



WHY DOES THE FREE MARKET STILL HAVE A ROLE?



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Much of the blame for the recent financial crisis has been laid at the door of free markets but is this really justified?

Markets are the result of human activity and are therefore just as flawed and imperfect as we are. But that does not mean that more government is any better a solution. And we also now face a danger in the way we choose to respond to our current circumstances.

When times are hard, it is easy to forget that the liberal economic system – flawed as it may sometimes be – is the only one we know that actually works. The last thing we need is to retreat into protectionism and trade barriers if we want our economies to recover and to remain competitive.

The current financial crisis followed on from a boom in oil, food and house prices, leading to a collapse in financial markets and the banking sector; and linked to a bursting bubble in residential property markets.

This economic cycle of boom and bust is long established – despite British Prime Minister Gordon Brown’s hubristic claims to have abolished it – something he must surely be regretting saying right now!

However, this crisis differs in both the scope and interconnectedness of markets leading to a much harder fall and a more widespread impact around the globe. So where we are now?

Apart from causing a rhetorical backlash

against the ideas of free markets and deregulation, the financial crisis has posed three fundamental questions:

- is this crisis fundamentally different to the past;
- how far should governments intervene to stop panics by acting as a lender of last resort; and
- should financial markets be more tightly regulated and, if so, how?

OPTIMISTIC ABOUT RECOVERY?

It would be impossible now to argue that markets were working perfectly before the financial crisis and that this situation is nothing more than a global bust, larger in scale but not fundamentally different from previous busts. So, although in all likelihood markets will recover eventually, it is just not clear yet how long or how deep the recession will be. And some of the answers depend very much on governments’ response to the crisis.

SHOULD GOVERNMENTS INTERVENE?

Believers in free markets may envisage a world of competitive banking, minimal state involvement and no moral hazard. But, like it or not, the world has shown it is not prepared to accept the risks of bank failure. To quote from Vince Cable’s recent book *The Storm* which encapsulates this view: “Sophisticated, modern financial markets have become in many respects a public good, providing not just conventional banking but a system for pensions, house purchases and industrial finance that, in today’s democracies, will not be allowed to collapse. A better approach is to say that since key firms cannot be allowed to fail, they must be more effectively regulated”.

Many economically liberal commentators have argued that the greater our belief in free markets, the greater the need for effective regulation. Without it, there will be too much instability and too much opportunity for excess risk taking. We need to strike the best possible balance between setting the rules of the game fairly and then allowing markets to do the rest. However, regulation needs to be well targeted and to have specific objectives – especially to avoid the danger of this crisis providing for a “regulators charter” - something which is already being discussed at the EU level.

Banks need to be regulated differently from other firms because the impact of their failure can be systemic. Experts have taken a variety of positions on what should be done. They include:

- Increased transparency – banks should publish more information to the market, for example;
- Risk management – we may need to reduce actions that are based on more speculative instruments;
- Stricter capital adequacy requirements (for example, reforming the Basel II Accords);
- Greater accountability (including of senior management of banks); and
- A higher level of supervision and monitoring by central banks and regulators (particularly of banks that have been *de facto* nationalised).

It should be noted, however, that although better regulation is now being touted as a holy grail, it is not clear that regulators were any more able to predict the current crash than the markets were. This is not a reason for inaction but it is a reason to be very careful in not over-regulating to try to prevent what cannot be prevented.

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 WHY DOES THE FREE MARKET...?
CONTINUED

Many elements of the crisis have provoked enormous anger including the spectacle of large rewards for failure in the form of bankers' bonuses and pension entitlements. Even so, regulation will not be able to address many of the public's complaints. Bankers will continue to earn high salaries and the government should not intervene in private contracts, however vitriolic the public mood becomes.

In the current mood of antipathy towards markets it is therefore perhaps worth restating what benefits free markets can give us.

Wealth creation – The more economically liberal a country is, the greater chance it has of becoming prosperous and attaining a higher standard of living and higher life expectancy – people in countries with the freest economies are nearly ten times better off than those in the least free and, perhaps even more importantly, they live more than twenty years longer.

Freedom – As Milton Friedman said "Underlying most arguments against the free market is a lack of belief in freedom itself". One of the greatest benefits of the free market is inherent in the phrase itself. Consumers are free to buy whatever they like and in whatever amounts. Decisions about what to produce, for whom to produce and in what quantities to buy are determined by market forces and voluntary exchange rather than via decisions taken by the state.

Choice – The free market and the free price system make an enormous variety of goods from around the world available to consumers, offering a choice that would have been unthinkable in the past. The free market also gives the largest possible scope to entrepreneurs, who risk capital to allocate resources in order to satisfy the future desires of consumers as efficiently as possible.

Innovation – A free, competitive market rewards and stimulates technological innovation allowing the innovator to get a head start in satisfying consumer wants in new and creative ways. Just think of the many inventions and innovations that would not have been produced without the spur of market forces.

The ability of the market to harness human ingenuity and to allow us all to specialise in what we do best, brings untold progress and prosperity to us all. Without trade and markets we would all be very much more isolated and a great deal poorer so we should think very hard before biting the hand that feeds us.

Helen Disney is founder and chief executive of the Stockholm Network

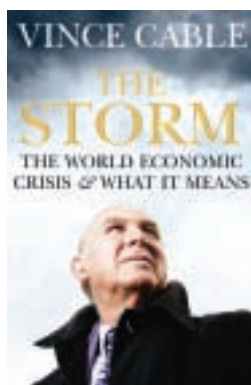
THE FINANCIAL CRISIS – ON THE BOOKSHELVES

Following the outbreak of the financial crisis, bookstores in many countries have been flooded with different analyses of the origins of the crisis, why it has happened and who is to blame. Some authors have even tried to provide us with "magic recipes" for what to do to avoid another financial crisis in the future.

In this section we review a small selection of popular books published in the United Kingdom, as well as various reports published in English by some of our own member think tanks. Food for thought.

PART I – COMMERCIAL BOOKS PUBLISHED IN THE UK

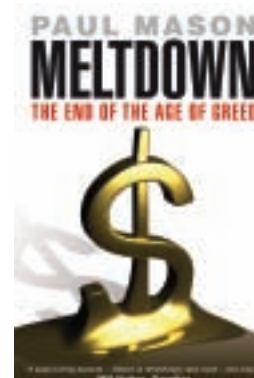
Vince Cable – *The Storm*



A well-written and clearly structured analysis of *The Storm* – in other words, the combination of global events which led us to the current economic crisis. The book steers a cogent path between support for the liberal economic system whilst also proposing a range of new regulatory reforms. Vince Cable knows his stuff and is able to make complex economic concepts easy to understand for a lay reader. He writes with authority, verve and, most importantly, with a calm understanding of what economic history has to teach us. Recommended.

Published by Atlantic Books
ISBN: 978-1-84887-057-4
£14.99

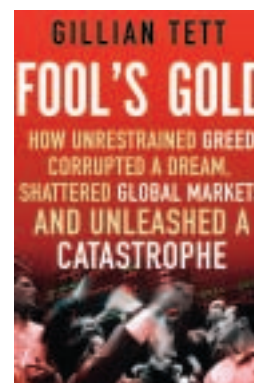
Paul Mason – *Meltdown. The End of the age of Greed*



Paul Mason takes us on a chronological journey of what he calls "the collapse of free-market capitalism". Mason blames the demise mainly on the deregulation of the banking system and on greedy bankers, although he acknowledges that politicians and the media share part of the responsibility. Mason states that "neo-liberalism is over: as an ideology, as an economic model" but without suggesting any alternative solutions. He further predicts that the future dynamics of growth and crisis will be shaped by the intervention of ordinary people and the state where the market fails. Contains a useful glossary of technical jargon for lay readers, however.

Published by Verso
ISBN: 978-1-84467-396-4
\$14.95/£7.99/\$18.50CAN

Gillian Tett – *Fool's Gold*



An inside account of the financial crisis and in particular the role played by financial institutions, especially JP Morgan. Gillian Tett argues that the bank was responsible for creating the credit derivatives markets and therefore, perhaps, understood it better than anyone else. She concludes that while the free market system is not to blame, some policymakers and bankers are culpable. Worth reading for its well-researched narrative history of the financial crisis but does not offer recommendations on future policy.

Published by Little Brown
ISBN: 978-1-4087-0164-5
£18.99

Martin Wolf – *Fixing Global Finance*



Martin Wolf describes the historical build-up to the financial crisis. He argues that China and others practised mercantilism and kept their exchange rates artificially low, thereby not reflecting their true export strength. This eventually led to a cash surplus in the US which fuelled unsavoury lending practices on the credit market. Although Wolf favours a liberal financial order his solution does include increased regulation. More technical than some of the other books but worth reading for his useful historical account.

Published by Yale University Press
ISBN: 978-0-300-14277-8
£18.99

Robert Peston – *Who Runs Britain?*



Robert Peston's written style shares the same verve for which he has become famous on British television. His account of the financial crisis tells the story of how many of today's super-rich individuals became rich from "gambling" and the buying and selling of debt. While Peston is critical of the way in which money was being made, he is not an opponent of capitalism. The book is a good read and especially valuable for its mapping of the key movers and shakers in the City of London.

Published by Hodder
ISBN: 978-0-340-83944-7
£8.99

PART 2 – STUDIES BY STOCKHOLM NETWORK MEMBER THINK TANKS



CASE – Centre for Social and Economic Research, Poland¹

CASE Network Studies and Analyses No. 384
The Global Financial Crisis: Lessons for European Integration, by Marek Dabrowski, 2009

This paper analyses the various challenges facing European integration and the EU institutional architecture as result of the global financial crisis. The European integration process is not yet complete, both in terms of its content and geographical coverage. It can be viewed as a kind of intermediate hybrid between an international organisation and a federation, subject to further evolution. This is also true of the Single European Market and the Economic and Monetary Union, which form the core of the EU economic architecture. Certain policy prerogatives (such as external trade, competition, and the Common Agriculture Policy) are delegated to the supranational level while others (such as financial supervision or fiscal policy) remain largely in the hands of national authorities.

Reform, UK²

The credit crunch explained: How overregulation could threaten economic recovery, by Nicholas Boys Smith, January 2009

Since the collapse of one of Bear Stearns's hedge funds lit the credit crunch bonfire, siren voices prophesying the need for a fundamental reconstruction of every pillar of the market economy grow ever louder and more confident. From bank

regulation, via market liberalisation and free capital flows through to classical economics itself none of the foundations of the Friedman-Reagan-Thatcher consensus are now unquestioned. An examination of the actual causes of the initial credit crunch "on the ground" shows clearly why.

Policy Exchange, UK³

What Really Happened, by Helen Thomas & Miles Salties, February, 2009.

We face a credit crisis, not the demise of capitalism. Governments will intervene because they have to, but they have a choice about what form that intervention will take. To choose the right policy, they must be clear about what went wrong. Without this analysis, another crisis could be lurking around the corner. *What Really Happened?* gives an account of the causes of the credit crunch and outlines where policy-making should go from here.

Institut Hayek, France⁴

Reforming financial systems: building anew, or tinkering, by Charles Desmet, April 2009.

Reconstructing financial systems can be achieved by ignoring the evidence. The edifice will then only last till the next tremor. It can also be accomplished by accepting two premises. The first is that governments can be failures, or tend to preserve their own interests, to the detriment of their citizens. The second is that the objective of a private individual – or private enterprise – is to improve his

or her own lot (i.e., greed); if it remains the best engine for development, is also a danger for others when it turns to criminal behaviour. A balance must therefore be found so that each of the two "would-be criminals" can control, limit, and discipline the other: It should be neither a "free-for-all" nor a "state-knows-best".

FAES Foundation, Spain⁵

Papeles FAES, N. 81.
Against the Crisis: Liberalization and Reforms, by Fernando Navarrete, November 2008

This paper analyses the policy action agreed by the leaders of the G-20 in Washington to confront the financial and economic crisis. Contrary to some declarations previous to the summit there was strong political adherence to the principles of free market and openness. Rodriguez Zapatero also signed the final Declaration to the summit on financial markets in which, despite the disinformation and confusion stirred by the Spanish Government, it was stated that "reforms will only be successful if grounded in a commitment to free market principles, including the rule of law, respect for private property, open trade and investment, competitive markets, and efficient, effectively regulated financial systems."

To download any of these publications, please visit:

1. www.case.com.pl/upload/publikacja_plik/24767837_CNS&A384_April14_final.pdf
2. www.reform.co.uk/Research/ResearchArticles/tabid/82/smId/378/ArticleID/168/refTab/56/Default.aspx
3. www.policyexchange.org.uk/publications/publication.cgi?id=106
4. www.fahayek.org/index.php?option=com_content&task=view&id=1801&Itemid=1
5. http://documentos.fundacionfaes.info/document_file/fileName/2255/papel_81_ok_ING.pdf

Spotlight on the Health and Welfare Programme

LITHUANIA'S HEALTHCARE SYSTEM – A THOROUGH CHECK UP

Post-communist Lithuania has attempted to radically transform its economy. Due to these fundamental economic reforms, Lithuania has experienced considerable economic growth since its transition, with the exception of the recent economic slump influenced by the global financial crisis. The previous economic stability has nevertheless allowed the country to commit to developing a modern healthcare system.

Throughout the last decade, Lithuania has gradually and purposefully implemented policies that now lay the foundation for a more efficient, patient-centric system. Yet, although the health sector has seen a visible improvement, many measures are still needed in order for this Baltic country to create a system equal to its European neighbours in terms of efficiency and quality. And under the current economic circumstances, carrying out reforms may be even more challenging than it has been in the past.

BACKGROUND

Lithuania gained its independence in 1990, and began transitioning to a market economy. As part of this process, policymakers faced the enormous challenge of moving from the communist system, in which the State both funded and provided healthcare, to one that is decentralised and privatised.

Reforms began in earnest with the decentralisation of public healthcare administration in 1991 and between 1995 and 1997 great strides were made in reforming both the financing and delivery of healthcare. For example, the Health Insurance Law of 1996 introduced a compulsory health insurance system, managed by the State Sickness Fund and financed through both contributions and taxation. Additional voluntary private insurance was established alongside basic coverage and an independent Statutory Health Insurance Board was founded to oversee the democratic functioning of the insurance system. In 2004, statutory insurance and taxes accounted for 74% of health sector funding while private financing accounted for 23%. Moreover, during this time the majority of Lithuanians registered with a primary healthcare provider and general practitioners began acting as gatekeepers to the healthcare system. Patients were also given flexibility in choosing hospitals and clinics.

THE POSITIVE TREND OF HEALTH REFORMS

Part of Lithuania's success in reforming its healthcare system can be attributed to the considerable economic growth the country has seen over the last 15 years and to a broad and lasting political consensus on health issues. As a result, reforms and policies introduced by one administration have continued to be supported by subsequent governments.



Photo: bigstockphoto

Both of these factors have facilitated ongoing political and financial support for reform initiatives. Accordingly, Lithuania has seen an increase in life expectancy, reduced infant mortality, and a huge improvement in patient rights and information. These improvements, along with others, have finally managed to boost the low ratings Lithuania's healthcare system formerly received.

SHORTCOMINGS AND CHALLENGES

However, many problems still persist in Lithuania's healthcare system. First, inpatient treatment (for instance, the use of hospital services) is artificially high. To further add to unnecessary costs, the way in which inefficient hospitals have been closed is extremely wasteful – they were merely shut down without preserving human resources and technologies.

Another inefficiency that has persisted since the transition period is a set of regulations that make establishing private clinics very difficult. This continues in spite of studies showing that private providers seem to be out-performing public providers and are more popular among patients. Therefore, creating advantageous conditions for developing private healthcare institutions could help create competition among healthcare providers and improve patient satisfaction.

A further issue plaguing Lithuania's healthcare system is the prevalence of informal payments. Doctors can receive informal payments amounting up to half of their monthly salary and often discriminate care based on the bribes they receive. This puts a huge financial strain on the least well off – those unable to pay receive

inadequate service. Experiences from other countries have shown that with careful monitoring, formalisation of some informal fees may help fight corruption, increase competition, provide information on high performing facilities and develop a set of mandated patient rights.

Finally, lifestyle concerns continue to persist, including high rates of suicide as well as tobacco, alcohol and illegal drug consumption, coupled with an aging population and a lack of organ and blood donors.

CATCHING UP WITH ITS EUROPEAN NEIGHBOURS

Lithuania clearly remains a long way away from having an ideal healthcare system. Indeed, the 2008 *Euro Health Consumer Index* ranked Lithuania 24th out of the 31 European countries studied. The index ranks countries in six main categories (patient rights and information, e-health, waiting time for treatment, outcomes, range and reach of services and pharmaceuticals) in the hope of creating an EU-wide standard for healthcare. Although Lithuania ranked low in four of the six categories, the needed improvements are typically in sub-categories such as reducing MRSA infections or enhancing access to new pharmaceuticals. With proper public health and education policies as well as consistent political support, many of these issues can be addressed although some of these improvements will require major financial investments.

CONCLUSION

Although Lithuania's healthcare system faces a variety of problems, the progress of the previous decade offers hope that they can be surmounted in the longer run. The considerable improvements demonstrate that Lithuania is on a path towards creating a more efficient, better-managed healthcare system. However, it may be some time before the funding necessary to achieve a level of healthcare comparable to many of its European neighbours is likely to become available.

Austeja Vidurgiryte was formerly a research intern at the Stockholm Network and is currently finishing her studies in Economics at the University of Minnesota.

DIRECTOR'S REPORT



It was a great pleasure to be invited to Malta earlier this summer to officially welcome on board our newest think tank, Competitive Malta. For some time we have been looking for a partner organisation in this part of the Mediterranean and we are delighted that even the smallest EU member state now has its own market-oriented think tank.

The topic of my speech in Malta also forms the basis of the theme for this summer's *Eye on Europe* – "Why does the free market still have a role?" In this issue we will be looking at this important topic by reviewing some of the major books published in the UK analysing the financial crisis, as well as looking at the work of our member think tanks in this critical area.

Elsewhere, we shine a spotlight on Lithuania's health system, with a piece by one of our former research interns, who worked closely with us on our major project to monitor and influence health reform and modernisation in the Central and Eastern European countries.

We also profile two more new member think tanks from Macedonia and Romania, who we are proud to invite to be part of the Stockholm Network and to share new ideas and information with us about the reform process in their own countries.

This summer we have launched a Spanish translation of our *State of the Union* publication about the reform process, in association with FAES Foundation and we will shortly be launching a new online IP Library, cataloguing resources in the field of the knowledge economy and analysing their contents.

You may have guessed by now that we do believe the free market still has a role and that our role is to explain and defend it. We hope you enjoy this newsletter and that you will recommend the work of those members profiled here to others who may appreciate their arguments and views.

Helen Disney is founder and chief executive of the Stockholm Network



PROFILE: Competitive Malta Msida, Malta

www.competitivemalta.com

Competitive Malta – Foundation for National Competitiveness is a not-for-profit foundation set up in December 2003 by a group of business organisations with the issue of national competitiveness at heart.

Competitive Malta undertakes research on issues relating to national competitiveness and, as a partner institute of the World Economic Forum's Global Competitiveness Report, one of its main activities is carrying out executive opinion research in order for Malta to be ranked alongside other countries.

Competitive Malta is a proactive and pragmatic body whose main objective is to combine the experience and expertise of the chief executive officers of corporate member organisations so as to develop strategic options and suggestions for enhancing national competitiveness.

This objective is well served by the structure of the organisation since Competitive Malta is represented by a group of corporate leaders who together form a platform for debate and policy promotion based on inter/intra industry dialogue.

Competitive Malta believes in being:

- Representative – by encompassing institutions, organisations and individuals representing diverse sectors of the country's society and economy;
- Independent – by not being attached to any political movement or organised body; and, above all,
- Credible – by providing information which is reliable and well supported by evidence.

The purpose of the foundation is not to lobby for any particular sector but to develop a platform for discussion that seeks to promote Malta as "Malta Incorporated". In a nutshell, therefore, Competitive Malta's mission is:



Competitive Malta's mission is "To elevate national competitiveness to the forefront of national debate".

"To elevate national competitiveness to the forefront of national debate". The Foundation seeks to achieve this primarily by benchmarking and undertaking research relating to National Competitiveness in conjunction with the World Economic Forum, and it also aims to support national innovation and creativity and promote path-breaking initiatives.

Over the past six years Competitive Malta has encouraged inter/intra industry sector synergies through the direct involvement of corporate leaders in order to develop a national awareness of the need for national competitiveness. Above all it has strived to build bridges between policy makers, organisations and individuals that can contribute to the success of the Republic of Malta.

Lately Competitive Malta has identified the need to strengthen the link between industry and education. For this purpose, a mentoring system

called "The Competitive Malta Thesis" was set up. Competitive Malta members and the Public Policy Division of the University of Malta are jointly working on research projects that are aimed at determining new policies for competitiveness. The benefits accrued to a Competitive Malta Thesis are rather large; among them Competitive Malta members taking part in this project have the possibility of developing students before they graduate into someone they would be interested to hire. Indeed, students feel that their thesis has an additional motive above and beyond the partial fulfilment of a degree.

One of the leading members of the organisation is Professor Edward deBono – a leading world authority in creative thinking, innovation and the direct teaching of thinking as a skill. He is working with the Foundation so as to develop new methods of thinking in the area of policy formulation.

Competitive Malta holds regular meetings with the office of the Prime Minister as well as the Leader of Opposition.

Competitive Malta continues to gain momentum and relevance in Malta. The think tank is very active in policy formulation and holds regular business breakfast meetings with corporate leaders which give the organisation a unique opportunity to influence public policy debates in favour of issues relating to national competitiveness and the promotion of free market policies. This will serve to strengthen Malta's role as a hub for business in the Mediterranean.

Adrian Said and Erika Borg are respectively chief coordinator and research coordinator of Competitive Malta



PROFILE: The OHRID Institute for Economic Strategies and International Affairs Skopje, Macedonia

www.oi.org.mk/

The OHRID Institute for Economic Strategies and International Affairs was established in 2006 as an independent and non-for-profit policy institute.

It aims to provide non-partisan, academic and policy research on issues of importance to Macedonian society, in order to increase participation of citizens in the development of public policies. The Institute is named after the beautiful and ancient city of Ohrid, the cradle of culture and Macedonian civilization and a symbol of mutual trust, dialogue and understanding.

The OHRID Institute's mission is to provide the Macedonian public and the political institutions with alternative perspectives on economic and foreign policy issues, and its work is based on the universal ideals of democracy, individual responsibility, rule of law, free markets, and entrepreneurship. It has an evolving outreach programme that ensures the ideas are disseminated to the public and the media. It also works with policymakers to help implement the recommendations. This approach to public policy makes the Institute an effective and powerful force for economic and political freedom.

The OHRID Institute is committed to providing a balance to the policy discourse in Macedonia by producing economic policy research, promoting private sector and free market reform and acting as a "watchdog" on government activities to ensure accountability and contribute to Macedonia's development into a market-based democratic society.

Its members share a common vision of the Republic of Macedonia: to see Macedonia unleashing its creative capacities in order to develop quickly, while having the benefits of democracy and freedom.

The Institute has steadily advanced since its inception by reaching out to citizens, policy makers, civil society organisations and members

of academia through its numerous events and publications. Together these contribute to a more complete discourse in Macedonia on a wide array of economic and international topics that stress free market enterprise and democratic development.

Its quarterly journal *Global* is registered as an international academic journal and distributed to libraries in Macedonia and abroad. The Institute also laid the foundation for the establishment of the "Think Tank Network Macedonia", which brings together think tanks of different orientations to meet and discuss issues of importance to Macedonian society, creating a climate of cooperation and exchange of research and opinions.

"OHRID aims to provide non-partisan, academic and policy research on issues of importance to Macedonian society".

The OHRID Institute has identified a disparity in the literature on the free market economy amongst libraries and universities in Macedonia, and is utilizing its connections with other institutes to purchase books, expand its library and make resources available to students, academia and the media in Macedonia. It has translated and published many books from different renowned authors.

The Institute has also conducted a national public opinion poll to develop a clear understanding of public perceptions towards market-based policies, foreign investment, regulatory reform, political decentralisation and the painful structural alignments which are a prerequisite to European Union membership.

For the first time in Macedonia the OHRID Institute has established an International Educational Programme. The educational programme is incorporated at the University American College in Skopje and the students



involved in the programme have the exclusive opportunity of meeting Macedonian professionals and academics in their fields of study while interacting with international experts and academics. The new curriculum is established in the faculties of economics and politics and encapsulates topics in the economic area and political science, including domestic and international guest lecturers. The programme is offered as an elective subject according to the Credit Transfer System and is compatible with US and EU standards.

In 2009, the Institute's key challenge is to continue building upon the trust and credibility gained in the Republic of Macedonia and to work for the Institute's longer-term sustainability. Furthermore, it will continue with the "Leadership Monitoring Project" that it has designed to provide Macedonian citizens with objective and expert monitoring of the work of the government. The project presents the general public with an overall picture of planned and implemented reforms, comparing and evaluating delivery of activities outlined in the Action Plan of the Government. Moreover, it will organise many other round tables and forums regarding the most burning issues in the Republic of Macedonia.

Biljana Janeva is executive director of the OHRID Institute



PROFILE:
**The Romanian Center
 for European Policies
 (CRPE)**
Bucharest, Romania

www.crpe.ro

In 2009, Cristian Ghinea founded the Romanian Center for European Policies (CRPE) together with several experts and journalists with whom he shared the objective of supporting Romania's role in Europe.

The mission of the CRPE is to promote Romania as an influential leader in the development of EU agendas and policies. Another mission is to advance the Europeanisation processes in Romania by providing expertise in various fields and by initiating or participating in public debates.

Romania's EU membership is a key milestone in the country's Europeanisation process. While negotiating accession, Romania did not have a say in the policy making process. Now, as a full member, the country has the instruments to assert itself as an active policy-maker, able to balance and advance national and European interests. For this to happen, one needs to first understand the complexities of the European system of governance, to help define the interests of the whole spectrum of Romanian policy stakeholders, and then to design strategies to advocate them at the EU level.

Romanian civil society has to keep pace with the new reality. While Romania's democracy was still fragile, civil society actors became experienced watchdogs. But as the country joined the European Union, civil society needed to be more than a critic of last resort. It had to consolidate its capacity to generate policy ideas and to engage in policy debates generated by others. Alongside broad or issue-based social movements, informal forms of civic participation and other civil society actors, independent think tanks capable to foster reflexive policy debates on the linkages between EU and Romanian policy processes are well-placed to play an



important role. While a few Romanian think tanks have developed a record on the nexus between EU level policies and the domestic policy process, none of them does so consistently and systematically. It is this gap that the Romanian Center for European Policies attempts to fill, as an expertise-based member of the wider Romanian civil society.

Although only several months old, CRPE is becoming an important voice in Romania concerning EU issues. Romanian journalists are using our expertise and comments. Foreign journalists and academics find in the CRPE an entry point into understanding the Romanian political landscape and decision making process.

CRPE's first policy paper was released in March 2009 and initiated a public debate to change the electoral system for the European Elections. CRPE argued in favour of replacing the current closed lists system with a system by which people could chose between nominal candidates. We obtained some support in the national Parliament to change the law and we are currently preparing an advocacy campaign.

CRPE played an active role in the European Parliament electoral campaign in June 2009 by organising debates with the candidates and commenting the electoral platforms in Romanian and European media.

“The mission of CRPE is to promote Romania as an influential leader in the development of EU agendas and policies”

This month we are launching a comprehensive report on Romania's interests in the debates on reforming the Common Agriculture Policy. This report, which is being prepared within a larger one-year long project called “Romania – an active actor in the European debates”, analyses Romania's involvement in several other major debates such as EU budget priorities or energy security.

CRPE can provide expertise and in-depth information about the Romanian context in various fields such as EU foreign policy, energy policies, Common Agriculture Policy, EU budget, electoral systems, and media studies. For instance, Cristian Ghinea studied EU Governance at London School of Economics and worked for eight years as journalist. For a comprehensive list of our affiliated experts, please go to:
<http://www.crpe.ro/eng/pagini/crpe-team.php>

Cristian Ghinea is director of the Romanian Center for European Policies

“Bloggingmania”



Photo: bigstockphoto

In the past few years, blogging has become a very effective tool of online communication. From news or views on a specific topic to a more personal diary, many of us have chosen to express our opinion and receive comments online. “Bloggingmania” has reached the world of think tanks and members of our network author or have links with some popular blogs written in different languages and devoted to a range of political and policy topics. This is a sample of some of these blogs:

BRUSSELS

ECIPE (in English)
<http://www.ecipe.org/blog>
 Health Consumer Powerhouse (in English)
<http://www.kajsawilhelmsson.blogspot.com>
 Liberal Flemish Students Organization (LVSFV) (in Dutch)
<http://www.lvsf.be/blog>
 Murray Rothbard Instituut (in Dutch)
<http://www.rothbard.be/blog>
 Nova Civitas (in Dutch)
<http://www.novacivitas.net/index.php?ID=32398>

FRANCE

Institut Economique Molinar (in French)
<http://ecozoom.lejdd.fr/>
<http://blogs.laprovence.com/comptes/zoom-eco/index.php>
 Institut Hayek (in French)
<http://www.objectifliberte.fr>
<http://www.crisepublique.fr>
 Institut Turgot (in French)
<http://blog.turgot.org>

ITALY

Istituto Bruno Leoni (in Italian)
www.chicago-blog.it
 Istituto Acton (in English)
<http://blog.acton.org>

POLAND

Adam Smith Research Centre (in Polish)
<http://blog.smith.org.pl>

PORTUGAL

Causa Liberal (in Portuguese)
<http://blog.causaliberal.net>
<http://blueloungecafe.blogspot.com>
<http://tempestadecerebral.blogspot.com>
<http://observador.weblog.com.pt>
<http://gatodocheshire.wordpress.com>

ROMANIA

Centre for Institutional Analysis and Development (in Romanian)
<http://www.cadi.ro/blog>
 Ludwig von Mises Institute Romania (in Romanian/in English)
<http://misesromania.org/blog>

SPAIN

Institucion Futuro (in Spanish)
<http://www.ifuturo.org/es/blog>
 Poder Limitado (in Spanish)
<http://blogs.periodistadigital.com/poderlimitado.php>

SWEDEN

Eudoxa (in Swedish)
<http://www.eudoxa.se>

UNITED KINGDOM

Centre for Policy Studies
<http://www.cps.org.uk/>
 Open Europe
<http://openeuropeblog.blogspot.com>

ABOUT THE NETWORK

The Stockholm Network is a pan-European think tank and market-oriented network. It is a one-stop shop for organisations seeking to work with Europe’s leading policymakers and thinkers. Today, the Stockholm Network brings together over 120 market-oriented think tanks from across Europe,

Combined, the think tanks in our network publish thousands of op-eds in the high quality European press, produce many hundreds of publications, and hold a wide range of conferences, seminars and meetings. As such, the Stockholm Network and its member organisations influence many millions of Europeans every year.

POLICY ISSUES

The Network is a forum for sharing, exchanging and developing pan-European

research and best practice. Interested in ideas which stimulate economic growth and help people to help themselves, we promote and raise awareness of policies which create the social and economic conditions for a free society. These include:

- Reforming European welfare states and creating a more flexible labour market;
- Updating European pension systems to empower individuals;
- Ensuring more consumer-driven healthcare, through reform of European health systems and markets;
- Encouraging an informed debate on intellectual property rights as an incentive to innovate and develop new knowledge in the future, whilst ensuring wide public access to such products in the present;
- Reforming European energy markets to ensure the most beneficial balance between economic growth and environmental quality; and
- Emphasising the benefits of globalisation, trade and competition and creating an understanding of free market ideas and institutions.

WHAT DO WE DO

We conduct pan-European research on, and create a wider audience for, market-oriented policy ideas in Europe. Our website contains a comprehensive directory of European free market think tanks and thinkers. We advertise forthcoming events (our own and those of partner organisations) and facilitate publication exchange and translation between think tanks. We also post regular news flashes and updates on European think tanks and their activities.

Would you like to join the Stockholm Network?

Please contact us on +44 20 7354 8888 or email info@stockholm-network.org

MEET THE TEAM

Chief Executive and Founder Helen Disney
Director of Research Dr Meir Pugatch
Chief Operating Officer Dr Cristina Palomares
Fellows Paul Domjan and Jacob Arfwedson
Research Team
 Dr David Torstensson, *Senior Researcher*
 Paul Healy, *Policy Analyst*
 Rachel Chu, *Research Officer*
Accounts Nasrin Hassam

MEMBER ORGANISATIONS



The Stockholm Network is the leading pan-European think tank and market-oriented network. Spanning almost 40 countries and 120+ think tanks, our unique organisation has the capacity to deliver local messages and locally-tailored global messages across the EU and beyond.

Through our publications, weekly newsletter, and special events, members are able to exchange ideas and make an impact on a wide range of public policy topics and ideas.

If you know of a new organisation you think would benefit from Stockholm Network membership, please contact our office at info@stockholm-network.org and let us know.

“Old or new, great ideas can only be put to use if they are made relevant to their times. The Stockholm Network’s work consistently lives up to this.” *Dr Ján Čarnogurský, former Prime Minister of Slovakia (1991–1992)*

- 1 Adam Smith Society
www.adamsmith.it
Italy
- 2 Adriatic Institute for Public Policy
www.adriaticinstitute.org
Croatia
- 3 Albanian Liberal Institute
www.albilib.org
Albania
- 4 Anders Chydenius Foundation
www.chydenius.net
Finland
- 5 Association for Liberal Thinking
www.liberal-dt.org.tr
Turkey
- 6 Association for Modern Economy
Macedonia
- 7 Avenir Suisse
www.avenir-suisse.ch
Switzerland
- 8 Bulgarian Society for Individual Liberty
www.libertarium.net
Bulgaria
- 9 Captus
www.captus.nu
Sweden
- 10 CASE – Centre for Social and Economic Research
www.case.com.pl
Poland
- 11 Causa Liberal
www.causaliberal.net
Portugal
- 12 Centre for Economic Development
www.ced.bg
Bulgaria
- 13 Centre for Economic Development
www.cphr.sk
Slovakia
- 14 Centre for Economics and Politics
www.cepin.cz
Czech Republic
- 15 Centre for Entrepreneurship and Economic Development
www.visit-ceed.me
Montenegro
- 16 Centre for European Policy
www.cep.eu
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- 17 Centre for European Reform
www.cer.org.uk
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- 18 Centre for Institutional Analysis and Development
www.cadi.ro
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- 20 Centre for Liberal-Democratic Studies
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- 21 Centre for Policy Studies
www.cps.org.uk
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- 22 Centre for Political Thought
www.cmp.org.pl
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www.crce.org.uk
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- 24 Centre for Social Justice
www.centreforsocialjustice.org.uk
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- 25 Centre for the Study of Democracy
www.csd.bg
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www.centroeinaudi.it
Italy
- 27 Centrum im. Adama Smitha
www.smith.pl
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- 28 Center for Policy Studies (CEPOS)
www.cepos.dk
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- 29 CFACT Europe
www.cfact.eu
Germany
- 30 Civic Institute
www.obcinst.cz
Czech Republic
- 31 Civita
www.civita.no
Norway
- 32 Civitas
www.civitas.org.uk
United Kingdom
- 33 Club 2015
www.club2015.org
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- 34 Competitive Malta
www.competitivemalta.com
Malta
- 35 Conservative Institute of M. R. Stefanik
www.institute.sk
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- 36 Council on Public Policy
www.council.uni-bayreuth.de
Germany
- 37 E.G. West Centre UK
www.ncl.ac.uk/egwest
United Kingdom
- 38 European Centre for International Political Economy (ECIPE)
www.ecipe.org
Belgium
- 39 Economic Policy Research Institute
www.epri-macedonia.org
Macedonia
- 40 Society for Social and Economic Studies (EKOME)
www.ekome.gr
Greece
- 41 Eudoxa
www.eudoxa.se
Sweden
- 42 Euro 92
www.euro92.com
France
- 43 European Ideas Network (EIN)
www.epp-ed.org/europeanideasnetwork
Belgium
- 44 Finnish Business and Policy Forum (EVA)
www.eva.fi
Finland
- 45 FAES – Fundación para el Análisis y los Estudios Sociales
www.fundacionfaes.org
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- 46 Fondation pour l'Innovation Politique
www.fondapol.org
France
- 47 Fondazione Respublica
www.fondazionerespublica.org
Italy
- 48 Foundation for Market Economy
www.fme.hu
Hungary
- 49 Friedrich August von Hayek Stiftung
www.hayek-stiftung.de
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- 50 Frédéric Bastiat Stichting
www.bastiatstichting.nl
The Netherlands
- 51 Forum Rozwoju Edukacji Ekonomicznej (FREE)
www.free.org.pl
Poland
- 52 Free Market Centre
www.fmc.org.yu
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- 53 Free Minds Association
Azerbaijan
- 54 Friedrich Naumann Stiftung
www.fnst.de
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- 55 Friedrich von Hayek Gesellschaft
www.hayek.de
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- 56 Fundació Catalunya Oberta
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- 57 Gdańsk Institute for Market Economics
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- 58 Global Vision
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- 59 Hamburg Institute for International Economics
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- 60 Hayek Foundation
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- 61 Health Consumer Powerhouse
www.healthpowerhouse.com
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- 62 Health Policy Institute
www.hpi.sk
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- 63 Health Reform.cz
www.healthreform.cz
Czech Republic
- 64 Hellenic Leadership Institute
www.hlii.gr
Greece
- 65 French Institute for Research into Public Administration (iFRAP)
www.ifrap.org
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- 66 Institute for Economic and Social Reforms (INEKO)
www.ineko.sk/english
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- 67 Institución Futuro
www.ifuturo.org
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- 68 Institut Constant de Rebecque
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- 69 Institut Économique Molinari
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- 72 Institut Turgot
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- 73 Institute for Economic Studies Europe
www.ies-europe.org
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- 74 Institute for Free Enterprise
www.iuf-berlin.de
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- 75 Institute for Free Society
www.isloboda.sk
Slovakia
- 76 Institute for Innovation & Valuation in Health Care (InnoVal-HC)
www.innovat-hc.com
Germany
- 77 Institut dr. Jožeta Pučnika
www.iipucnik.si
Slovenia
- 78 Institute for Market Economics
www.ime-bg.org
Bulgaria
- 79 Institute for Strategic Studies and Prognosis
www.isspm.org
Montenegro
- 80 Institute for Transitional Democracy and International Security
www.itdis.org
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www.iness.sk
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- 82 Instituto Juan de Mariana
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- 83 Instytut Globalizacji
www.globalizacja.org
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- 84 Intertec
www.intertec.org
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- 85 Istituto Acton
www.acton.org
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- 86 Istituto Bruno Leoni
www.brunoleoni.it
Italy
- 87 Jerusalem Institute for Market Studies
www.jims-israel.org
Israel
- 88 Liberales Institut
www.eng.libinst.ch
Switzerland
- 89 Liberální Institut
www.libinst.cz
Czech Republic
- 90 Liberté Chérie
www.liberte-cherie.com
France
- 91 Lithuanian Free Market Institute
www.freema.org
Lithuania
- 92 Ludwig von Mises Institute Europe
www.vonmisesinstitute-europe.org
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- 93 Ludwig von Mises Institute Poland
www.mises.pl
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- 94 Ludwig von Mises Institute Romania
www.misesromania.org
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- 95 Liberal Flemish Students Organisation (LVSv)
www.lvsv.be
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- 96 M.E.S.A. 10
www.mesa10.sk
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- 97 Magna Carta Foundation
www.magna-carta.it
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- 98 Murray Rothbard Instituut
www.rothbard.be
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- 99 New Economic School
www.economics.ge
Georgia
- 100 New Social Market Economy Foundation
www.insm.de
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- 101 Nova Civitas
www.novacivitas.net
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- 102 OHRID (Institute for Economic Strategies and International Affairs)
www.oj.org.mk
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- 103 Open Europe
www.openeurope.org.uk
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- 104 Poder Limitado
www.poderlimitado.org
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- 105 Policy Exchange
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- 106 Policy Institute
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- 108 Ratio Institute
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- 109 Reform
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- 110 Riinvest Institute for Development Research
www.riinvestinstitute.org
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- 111 Romanian Center for European Policies
www.crpe.ro
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- 112 Romania Think Tank
www.thinktankromania.ro
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- 113 Centre for Social and Economic Research (RSE)
www.rse.is
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- 114 Sauvegarde Retraites
www.sauvegarde-retraites.org
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- 116 Sobieski Institute
www.sobieski.org.pl
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- 118 Stiftung Marktwirtschaft
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- 119 Stiftung Ordnungspolitik
www.sop-cep.de
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- 120 Taxpayers' Alliance
www.taxpayersalliance.com
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- 121 The Copenhagen Institute
www.coin.dk
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- 122 The F.A. Hayek Foundation
www.hayek.sk
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- 123 Thomas More Institute
www.institut-thomas-more.org
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- 124 Timbro
www.timbro.se
Sweden
- 125 Veritas
www.hi.is/-/hjordurt/veritas
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- 126 Walter Eucken Institut
www.eucken.de
Germany
- 127 Work For All
www.workforall.org
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For the most up-to-date map of member organisations, please visit www.stockholm-network.org/The-Network

RECENT PUBLICATIONS



Stockholm Network Weekly Bulletin

This weekly e-update keeps subscribers up to date on all Stockholm Network member think tank activities including events, announcements and publications as well as featuring insights into news stories from our 3 programme areas.

Newsletters

Receive information about current issues as well as expert analysis and insight into debates in our three programme areas:



Climate of Opinion

Each issue focuses on a different aspect of timely energy and environment policies.



Gesundheit!

Highlights developments in contemporary European health and welfare policy.



Know IP

Discusses notable developments in the field of intellectual property taking place both in Europe and outside it.



Stockholm Network Quarterly Newsletter

The *Eye on Europe* keeps you updated with the Stockholm Network's latest news, views and events on a quarterly basis.

If you would like to **subscribe** to any of these newsletters, please email: info@stockholm-network.org

El Estado de la Union
The Spanish translation of the Stockholm Network's publication *The State of the Union*, highlights the market oriented economic reforms put forward by the 27 EU members up to early 2008.



Theory versus Practice.
The 5th issue of the series on Health Technology Assessment. In this paper, the Stockholm Network explores the issue of governance of HTA systems in Australia, Canada, Germany and the United Kingdom.



IP-IT Index
An updated version of this innovative statistical index developed by the Stockholm Network aims at measuring the strength of intellectual property rights (IPRs) in the IT sector in different countries.

To download these and any of our publications, please visit: www.stockholm-network.org/Publications

FEATURE PUBLICATION

Centre For European Reform Policy Brief. *What the economic crisis means for the EU's eastern policy* – by Tomas Valasek, April 2009.

The EU's new "eastern partnership" risks being undermined by the economic crisis. The initiative offers countries like Armenia and Ukraine fresh incentives, such as free-trade agreements and easier visa regimes, to adopt European norms of democracy and open markets. But as Tomas Valasek warns, protectionist pressures in Western and Eastern Europe are frustrating plans for deeper economic integration and easier travel. Valasek argues that the EU governments should persevere with the eastern partnership, and suggests ways for the EU to protect the initiative from the effects of the economic crisis.

For more information on this and other Policy Briefs, please visit: www.cer.org.uk



WEB UPDATE: IP LIBRARY

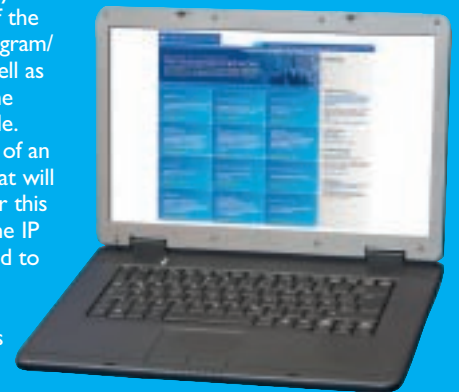
The IP Library will create an observatory of intellectual property materials by acting as a hub and database for key studies, papers, and research in the field.

Furthermore, the IP library will seek to classify these materials on the basis of different criteria, such as the sources used, subject matter dealt with (legal/economic/technological), the level of critical analysis provided, the nature of the paper (empirical/monogram/discussion-based) as well as the overall tone and the recommendations made.

Following the creation of an initial list of sources that will be used as the basis for this portal, we hope that the IP library will be expanded to include many other different and relevant materials to be used as a credible and

useful resource for those interested in the field of IPRs.

The IP Library will be accessible from the Intellectual Property and Competition section of the Stockholm Network's website.



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