET GATE;  
AND THOUGH I OFT HAVE PASSED THEM BY,  
A DAY WILL COME AT LAST WHEN I  
SHALL TAKE THE HIDDEN PATHS THAT RUN  
WEST OF THE MOON, EAST OF THE SUN.”

J.R.R. TOLKIEN

# Table of Contents

<b>1. Call for Application .....</b>	<b>4</b>
<b>2. About the Central European Conference .....</b>	<b>6</b>
2.1. Background of CEC.....	6
2.2. CEC 2006 .....	6
<b>3. Sections .....</b>	<b>8</b>
3.1. Business .....	8
3.2. Economic Policy .....	12
3.3. International Relations .....	13
3.4. Regional Policy, Rural Development.....	14
3.5. Sociology .....	16
3.6. Welfare, State and Utopia? .....	18
<b>4. Rajk László College for Advanced Studies .....</b>	<b>20</b>



# 1. CALL FOR APPLICATION

## 6<sup>th</sup> CENTRAL EUROPEAN CONFERENCE

### **‘THE ROLE OF THE STATE: REFORMED OR DEFORMED?’**

The Rajk László College for Advanced Studies organizes the 6<sup>th</sup> Central European Conference which will be held from 3<sup>rd</sup> to 9<sup>th</sup> April 2006. During the Conference the selected applicants will participate in one of the sections’ work, which concern relevant issues in connection with business, economic policy, international relations, regional policy, rural development, network society, and the future of welfare states.

The goal of the sections is to create an atmosphere which induces a heated debate among the participants in order to come to know each other and exchange experiences. So we expect extrovert students capable to discuss deep issues as a member of an international company for a week.

#### **Requirements for application**

- You have to be undergraduate or graduate student
- You have to be fluent in English
- You have to send us the following documents in English:
  - × Curriculum Vitae with Photo
  - × Motivation Letter
  - × An essay related to the topics of the selected section. It should be 7 to 10 pages long (font type: Times New Roman, letter size: 12pts, line spacing: 1.5). Proper bibliography is essential; plagiarism will not be tolerated.

For those who are accepted we provide free accommodation and full board. Participants have to cover only their travel expenses to Hungary.

**Deadline:**

Via E-mail: [paper@cec.co.hu](mailto:paper@cec.co.hu) until 1<sup>st</sup> March, 2006

Subject: „Business”, “Economic Policy”, “International Relations”, “Regional Policy”, “Sociology”, “Welfare State”

Please save your document in the following form: *yoursurname\_chosensection*

Questions and more info: [www.cec.co.hu](http://www.cec.co.hu)  
[info@cec.co.hu](mailto:info@cec.co.hu)





## **2. ABOUT THE CENTRAL EUROPEAN CONFERENCE**

### **2.1. BACKGROUND OF CEC**

The Central European Conference has always served as a connecting point for university students specialized in the field of economics and social sciences. Sensibility for the problems of Central and Eastern Europe and examination of the social and economic situation of the region were always considered as very important factors of the professional life in our College. Since the change of regime we have already made several successful steps in drawing the students of other countries in this process. The Conference offers the possibility to discuss the actual questions concerning the whole region together with our guests and establish lasting connections with them that could serve as a basis for the relationship of our universities or for research co-operations.

Nowadays it is a widely accepted idea that in Central and Eastern Europe, a region characterized by different social and economic lines of development, there is a great need for co-operation to discuss the experiences about challenging similar problems of social and economic processes and exchange the views about the inherited and newly emerging conflicts inside the region. We firmly believe that our College will have an important role in the development of such a co-operation by making a regular possibility for students and researchers to exchange their thoughts.

### **2.2. CEC 2006**

Not so long ago the state dominated almost every aspect of life behind the Iron Curtain. That kind of political system has ended, but the states are still affecting people's lives through several economic and social systems. Are these reformed systems perfect? Obviously not, maybe we should make some further analysis.

Knowledge-based society is a nice idea, rotund phrase of many politicians – however, it would really be a great thing to use well-educated people’s creativeness and ideas to help a country get better. Every country has smart and well-educated people – some kind of ‘intellectual infrastructure’. We wish to put this infrastructure in motion; we would like these people to meet. If they do, if they evaluate the reforms of different state systems during the workshops and think about possible further moves together, it could not only strengthen civil society in each of these countries, but create cross-border co-operation.

In Central and Eastern Europe, we have a common starting point – the communist model of state. We also have common problems including the situation of the poor, ethnic minorities, or those who are living in rural areas. There is still limited transparency and access to information (old reflexes are still alive), and most of the countries lack really independent organizations – every attempt to improve things first has to pass the filter of current political interests. We also share the same vision of the future: we want our home to become really stable, democratic, well-off countries, which are able to adapt to challenges. With so many matching characteristics Central and Eastern European countries made different reforms in order to reach the common goal – we would like to overview these steps and try to find out how to overcome the difficulties together.

Our objectives are to:

- ... discuss various problems and questions concerning our region
- ... have a deeper insight into different points of view of people from all around the world
- ... try to find organizations, associations having similar educational goals to what we have in order to create opportunities for future professional co-operation
- ... come to know more about other nations and have friends in other parts of the world
- ... have fun together for a week in Hungary ☺



### **3. SECTIONS**

The Central European Conference is not going to be a conventional conference in its classic sense. Although there will be two open lectures to provide framework for the event, the main purpose is to form 6 workshops ('sections') with 12 to 15 people in each in order to encourage teamwork between the participants. Given the fact that it is completely in contrast with the current methods of the school systems of this region, it is going to be very inspiring. These workshops give the students opportunity to make a discussion about a specified issue, and to share the experiences and common knowledge. Concerning the similar social, political and economical background of these countries

we are going to review the very different solutions which had arisen after the transition – obviously, getting to know other practices can stimulate all the students. This helps to create an innovative atmosphere and establishes ideal foundation to focus on the possible future moves in changing some elements of the current state systems, both social and economical. The past 36 years of Rajk László College for Advanced Studies and our achievements ensure that the Conference will not only provide the experience of common thinking, but also high standards of professional work during the workshops.

#### **3.1. BUSINESS**

Within the framework of the business section, we will focus on examining the special business environment of Central and Eastern Europe. However, hence this very environment is seemingly moving toward taking the norm of the Western business world, it is also of key importance to look at the differences that still persist, and the similarities that are already observable. We approach this problem in a multiple way.

First, we set the milestones with approaching competitiveness from the CEE perspective. In this section we examine – based on the opinions and papers of the participants, and some relevant literature provided in advance to the chosen participants – the means of how CEE countries enhance competitiveness. How these methods are different, what are the main common characteristics, etc. Further questions to be discussed:

- What are the sources of competitiveness in Central and Eastern Europe?
- What are the sources of competitiveness in your home country?
- Are Eastern and Western firms differing in the way they compete?
- Who are firms in Central and Eastern Europe competing with?
- Do Central European business firms possess the knowledge, strategy and resources to compete in a global environment 15 years after the transition?
- How are governments trying to establish a suitable environment and infrastructure to help firms to compete?
- Are there new sources of competitiveness arisen in the past couple of years?
- What theoretical approaches, frameworks exist which can help to answer the above questions, and structure the problem?

Second, we go down to the level of enterprises. That is, we will examine a situation, the M&A decision, which is a known phenomenon in CEE. Not only Western firms have bought/merged with CEE firms in the past decade, but the new millennium seems to bring forward the era of regional multinational companies.

Synergy is a fancy call-word in today's business world, almost inseparable from mergers and acquisitions. Executives think of value creation opportunities and cost cuts upon hearing it. Meanwhile, to the West, stock markets often react negatively to M&A events, suggesting that realizing these synergies is not as easy as it may first seem.

In the recent couple of years M&A events were abundant in the Central and Eastern European region, also involving transactions where both parties were local firms.

- What are the sources of synergy in CEE?

- How can synergy be measured?
- What are the pitfalls of realizing synergy in CEE?
- What makes companies merge? Do special incentives for mergers in CEE exist?
- What major events took place in the region and in your home country?
- What are the industry sectors where these M&As are most likely to happen?
- What are the limiting factors of M&A in CEE?
- What are the chances of regional MNCs against stronger European competitors?

In the third part we will examine a specific problem, the problem of VBM and corporate valuation in the region. As a key to measuring and judging business processes in CEE, valuation is of key importance.

Nowadays, most of the corporate valuation literature is written in the United States. Therefore, the methods worked out by academics can be applied properly only in countries with well-developed financial markets, good information flows and large samples of similar firms (mainly in the US).

However, there are mergers and acquisitions and other firm transactions in other parts of the world, too. During a transaction in Central Europe, valuation specialists have to be able to set rules to determine the fair value of a company, a line of a business or a division. In order to do that, they have to make some adjustments to some factors of the models of valuation. Finding and quantifying the differences is not an easy task. It needs rock-solid knowledge of the method and the environmental circumstances in both areas.

The scope of the papers of this topic for the conference is as it follows:

What difficulties do Central European valuation specialists face when using methods tailored for Western countries? How can they overcome these difficulties? It is obvious that it is not possible to analyze all the methods in one essay. Therefore we recommend to choose one of the methods (Discounted Cash Flow, Multiples, Asset Valuation, Economic Value Added, etc.) and making a profound analysis of its components or factors.

The fourth topic is somewhat different from the others, and we expect no papers to this topic. In this section we will play (simulate) a previously applied and tried corporate situation game, which will last about one hour. After that we will examine the key decision points that

emerge during the game, and we will try to investigate whether there can be traced national differences in the way of thinking, and we will be discussing those. To make this a little more explicit, we will rely on some results of the Globe research performed worldwide in more than a dozen countries.

Once again, the topics/questions to answer in your paper are the following. Remember, you have to choose only one of the following topics!

*Competitiveness topic*

What are the specific sources of competitiveness in Central and Eastern Europe and in your country? How is your country making a stand in the race for FDI and MNCs?

*M&A topic*

Do special incentives exist for mergers in CEE, Which are the major such events that took place in the region and in your home country? Do CEE M&As have special characteristics in your point of view?

*Valuation topic*

What difficulties do Central European valuation specialists face when using methods tailored for Western countries? How can they overcome these difficulties?

Have a good work; we are looking forward to seeing you!



## **3.2. ECONOMIC POLICY**

The CEC (Central European Conference) Economic Policy Section is looking for papers in the following topics:

*Fiscal rules and fiscal sustainability in Central European Countries*

*Fiscal reforms in Central European Countries*

*Monetary and Fiscal Policy in the New Neoclassical Synthesis*

We are waiting for participants from any European higher educational institution studying in one of the related fields: economics, international relations, public administration, business administration, sociology and public policy.

The program of the conference contains lectures, seminars, workshops, and paper presentations.

*Fiscal rules and fiscal sustainability in Central European Countries*

Nowadays one criteria for accessing to the EMU is fiscal: the budget deficit must be under 3% of the GDP. Many CEE countries have met this requirement already and what is more have joined to ERM2. A question arises: whether the low level of budget deficit is sustainable and are we able to preserve it consistently or do we need fiscal rules in order to prevent imprudent steps along Keynesian thoughts to boost the economy.

*Fiscal reforms in Central European Countries*

Other countries are trying to lower the deficit but because of the lack of severe commitment their desire, the Euro, is far away. Many CEE countries have gained experiences how to make a correction after the transition. In these days when the national bankruptcy is far away how could a fiscal correction look like, what unpleasant consequences will we meet?

*Monetary and Fiscal Policy in the New Neoclassical Synthesis*

The methods of economic policy are lagging behind the achievements of macroeconomics. In many cases the classic IS-LM system is the source of determining choices and the governments could not secede the Keynesian thoughts. Are these 'ancient' models really enough to manage the economy? What do you think about the monetary policy and/or fiscal policy in the new neoclassical synthesis?

### 3.3. INTERNATIONAL RELATIONS

*How far away are we from EU-15?*

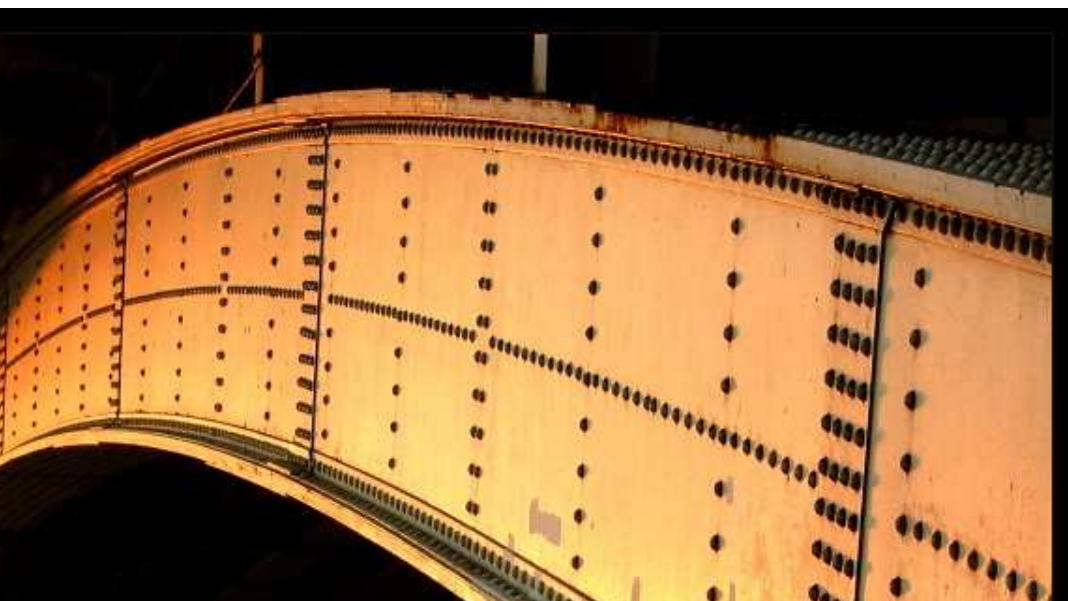
Almost two years ago 10 (mostly post-communist) countries joined the European Union of 15 'old' member states. During these two years different interests of old and new member states have emerged in many areas. These include issues concerning both the foreign relations and inner politics of the EU-25. Our aim is to come up with ideas that tackle these problems specifically from the point of view of university students coming from all over Europe.

We attempt to organize a section where participants discuss the most important issues that still divide the European Union into old and new members:

- *Common Foreign and Security Policy*: different ideas of transatlantic relationship, diverse approaches to Russia's role and Turkey's accession to the EU.
- *Labor market liberalization*: why most of the old members still restrain the free movement of people from new member states?
- Different interests in *Cohesion Policy* and *CAP* which emerged particularly in the debates on the Budget 2007-2013. Competitiveness versus solidarity...
- *Ideas about the future form of the EU*: multi-speed Europe, variable geometry Europe, United States of Europe, etc. Do new member states share the same interests in the further deepening of EU integration? Which role are new member states supposed to have in this issue?

We believe that the section would reveal many current disagreements within the EU for participating students.

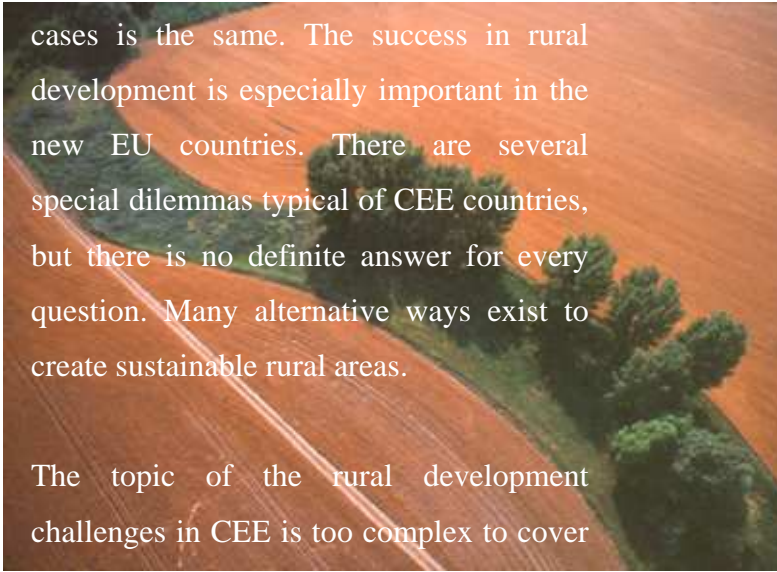
During the section work papers prepared by participants shall be presented and the four above-written topics shall be discussed on the basis of the presentations and the assigned articles. The section work will take place five times during the conference: an introductory section meeting held by a guest lecturer followed by those discussing each of the four topics.



### 3.4. REGIONAL POLICY, RURAL DEVELOPMENT

More than the half of the population in the 25 member states of the European Union (EU) is living in rural areas, which cover 90% of the territory – rural development is a vitally important policy area. The aim of the rural development policy is to improve the quality of life of people living in rural areas, to avoid further growth of the disadvantage of rural regions and to provide opportunities for catching up.

Otherwise it is not obvious how to reach that aim. The rural areas have several difficulties and challenges which need to be solved, on the other hand none of the



cases is the same. The success in rural development is especially important in the new EU countries. There are several special dilemmas typical of CEE countries, but there is no definite answer for every question. Many alternative ways exist to create sustainable rural areas.

The topic of the rural development challenges in CEE is too complex to cover completely during the Central European Conference, therefore after this short introduction we would like to handle some particular important and problematic issues:

- The **European territorial cooperation**'s objective is to strengthen the cross-border cooperation, the cooperation between transnational zones, and the exchange of experience throughout the Union. It seems to be a good idea according to the experience of the Interreg Community initiative in order to create a more competitive society. But how could it work? How can the CEE rural areas use this objective? Which are the opportunities of the CEE areas?
- **Local marketing and business opportunities in small areas:** This subject is about how we can manage a small village's life in a fast and changing region, or in a backward region. Do the non-competitive regions have their own internal market, or we have to develop their capabilities? After finding the answer to this question, we can start thinking about the vendibility of the region's products, and the opportunities in the region for investors. On the one hand this can be the proposition of the local marketing, and on the other hand the development of tourism, and the marketing of local specialties. We think that this subject is important, and worth to deal with,

because soon, especially in rural regions, the importance of agriculture will fall, so a lot of people will lose their job, and not only the people but the villages and towns will lose their main profiles. So let's pass around this important subject together with lot of creative ideas!

- In order to create a **harmonious growth** of the welfare in the rural areas it is necessary to implement a sustainable plan for economic development in accordance with nature, cultural heritage and many other aspects as well. How could it be possible to consider these aspects in a complex rural development plan?
- The two main **EU indicators**, the unemployment rate and the GNI, are very bad instruments. The unemployment rate includes only the active and passive job seekers. But there are not included those people who left the labor market. The GNI measures only the performance of the economy, but does not include some very important aspects such as the status of the environment, the common health of the population, the cultural heritage etc. There is a need to develop such special indicators which are still simple but include more aspects of life. Search for and create a better indicator!

In this section of the CEC we want students brainstorming about the future of the rural regions touching the enumerated issues and give ideas to each other through success stories from CEE countries. During the Conference our section intends to invite a Hungarian lecturer to make a presentation about the future of Rural Development.

We are expecting creative students!

**Don't hesitate – take part in our workshop!**

### **3.5. WHEN LITTLE MOLE AND MICKEY MOUSE MAKE A BABY**

*Formation of Informational Society in Post-Socialist Countries*

#### **Concept Paper for the Sociology Section**

In the western civilization the revolution of information technology since the '60s heavily influenced the structure of society. These changes spread out as strongly on production as on culture and on politics and it greatly contributed to the formation of the network society. From the '90s the appearance of the decentralized media have been accelerating and led to the so called the "informational society". At the same time Central and Eastern Europe was hit by the collapse of the communist regime leaving a post-socialist social structure. The transition to market economies forced out the integration of the region in the global network of the West. The much sudden changes, however, precipitated at first in the form of merely confused rather than the

#### **1. The affects of the accelerated development**

The post-communist countries had to react in a short time to the integration to the network of continuously developed western countries, which are transmitting a basically different consumer habit. We analyze the characteristics and the role of the conflicts between the Western and post-socialist consumer behavior patterns in reflection of the formation of informational society. How could we adapt to the sudden increase in supply? Isn't our capacity of information take-in too limited to adapt? What possible reactions could individuals have to the increased amount of information?



continuously developed informational society of the West.

In this section we would like to focus on the cohabitation of post-socialist and informational effects in society, and also on the particular challenges Central European countries are faced with in the informational transition compared to the West due to their basically different path of development.

The topics of the section will *not* be strictly determined, we attempt to organize a section where participants will be able to discuss the phenomena they consider the most relevant in this field. The following topics will function as starting points for section work:

## **2. Lagging behind**

World Value Surveys show that in the two-dimensional diagram of *surviving vs. self-expression* and *traditional vs. secular values* Central European countries take up a surviving and secular position – and with the transition they have not moved in the first dimension. In communist societies *self-expression* was an unfamiliar value. People wore uniforms; they were busy about getting along in life working, eating, relaxing and entertaining. They bore only with *surviving values*. The appearance of free market and informational society gave them a whole of opportunities to self-express but they could not take the advantage of it: the individual welfare costs of the transition (unemployment, dramatic decrease in real wages) forced them to continue dealing with everyday cost-of-living, *survival* problems. The unpreparedness of the economic system and the unsatisfying of the political one just increased the transition costs and set back the close-up in values. Will this historical fact determine a qualitatively different path for the post-socialist Central European countries or are we converging to that of the West?

## **3. Social Capital Gateway**

More and more studies emphasize the relationship between social capital and economic growth. These studies stress the role of trust and the function of weak or strong ties in the economy. Due to dramatic social changes under the transition, the social structure altered and the informal institutions of the society have become less stable than in the West. According to the social capital literature, this can easily hamper the economic development. In this session we pose the question whether and in what manner the social network structures in the West and in our region are different. Are they organized by significantly different interests and values? If so, what dissimilarities might this carry in the aspect of economic development?

We believe that the discussions in the section will enable participants to get to know more about each other's culture and society, and thereby create the opportunity to get better understanding in social phenomena related to informational society.

### **Section work:**

Pre-conference preparation for section work: reading *The Rise of the Network Society* by Manuel Castells (2000). Section work will be based on discussions. Starting point: mandatory reading and papers of the section members function as first base. Guest: we will have *Prof. Tibor Dessewffy*, one of the best known Hungarian experts of the topic, as a guest.



### 3.6. WELFARE, STATE AND UTOPIA?

In the '80s in the Anglo-Saxon countries the liberal economic policies were rediscovered and since the '90s the welfare systems in Europe have been under a cloud. Exactly at the same time in Central and Eastern Europe the state-owned system collapsed and claims to build a market oriented system were widespread. The transition, however, was more grievous than it had been expected and it was politically rational to delay strict reforms and to form less efficient welfare states. In the new market economy the role of the state was not thought over and even today mending tiny parts of the system is on agenda instead of considering it as a whole and taking deep, structural measures. The problems deepened due to the lack of future prospects of the welfare state resulted in impotence all over Europe.

The questions of the welfare state that have arisen are critical in the future of these countries. During this conference we would like to promote the discourse about these questions.

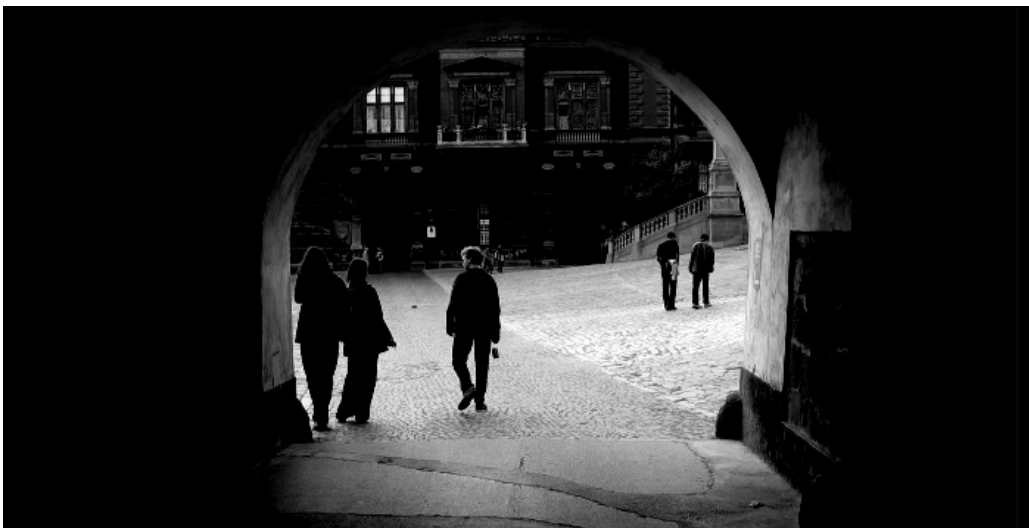
On the one hand, we plan to organize problem solving sessions about policy-making, while other topics of the section will be elaborated in workshops with the presentations of the participants and inspiring discussions about papers given out in advance. We believe that we can and need to learn from each other and the relationships born during this week will promote cooperation, which will make the solution of problems much easier.

We find the topic of welfare states too complex to cover fully in seven days, so after a **philosophical and historical introductory lecture** we would like to highlight some concrete important and problematic issues, which are usually beyond ordinary conference topics:

- **Responsibility of the individual:** we would like to consider the attitude of the men in the street toward their own lives and who they think is responsible for their “bad luck”: the state or themselves? If people strongly rely on the paternalism of the state, the system becomes less efficient and can even collapse. This danger is even more threatening in the post-socialist region due to the bad mentality heritage of the communist era. How could this be altered?

- **The access to welfare benefits:** One of the key questions regarding the Central and Eastern European welfare states is equality of access. Whereas the standard goal of welfare states is the promotion equality through giving services to less privileged members of the society, Central and Eastern European practice shows various instances of its abuse by members of the upper classes. Most striking cases include the ‘tipping’ of doctors in the Hungarian health system. Our session would give participants a good opportunity to share the experiences of several countries regarding these phenomena as well as discussing the societal consequences thereof. It would be very important to outline possible solutions to this set of problems.
- **Gender and family policy:** In Europe, Sweden is the only country where the population is growing; experts attribute this fact to the greater gender equality. The employment and wage gaps are much narrower than in other countries and couples are obliged to share parental leave. We would like to look over the characteristics of Swedish gender and family policy and figure out whether or how similar policies could decrease the huge inequalities and increase the number of babies in Central and Eastern Europe.
- **Can welfare states be reformed?** We focus on what changes are needed in welfare systems and face the question what political and social factors hamper the accomplishment of these changes. We also sketch up a somewhat pessimistic scenario: what if welfare states cannot be reformed in a way that the result can also be called a ‘welfare state’. Is the concept of welfare state outworn? Can welfare state be competitive in the world economy?

We would like to receive creative works meeting scientific requirements with own opinion. Participants of the section will be selected on the basis of the essays.



#### **4. RAJK LÁSZLÓ COLLEGE FOR ADVANCED STUDIES**

The Rajk László College for Advanced Studies is in one respect an educational institution connected to the Corvinus University of Budapest, having its autonomy in self-governance. On the other hand it is also a democratic community of students living together. The college members have the same rights and engagements that other students of the University have, but we took up an additional mission.

The College was founded in 1970, by the students of the Corvinus University of Budapest (CUB, at that time it was called Karl Marx University of Economic Sciences). The main purpose was to provide members with a wide range of possibilities for professional, social and political self-education and activity. We believe that the basic outlines of the mission of our institution established at the time of foundation are still valid, though several elements of its contents have gone through substantial changes. The main elements of the mission have always been

- to provide opportunities for our students to achieve a high professional standard,
- to educate students to be well informed and socially sensitive intellectuals,
- and to operate a democratic community and through that to raise the need and to teach the tools for an active citizen's life.

**Spend a week with us!**

