

Institute's turning points and highlights

By Urpo Kivikari

In a divided Europe, Finland was the giant of East-West trade. Only at the end of the 1960s did the Federal Republic of Germany usurp Finland as the Soviet Union's most important western trade partner. Until the break-up of the Soviet Union, Finland occupied a significant position in the foreign trade of its eastern neighbour. Business with the Soviet Union for Finland was, naturally, even more important. In addition to the great value and significance of this trade itself, what was special about Finland's commerce with the Soviet Union was its maintenance as bilateral trade to the very end.

In Finland's export to the Soviet Union, Turku was the most significant locality, due to the shipyards and industry situated within the city. Indeed, it was natural that during the midpoint of the 1980s, a project was launched in Turku to establish a university-level unit concentrated on research and education in the Soviet Union's economy and foreign trade. With the financial support of the City of Turku and several business enterprises, the Institute for East-West Trade was established in 1987 at Turku School of Economics. Faithful to its founders, the Institute – on the foundation of its scientific mandate as well as alongside it – selected, as its goal, to also be of use in resolving practical problems both in Finland and in international forums.

The target area in research and education comprised, first and foremost, the socialist nations of Europe and their external economic relations and, subsequently, the economic conditions and integration of those countries that had transformed into market economies. The development of the Baltic Sea area into a European meso-region which has reflected, in a versatile manner, the development that has occurred in Europe as a whole has also been a central theme from the very beginning, and this still continues.

During the entire time, the most pivotal target for research has been the Soviet Union/Russia. As examples of this activity, I would like to mention a theme that I regard as particularly close to me personally from each of the three decades.

At the end of the 1980s, I was a member of academician Shatalin's international group, whose headquarters were at IIASA in Laxenburg, Austria. Working with top Russian and Western specialists provided a unique possibility to gain familiarity with the requirements and conditions on the basis of which the Soviet Union proceeded to establish a market economy. The international group did not even discuss the time required by a transition into the market economy. This period was subsequently brought to the fore in academician Shatalin's reform programme, published in the Soviet Union.

In the 1990s, long-standing projects funded by the Academy of Finland and the European Union, in which Russia's development possibilities for external economic relationships were analysed, were implemented at the Institute. Via many publications and conferences, the results spread to the scientific community and were also put into use by the Russian government. During the first years of the new millennium, I acted as a Senior Expert for the EU in a project in Moscow that examined Russia's path to World Trade Organization membership in addition to the development of the partnership between Russia and the EU. Now, five years later, those expectations on the accomplishment of those aims have appeared to be overly optimistic.

Ever since the beginning, Estonia has been a central target of the Institute's research and education as well as

its partner. The political tension between Russia and Estonia, from the perspective of the Institute, has not made them exclusive alternatives to each other even if the poor relations between these neighbours have sometimes overshadowed our projects. The cool relationship between Russia and Estonia has, however, prevented the realization of the "Gulf of Finland Growth Triangle" project, an undertaking that has received wide international recognition.

If, of the various countries that have been targets for the Institute, one is still given special mention, that would be Hungary. Luckily, I already familiarized myself with the Hungarian economy at the outset of the 1970s. This was fortunate for the reason that Hungary was a pioneer with respect to both the market economy and economics in Eastern and Central Europe during the last decades of the 1900s. Due to the firm contacts with Hungary, I was privileged to be involved with the "Hid" (Bridge) and "Blue Ribbon" programmes implemented during the transitional phase of system change.

The arrival of Estonia and Hungary as members of the EU in 2004 meant that the three Fenno-Ugric language group states of Europe came into closer mutual contact than ever before in their history, which is a remarkable result of European integration from the viewpoint of the Institute as well.

The staff and students of the Institute have actively participated as writers and visiting participants in the operations of the international scientific community. However, the image of a scientific unit also includes the arrangement of both large and small scientific events. The first large event organized by the Institute for East-West Trade was in 1993 in Turku, when the Institute hosted the Second World Business Congress of the International Management Development Association (IMDA).

Aside from research, university education has been a pivotal activity for the Institute from the very start. Our students, who have graduated as masters and doctors in great numbers, have taken on responsible positions in Finland and abroad. The current director of the Institute, Professor Kari Liuhto, is also part of this group.

In two decades, Europe has experienced epoch-making transitions which have not only renewed the task performed at the Institute but its structure as well. During the 1990s, substantial changes occurred in the mutual integration between the states of Western Europe, which also impacted Finland. For the purpose of investigating these matters, the Institute for European Studies was founded at Turku School of Economics. After the line of division between Europe's East and West had disappeared and pan-European integration was launched, it was illogical to maintain a split between two institutes within the university. With the arrival of the new millennium, the two units were welded into one under the name *the Pan-European Institute*.

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