

## PREFACE

*Reiner Weichhardt*

*Deputy Director, NATO Economics Directorate*

The June 1998 NATO Economics Colloquium - one of the main events under the Economic Chapter of the Action Plan 1998-2000 of the Euro-Atlantic Partnership Council - was held in Ljubljana, Slovenia. The initiative by the Slovenian authorities to host the conference in their country, for the first time in its history of over 25 years outside NATO Headquarters in Brussels, was widely appreciated by participants and provided new impetus to this long-standing gathering.

The conference, prepared by the Economics Directorate in conjunction with the Slovenian Ministry of Economic Relations and Development, focussed on the role of the state in the transition economies of Central and Eastern Europe. This is a subject of high economic, social and political importance. Indeed, the development of market economies in Partner countries has necessitated, and to a certain extent still requires, a fundamental reorientation of state activities away from commanding and controlling the economy. What is needed is an effective state able to provide a solid institutional and legal framework which guarantees the smooth functioning of the market process and ensures reliable social standards.

The conference, chaired by Mr. Daniel George, NATO's Director of Economic Affairs, was opened by Dr. Marjan Senjur, Minister of the Republic of Slovenia for Economic Relations and Development. A welcoming message by the Deputy Secretary General of NATO, Ambassador Sergio Balanzino, who could not personally attend the conference, was read on his behalf by the Chairman. The Keynote speech was delivered by Dr. Daniel Daianu, Minister of Finance of Romania.

The conference topic raised enormous interest among the nearly 150 experts from 28 countries and several international organisations. The 32 scheduled speakers represented the business world, academia and governmental institutions. The in-depth discussions over two days touched upon various pertinent issues relating to the role of the state in transition economies such as industrial restructuring, budgetary policies, social networks, shadow economy and foreign economic relations. Particular emphasis was put on defence and security related matters, for instance the role of the state and the private sector in downsizing and streamlining the defence sector.

An overview of the conference discussions can be found in the Chairman's summary. Moreover, Professor Michael Kaser concluded the conference with an excellent summing up.

This book contains all the papers, as submitted at the Colloquium and edited by the Economics Directorate. I would like to thank Mr. Peter Sutcliffe of the Economics Directorate for his valuable support in preparing this book publication.