

## ABSTRACTS

Friedrich Heinemann, Marc-Daniel Moessinger and Steffen Osterloh

### **Fig Leaf or a New Fiscal Era? On the Potential Impact of the European Fiscal Compact**

The Fiscal Compact, which was signed by 25 EU countries, defines a new framework for budgetary policy in these countries. The reform comprises both, the introduction of strong numerical fiscal rules at national level and a modification of the Stability and Growth Pact (SGP). The question, however, is whether these improvements mark indeed a new era of fiscal governance in the European Union or are just a fig leaf for the lacking fiscal union. This analysis arrives at a moderately favourable conclusion. While the poor past performance of the SGP has permanently damaged its reputation, the implementation of harmonised national fiscal rules has indeed the potential to foster budgetary discipline. Based on the existing evidence concerning the impact of (sub-)national fiscal rules, we are cautiously optimistic that new national rules can improve a country's fiscal balance. The Fiscal Compact can thus be regarded as a meaningful contribution to rebuild EU member countries' capital market reputation in the context of a comprehensive crisis management strategy.

Markus Hesse and Marcus Hornung

### **The European Commission's New Impulses for a European Space Strategy**

When talking about European Space Policy (ESP), the cooperation between European Union (EU) and European Space Agency (ESA) is considered. These organisations, both working independently from each other, individually contribute to the ESP which, until now, is affected by the EU-ESA-framework agreement of 2004 and referred to as being insufficient by some actors. According to the Treaty of Lisbon the EU is, however, obligated to adopt a sustainable framework for cooperation with the ESA. Consequently, the European Commission published a potentially pathbreaking communication recommending the revision of this framework agreement. The investigation comes to the conclusion that the status quo of the framework agreement still displays a sustainable, but nevertheless no long-lasting basis for cooperation and the EU Commission, therefore, needs to present new options being worth discussed for the ESP. Additionally, by means of the case study Galileo, the article highlights perspectives which should allow a more coherent ESP.

Harald Zschiedrich

### **Economic Cooperation within the „new“ EU-Border Regions: Preconditions and Developments along the German-Polish Border**

Considering more than twenty years after the beginning of the transformation processes in the Central and Eastern European countries (CEEs) and eight years after the Eastern Engagement of the European Union, the article analyses the preconditions and barriers for common economic spaces, above all along the Polish-German borderline. Which role have small and medium-sized enterprises played in this process? Do the firms on the both sides of the border meet each other only as competitors or also as partners for cooperation? The author demonstrates difficult conditions to enlarge the cross-border ties and also the changes relating to the economic content of cross-border cooperation (Twin location, Twin factory, Value-added-partnership etc.). The article focuses on several deficits and current barriers concerning the cross-border cooperation (mistrust, language barriers, lack of competitive

firms, etc.). All in all, the analysis shows that the spatial nearness is still not an automatic guarantee for a successful economic cross-border cooperation.

Manuel Sarrazin and Sven-Christian Kindler

### **Dying „In Bruges“ – Community Method versus Union Method**

The Euro crisis and the political measures to solve it have generated a new mode of governance in the European Union. Unlike in former crises the European Council has become the executive branch of the EU. From the point of view of Chancellor Merkel's "Union method" this should lead to a more efficient and legitimised handling of the crisis. Nevertheless, bi- and multilateral summits have undermined the position of traditional European Institutions. The "Union method" lacks the advantages of efficiency and legitimacy as the example of the European Fiscal-Pact has shown. In order to overcome the deficits of the current institutional design the European Parliament and the national Parliaments should be integrated in the problem-solving process from the beginning.



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