Abstracts

Centralization and Local Public Finance in Russia
Kazuho Yokogawa (Research Fellow, The Japan Institute of International Affairs)

In this paper, we consider the effects of the 2003 local government reform (Law 131) on the budgetary systems of local governments in Russia, paying special attention to the allocation of functions and tax resources between different levels of government. An evaluation based on the standard theory of fiscal federalism and an international comparison indicated that Russia’s institutional characteristics exhibit two parallel and contradictory tendencies. On the one hand, they tend to normalize according to the theory of public finance, but, on the other hand, the administrative and budgetary systems become centralized, which contradicts the global trend of decentralization.

European Economy under Worldwide Economic and Financial Crisis
Sadayoshi Takaya (Faculty of Commerce, Kansai University)

This is an empirical study of structural factors of the economic and financial crisis in Europe, transmitted by the U.S. subprime crisis. We explore three factors: 1) the introduction of a common currency, the Euro, with asymmetric economies; 2) changes in the competitive environments of financial institutions in the EU as a result of financial integration; and 3) joint of the Central and Eastern European countries to the EU. Finally, we analyze economic policies to overcome the crisis by the European Central Bank, the European Commission, and EU member countries. These policies, while effective for crisis management, are controversial with regard to exit strategies.

The Present Conditions of the Dollar regime
Hiroshi Okuda (Faculty of International Relations, Ritsumeikan University)

The purpose of this paper is to define categories of international currency, including key currency, and estimate the future of the dollar. The financing of the U.S. current account deficit will be difficult in the 2010s. In addition, it has been observed that some international trade is currently being conducted in Euros rather than U.S. dollars. Hereafter, the dollar regime is expected to enter a process of erosion.

Economic Crisis in New EU Member States of Central and Eastern Europe: Focusing on Baltic Countries
Yoji Koyama (Emeritus Professor at Niigata University)

In this paper, we take a general view of the economic crisis in the New EU Member States of Central and Eastern Europe and consider its causes, focusing on the Baltic countries, with special attention to Latvia. In Latvia, the average income has increased quickly already before the EU accession in 2004. Nordic banks entered Latvia and competed for a market share, which fueled a consumption boom. The Latvian
economy began to show signs of overheating in 2005, but, in spring 2007, the government belatedly turned to tightening policies, causing a serious depression. The Lehman shock in September 2008 was the final economic blow.

**Government-Enterprise Relationships in Central and Eastern European Countries: Effects of the EU Competitive Policy**

Masahiko Yoshii (Graduate School of Economics, Kobe University)

Accession negotiations required the government-enterprise relationships in Central and Eastern European Countries to follow the EU competitive and industrial policy. As a result, the levels of their state aid and investment promotion stimuli are converging to the levels in the existing member countries. Various informal government-enterprise relationships still remain in these countries. They are, however, being removed by the European Commission, and the level of government intervention in private activities in Central and Eastern European countries will be lowered than that of Russia and former Soviet countries.