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The ICEG European Center issues its monthly publication, which includes 2-4 brief analyses on macroeconomic and microeconomic issues. The publication focuses on two groups of countries: **Commonwealth of Independent States - CIS** (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan) and the ten post-soviet New Member States of the European Union – **EU-10** (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia).

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Fostering innovation in higher education and the latest Latvian initiative

Olivér Kovács

Background

Latvia is still inviting applicants for the “Education Innovation Award 2012” which aims at promoting educators’ competitiveness in an era where knowledge creation and successful economic utilisation have become an ever more requested prerequisite of innovation driven economies. Albeit education system and the Academia can be portrayed as knowledge creator and transfer institutions; Eastern European member states are still coping with the heritage of the pre-transition education and academic system, undisputedly face path-dependency which to a certain extent hampers the evolvement of a healthy innovative milieu.¹

On the *raison d'être* of higher education and academic spheres

Now we live in a ‘learning economy’ where the knowledge production, the ability of actors to rapidly gain new competences including new skills are the key driving force of innovations and thus of the competitiveness. Consequently, the Science and Technology Policy (STP), as the accelerator of scientific and technological development and also as the institutional factor in the economic utilization of innovative outcomes, is a noteworthy field in the world and in the European Union as well.² STP should coordinate science without violating scientific freedom but science needs policy as well because social and market needs are transmitted by political institutions. Since new technology is not the panacea in itself, the *raison d'être* of higher education and academic sphere is the provision of well educated graduates with developed learning skills who are able to generate and use new knowledge in order to increase the absorption-capacity of society regarding new technologies.

Closing the gap: solving the European paradox

Despite the withering growth performance of the European Union (EU), policymakers have only recently started to realise that Europe’s growth potential is in close connection with the research performance in which the roles of academic sphere and higher education are crucial. While, higher education reforms invoked to encourage innovation have been introduced across Europe during the last two decades, the innovation gap has gently decreased between the EU and its two main

¹ This article is based on Kovacs (2011): Innovation policy challenges in Central and Eastern European countries The Changing Role of Innovation in Higher Education and Academic spheres.

² See for instance Kovács and Orosz (2011) who devoted particular attention to the issue of how the science and technology policy could contribute to the successful economic realization of innovations in higher education.

competitors, the US and Japan. The problems are mainly associated with the so-called European-paradox, namely that the EU has a relatively well-performing basic research that is accompanied with relatively low level of economic utilisation. Although the European-paradox still exists, the gist of the problem can be found in the details, because the paradox is just a symptom.

The fact that American universities are performing better than the European ones has a substantial part in the evolvement of the paradox (Since 2003, merely 2 European universities have been listed among the Top 20 in the Academic Ranking of World Universities presented by Jiao Tong University, Shanghai). Behind the curtain of this performance gap, plethora of authoritative studies emphasised that the European universities have been underachieving due to their unsatisfactory autonomy and governance being without inevitable managerial approach (Aghion et al. 2007). Other equally important constituent factors of the gap are the relatively low investment in the university system, the perceivable shortcomings in the issue of monitoring and assessment, and the distorting incentives.

As a corollary, the STP and innovation policies, on the one hand, have to foster the knowledge transfer and long-lasting collaborations amid public research institutes, universities and business sector by incorporating these imperfections, on the other hand, STP and innovation policies have to be aware of the different situation decipherable in the case of Central and Eastern Europe.

Path-dependency: has the past a great future in Central and Eastern Europe?

One of the fundamental leitmotifs behind the collapse of state socialism was the inability to innovate, which can be attributed to the characteristics of the institutional system rather than to the conventionally postulated dominance of state ownership and to the absence of private ownership (or to its infinitesimal presence). With the benefit of hindsight, it can be easily justified by the relatively low innovation performance of the post-socialist EU member states conveying the message that the institutional features have not gone through significant changes. For example, the Hungarian path can be regarded as a more or less ubiquitous phenomenon in the CEE countries.

This underpins the fact that lower-thanexpected level of innovation-driven economic development is, to a non-negligible extent, induced by the organisational, operational and managerial features of the academic sphere.

As far as innovation is concerned, the current institutional framework of Hungarian science, research and higher education can be generally portrayed as a system facing the gargantuan task of further reforms owing to the distorted scientific employment, career and performance assessment

structures suffering from an academic thinking that does not place enough emphasis on the relevance of economic utilisation.

The actors of the higher education system, especially state universities in post-socialist countries are mainly self-managing and behave like socialist enterprises with the dominance of bureaucratic coordination.³ These peculiarities are unequivocally influencing their willingness to innovate. As a result of self-management, their major aim is to maximise wages and salaries whereby they are to a large degree disposed to use their innovation ability primarily for obtaining subsidies and allowances provided by the state. This kind of rent-seeking is very much preferred in the actual situation where the proper performance assessment structure is barely working. Governments support R&D and innovation through various entitlements and define on what research and innovation the financial resources should be spent on. The possible reason behind this is the governments' assumption regarding the universities i.e. that they would not be able to target the financial resources as efficiently as the government.

It follows from these considerations that organisations managed under non-market coordination tend to be condemned to a low level of innovation efficiency. According to János Kornai the major prerequisites of an impulsive innovation process in capitalism are the following: decentralised initiation; high rewards; competition; opportunity for wide experiments and flexibility of financing (Kornai, 2010).

State universities have a hierarchical career system which affects decentralised initiations negatively, because upper level representatives of the organisation incline to exercise control over the knowledge emerging at lower levels in order to benefit from it. Ambitious rewards for those who explicitly carry out innovations are principally exceptional. The employment system promises salient incomes at the end of a university (academic) career for those who have network capital, accumulate different leading positions in state organisations and concentrate on rent-seeking.

As a result, this type of employment and income system places obstacles in the way of healthy competition. The career model narrows the latitude of opportunities for providing extensive experimenting opportunities, because the burdens on the employees are the greatest when they just have the best intellectual conditions. As far as the flexibility of financing is concerned, resources are planned on a governmental rather than an institutional level. This obviously raises the question whether the resources available for the lower levels of the organisations are sufficient.

³ See about these complex set of issues: István, Polónyi (ed.) (2010): *Az akadémiai szféra és az innováció* (The Academic Sphere and Innovation). Új Mandátum, Budapest.

Local circumstances to be incorporated

STP and innovation policymakers should more vigorously take into consideration the repercussion of the industrial restructuring took place in the CEE countries in the 1990s. Despite the rapid industrial restructuring, CEE countries have been more or less locked into low value added economic activity in contrast with the requirement of the new techno-economic paradigm (i.e., high value added products and services via knowledge management in companies) (See: Perez, 2009). The modular-production especially in ICT had distorting impact on the basis of CEE countries' innovation policy. The statistics took into account the low value added export products (e.g. screens of cell phones) as high technology products envisioning that the share of high-tech export is well-performing. Accordingly, the industry needs were not captured by the innovation policy adequately.

CEE innovation policy believed that there is a thriving demand from industry for R&D and innovation. Statistics seemingly confirmed the perception that is a high-tech export- and FDI-driven economic growth, nonetheless the general expenditure on R&D and innovation as a percentage of GDP and the patent applications declined simultaneously in the aftermath of industrial restructuring. Meanwhile, CEE innovation policy measures concentrated predominantly on the commercialisation of R&D and innovation results in high technology sectors, irrespective to the fact that innovation comes from the market, from skilled people's mind and also neglected that the structural changes resulted in specialisation in lower end of value chains.

Although the innovative milieu can be aggravated by the imperfections of higher education and academic sphere, the assumption of growing demand had a persuasive power for CEE policymakers, thus the question of whether the function and performance of higher education and academic sphere are in accordance with the requirement of real economy was not on the agenda for long time. The Europeanization of innovation policy in CEE countries, especially the availability to EU structural funds, had beneficent as well as negative impact on innovation policy. On the one hand the long-term planning became a guiding principle towards the sustainable growth; on the other hand the CEE-specific circumstances were not taken into account accurately. Initially, there were not enough administrative capacity and experience with long-term planning, and the routine in cooperation and coordination of networks also suffered from hiatus.

The processes were weak in terms of coercive power to arouse the policymakers' attention to the fact that the society's absorption capacity mostly depends on such higher education system in which the structural lock-in effect of the past institutional settings and managerial attitude are converted into a coordination-ready status, and to be complemented with the necessary autonomy.

Therefore the CEE-specific higher education and academic sphere have not been completely streamlined by national innovation policy yet. However, the EU's aim to alleviate the weakness of labour market establishes a claim to these changes invoked to make enable both the unemployed and employed people to have better opportunity to maintain and upgrade their obtained skills.

The ability of people to learn, apply and utilise new knowledge bears the torch of innovation and overall the human well-being at present and in the future as well. As Leonardo Da Vinci once said: Knowing is not enough; we must apply.

Latvian government incentivises the core of innovation in education?

The "Education Innovation Award 2012"⁴ is implemented by the Ministry of Education under the umbrella of the project "Promotion of Educators' Competitiveness within the Optimization of Educational System" initiated by the European Social Fund (ESF).⁵

The Deputy Director of the Education and Science Ministry General Education Department, Head of the Integration Section, Evija Popule emphasised that the rationale behind the establishment of such award is the recognition that Latvia needs to promote and encourage innovative projects in the field of education by encouraging teachers to participate and submit their practical proposals for the education sector, to improve the services offered. In this way, policy may stimulate changes required in the education sector as a whole.

The prize is a certificate and a cash award at the same time, which is amounted to LVL 1,000 (approx. EUR 1,440). Applicants can submit their ideas and proposals in four particular categories: (i) school subjects, (ii) school environment, (iii) resources, (iv) and the Latvian education system as a whole. The entitled applicants are as follows: educator or teacher group, teachers' professional associations, the Latvian Education and Science Workers Union, the Association of Latvian Education Leaders, educational institutions, the Ministry and its subordinate institutions and non-governmental organizations working in the field of education.

Applicants are invited to propose new training methods in teaching with the aim of making the learning process more creative by using information technology and interdisciplinary approaches, as well. "Education Innovation Award 2012" can also apply for teachers whose innovative suggestions seem to be feasible in improving the local learning environment that would boost the willingness of

⁴ About the award see (in Latvian): <http://www.pedagogiem.gov.lv/lv/aktualitates/inovacijas-balva-2012/>

⁵ ESF project "Promotion of Educators' Competitiveness within the Optimization of Educational System" Ministry launched 2009./2010.mg at the beginning of the project and involved and received the support of more than 39,000 teachers across the Latvian.

students to learn. In this way, the award can also contribute to the development of the national educational system.

Currently, the education system is changing and the Latvian education community seeks options how to modernise its prevailed methods, the environment, training approaches and other aspects of the organisational setting. The Latvian government is to underscore the importance of this development and it places more emphasis on providing greater autonomy for teachers that can also facilitate the creation, selection, testing and refinement of innovative ideas aiming at improving the quality of education. Modernised education is one of the most important sources of knowledge-creation, thus that of the innovation activities.

Let us add: every type of modernisation promoted by the state has to be consistently communicated with the wider audience in order to ensure the necessary trust and confidence level of citizens required by the reforms (i.e. to communicate how the end result will look like). Related to this, in Latvia, there is a recently emerged problem, namely that the Education and Science Minister, Roberts Kilis seems to have not been so persuasive regarding the communication of reform plans. His statements therefore led to the public impression that the ministry is neither aware of the real needs nor have a promising plan how to really reform the Latvian education system.

Concluding remarks

There are certain signs that the main lessons of education related specialities of CEE countrirs are reflected and understood by the Latvian government which pursues innovation with the aim at achieving greater autonomy for teachers that can also facilitate the creation, selection, testing and refinement of innovative ideas aiming at improving the quality of education. Since the key to the future lies in our ability to improve continuously our adaptation capabilities, economic policy engineering embracing STP and innovation policies should foster the process along knowledge is generated, interpreted and utilised. It is the only way of survival simply because economic development and decay are more likely to be spontenaous, non-linear and cumulative processes that cannot be mechanistically and technocratically managed, but we have the opportunity to solve old and newly arising problems by utilising the knowledge obtained which is available in a decentralised way.

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Internal and external balances in countries affected by the Danube Region Strategy

Olivér Kovács

One of the most recent over-arching strategies affecting presumably the CEE countries in a more dedicated way is the Danube Region Strategy which was initiated in June 2011. In this short article, we contemplate the external and internal balance of countries involved with the aim of underpinning the role of Danube and the fact that fulfilling the Strategy is of key importance from the perspective of future economic and social development of the region.

Background

The most important elements of the EU Strategy for the Danube Region are as follows: (i) the transport connections, (ii) energy connections, (iii) the environment, (iv) the socio-economic development and (iv) the security.

The Danube Region covers 8 EU countries (Germany, Austria, Hungary, Czech Republic, Slovak Republic, Slovenia, Bulgaria and Romania) and 6 non-EU countries (Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Ukraine and Moldova). “The novelty of the macro-regional method is the way it brings countries together to cooperate on joint issues by setting goals, aligning funding, and working together to achieve their objectives. Macro-regional Strategies provide a sharper focus on how existing funds are allocated, ensuring ‘joined-up thinking’ between different sectors.”⁶

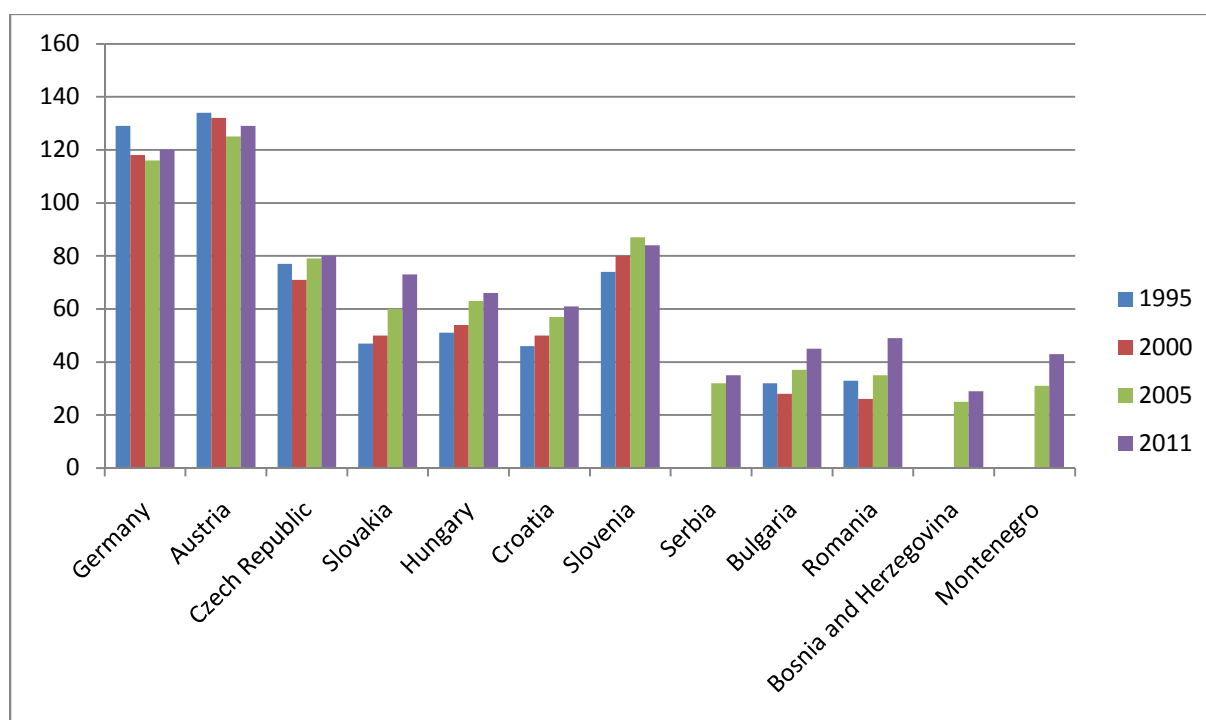
From the point of view of river navigation in the European strategy referring to the Danube regions the traffic, the transport and the environment are also important elements. One of the main aims of the European Union Strategy for Danube Region is to increase the cargo transport on the river by 20% by 2020 compared to 2010. Improve mobility and multimodality is also an important aim in case of inland waterways, road, rail and air transport. In the field of environment protection the main objectives are: to restore and maintain the quality of waters, to manage environmental risks and to preserve biodiversity, landscapes and the quality of the air.

There is no gainsaying the fact that these goals are achievable if the macroeconomic environment sparks rather than hamper these developments. In the following, we shortly put our focus on the issue of internal and external balance (i.e. inflation and fiscal condition) as well as current account balance position).

⁶ See: http://europa.eu/rapid/press-release_IP-12-687_en.htm?locale=en

These goals can also be interpreted as bridging the gap between “old” and “new” member states (as well as candidate and potential candidate countries and those of having Eastern Partnership) in terms of European integration, which entails a more close economic performance. There is a conspicuous divide between old and new member states in terms of economic performance (*Chart 1*).

Chart 1. Economic divide – GDP per capita in PPS (EU27=100)



Note: data for Moldova and Ukraina are not available. data for 1995 and 2000 for Serbia, Bosnia and Herzegovina and Montenegro are also unavailable.

Source: Eurostat

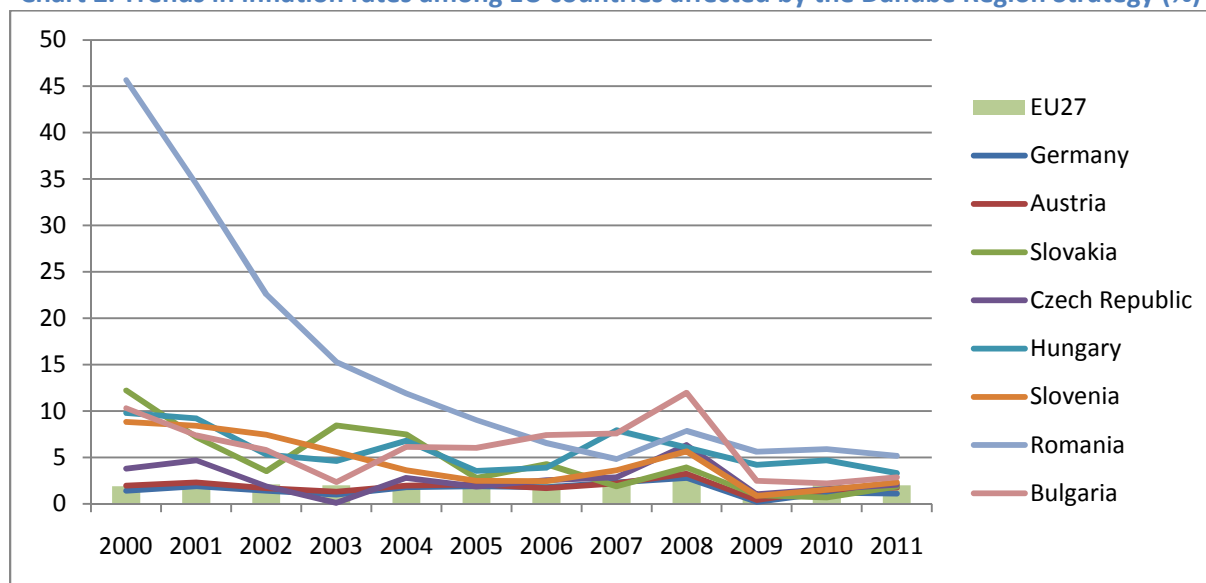
Internal balance

As far as the inflation ratio is concerned, in the beginning of the last decade, its rate was by far the highest in Romania (45.7%) among the relevant group of countries. Romania was followed by Slovakia (12.2%) and Bulgaria (10.3%). Hungary had also a relatively surpassing rate which was around 10%, but once the inflation targeting regime was introduced in the Hungarian monetary policy, the inflation rate was significantly reduced.⁷ Since the European Central Bank was created onto the manner of the Bundesbank which serves as a sentinel over the price stability whatever comes, it is needless to say that there were no inflation ratios among the respected countries that would have had lower inflation rate than the EU27 average except Austria and Germany.

⁷ It is worth noting that the effectiveness of the Hungarian monetary policy and its influencing power on the main macroeconomic processes are rather restricted if for no other reason than the huge amount of foreign debt causes high degree of vulnerability.

With the financial and economic crisis erupted in 2008, the inflatory pressure was also evaporated with the dampening demand (*Chart 2*)

Chart 2. Trends in inflation rates among EU countries affected by the Danube Region Strategy (%)

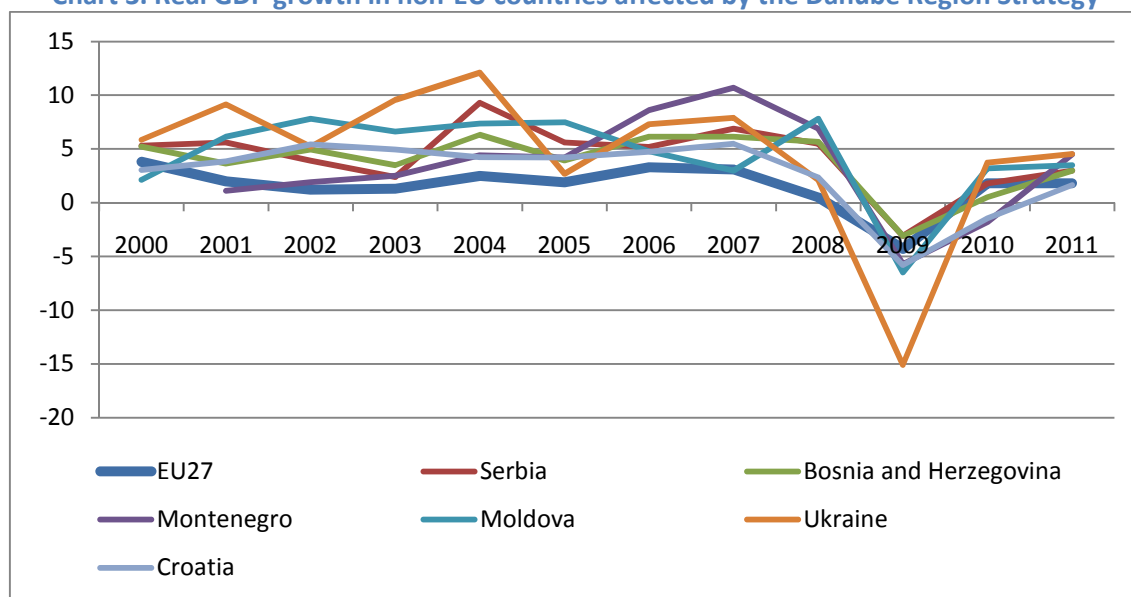


Note: data for 2011 are IMF (2010) estimations.

Source: Eurostat

If we take a look at the non-EU member countries involved, it can be concluded that there are lots of countries contradicting the hypothesis of Bruno and Easterlay (1996) as well as Barro (1997) who argued that relatively high volume of inflation are always coupled with lower rate of economic growth. As *Chart 3* and *Chart 4* depict, some countries have been experiencing above-the-EU-average growth rates despite their relatively high inflation ratios.

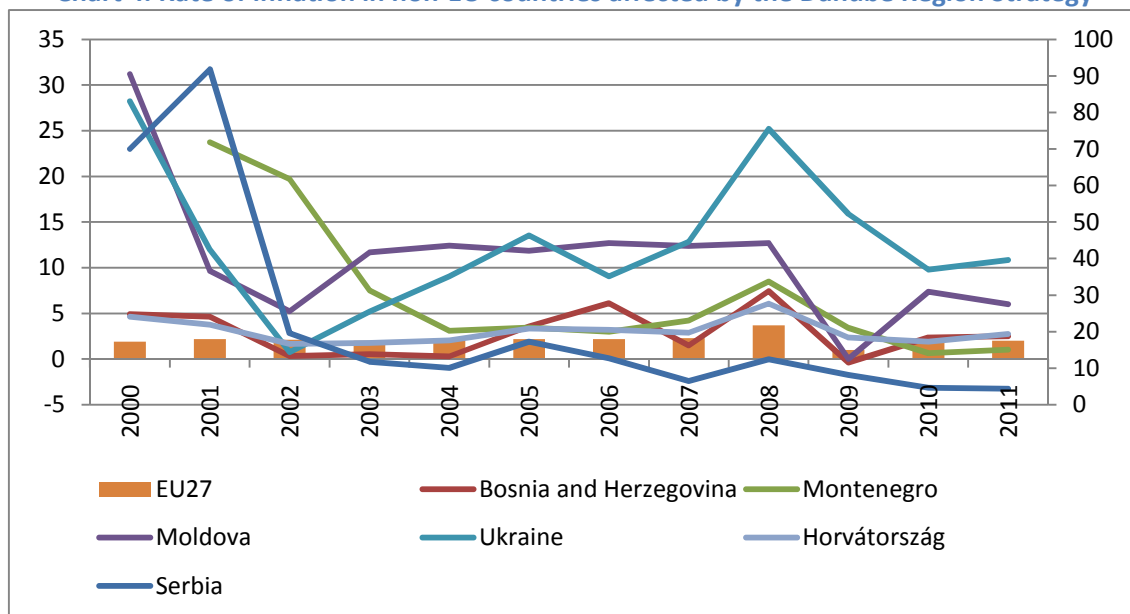
Chart 3. Real GDP growth in non-EU countries affected by the Danube Region Strategy



Note: data for 2011 are IMF (2010) estimations.

Source: Eurostat

Chart 4. Rate of inflation in non-EU countries affected by the Danube Region Strategy



Note: data for 2011 are IMF (2010) estimations (Serbia is displayed on the right vertical axis because of its relatively enormous amount of inflation at the very beginning of the 2000s).

Source: Eurostat, EBRD

Serbia seemed to be succeeded in maintaining its real GDP growth rate of 5% even though the country was forced to live with enormously high inflation ratios (70% in 2000, 91.8% in 2001). Yet, if we take into account the decade-long growth performance of Serbia one can observe that after the period of skyrocketing inflation, the country's economic performance undergone a perceptible worsening due to the crisis-ridden external markets and the weakening, what is more, declining domestic demand.

Serbia, Montenegro, Moldova and Ukraine have been those having above the average inflation rate in the last decade. Let us underscore immediately that Montenegro has reached an inflation being on a downward trend, all the more to close the gap between its rate and that of the EU27 average (in 2006, Montenegro had 3% inflation rate, while the EU27 average was 2.2%).

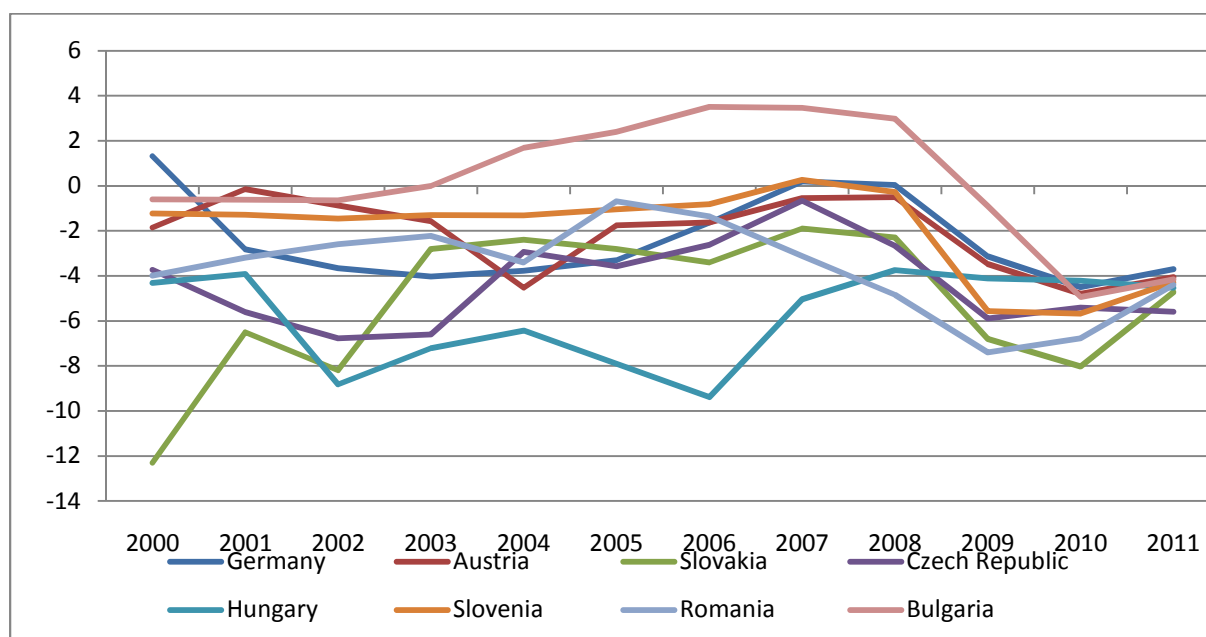
Beyond the countries showing high inflation ratios, Bosnia and Herzegovina and Croatia performed quite well in this regard. While the former one had an inflation rate 2.8% on average through the 2000s, Croatia fared relatively well with its 3% of yearly increase in consumer price index. The crisis management had an inflationary effect especially in Ukraine and Moldova (in 2011, Moldova faced 6% inflation, while Ukraine faced a more serious inflation rate of 11%).

As far as the fiscal conditions are concerned in the respected countries, we can claim with reasonable certainty that budget balance position varies across countries and the circle of non-complying countries with regard to the 3% budget deficit threshold stipulated by the Maastricht Treaty as well as

the Stability and Growth Pact are still significant. In 2000, the budget deficit in Slovakia, Czech Republic, Hungary and Romania was as follows: 12.3%, 3.73%, 4.31% and 3.98%, respectively.

Due to the convergence programmes and their implementations, Romania and Slovakia could curb the budget deficit and there was a substantial improvement in case of Slovakia. While Romania could bring down its deficit under 3% of GDP by 2002, Slovakia followed its footsteps by reaching below-the-threshold deficit in 2003. Still, there are fiscal policies that could not cope with the accumulation of fiscal deficit and debt-to-GDP ratios.

Chart 5. Budgetary balance in EU countries affected by the Danube Region Strategy (% of GDP)

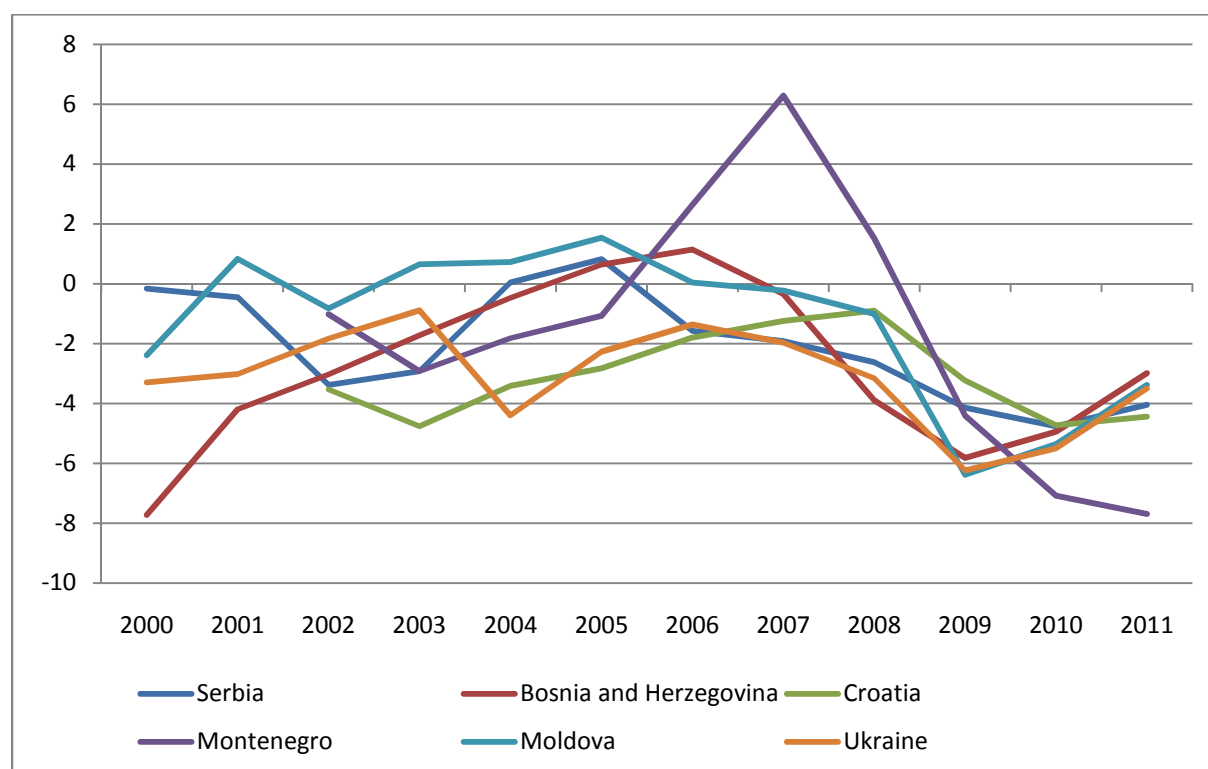


Note: data for 2011 are IMF (2010) estimations.

Source: Eurostat

As it can be illustrated, by the eruption of the global financial and economic crisis, Hungary closed to a large degree its deficit-gap regarding that of the deficit levels of the rest of the countries analysed. Bulgaria has been being in diametrical opposition to Hungary, where the currency board regime fend off such a lewdness observable in the Hungarian fiscal policy engineering.

In case of non-EU member states that are targeted by the Strategy, one can lead to the conclusion that they implemented some sort of fiscal consolidation up until 2006 (e.g. there was a substantial deficit reduction in Bosnia and Herzegovina, a huge deficit of 7.7% was converted into a significant surplus of 1.1% by 2006). After all, the negative effects of the crisis (declining demand, more restrained financial resources, uncertainties etc.) led to increasing debt services as well as nominal expenditures by triggering higher and higher deficits and the strong accumulation of public debt.

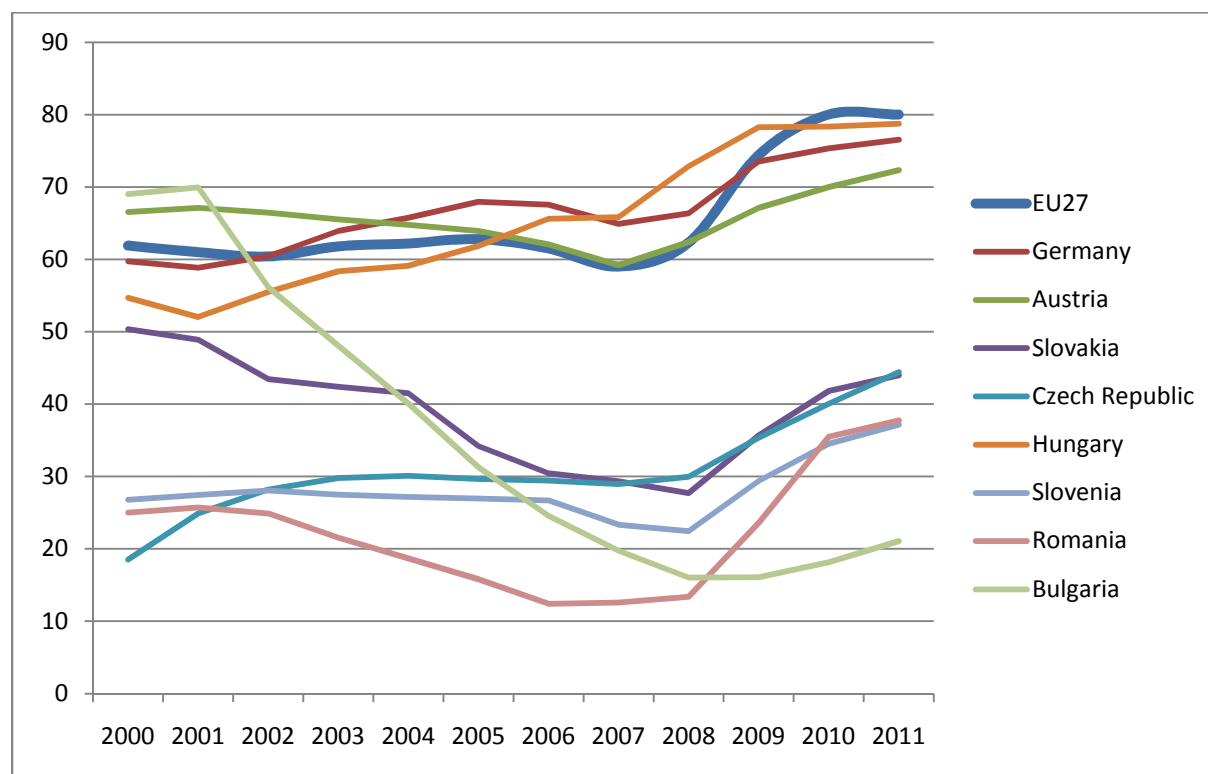
Chart 6. Budgetary balance in non-EU countries affected by the Danube Region Strategy (% of GDP)

Note: data for 2011 are IMF (2010) estimations.

Source: Eurostat, National Accounts

Albeit Montenegro could reach surpluses after 2005, it showed the greatest decline due to the recent global crisis. The problem is originated in the fact that its financial system is underdeveloped, which was deteriorated further by the lax fiscal policy and the dramatic increase in the foreign debt (which accounts for 96% of GDP, according to the calculations of EBRD).

As far as the public debt tendencies are concerned, EU countries affected by the Danube Strategy can be ranked with two groups: (i) first group contains countries that have been showing an increasing amount of public debt since 2000 and where the ratio approached the EU average (e.g. Austria, Germany, Hungary); (ii) the second group of countries embraces those of having a decreasing level of public debt such as Bulgaria, Czech Republic, Slovakia and Romania).

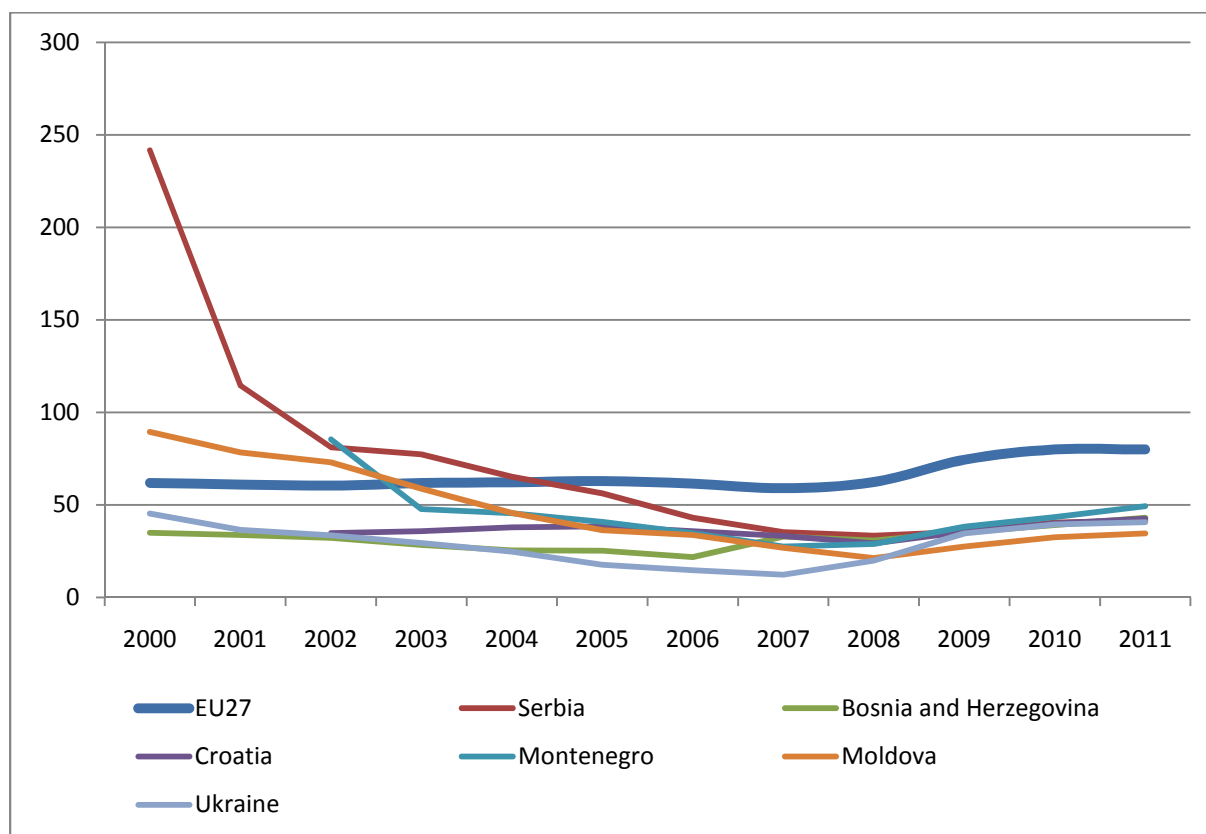
1Chart 6. Debt-to-GDP ratio in EU countries affected by the Danube Region Strategy (% of GDP)

Note: data for 2011 are IMF (2010) estimations.

Source: Eurostat, National Accounts

In non-EU countries targeted by the Danube Region Strategy, such kind of phenomena gained momentum that their public debt-to-GDP ratios were below the EU average in the last decade (*Chart 8*). One of the most spectacular improvements can be registered in Serbia whose fiscal governance seemed to have been prioritising a sustainable budget deficit because Serbia's deficit went down from its even historically high volume of 241% of GDP in 2000 to the EU27 average only within 4 years.

Let us note that the structure of the debt should not be neglected. Simply because high share of foreign debt makes the given country more vulnerable to fiscal and economic shocks because its relatively salient share conveys the message that there are unresolved structural problems in the given country. Among the respected countries, this type of debt is significant – except Bosnia and Herzegovina. The foreign debt amounted to 95.6%, 65.5%, 81%, 55.9% and 56% in Montenegro, Serbia, Croatia, Moldova and Ukraine, respectively.

Chart 8. Debt-to-GDP ratio in non-EU countries affected by the Danube Region Strategy (% of GDP)

Note: data for 201 are IMF (2010) estimations.

Source: Eurostat, National Accounts

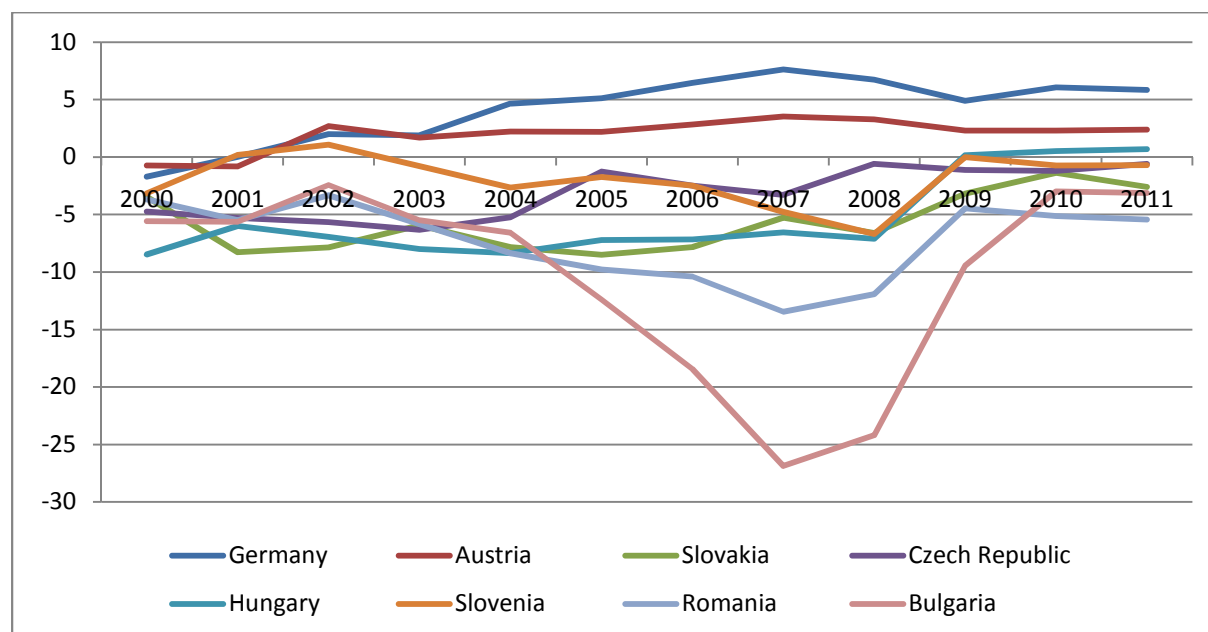
External balance

It goes to commonplace that not only the internal but also the external balance is of key importance when it comes to assessing and evaluating a country's economic performance. At this point, the crucial role of the trend in current account arises.

In case of EU member states, as *Chart 9* furnishes the message, mainly Germany and Austria have considerable volume of current account surpluses in the sample, merely. What is crystal-clearly noticable is that Bulgaria has a substantial volume of current account deficit (especially after 2005), but this value did not lead to currency crisis so far. It is per se puzzling from the perspective of economic history teaching us that currency crisis are more likely with the increasing volume of current account deficit. And the Bulgarian value has been being far above the registered rate that caused crises before.⁸ There is no magic over there, but the fiscal discipline which builds credibility by counterbalancing the inertia provoked by the monetary straitjacket (currency board). Low deficit and public debt as well as high amount of foreign exchange reserves are guaranteeing credibility, hence to avoid any speculative attack.

⁸ See: Bustello (1998) and Benczes (2002).

Chart 9. Current account balance in EU countries affected by the Danube Region Strategy (% of GDP)



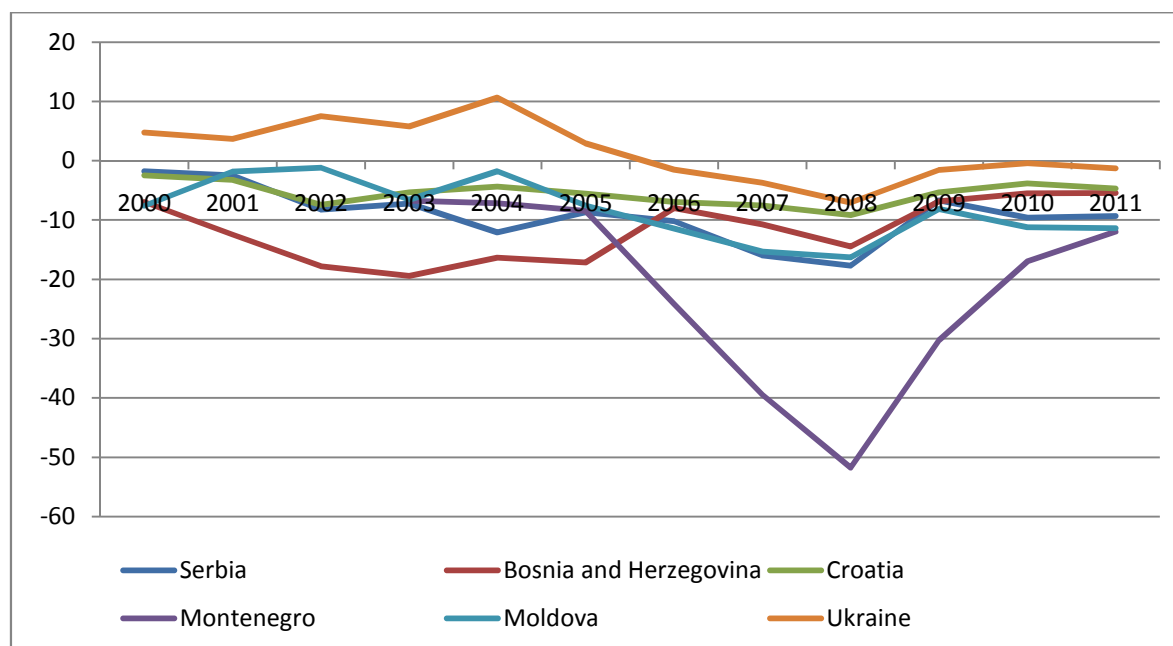
Note: data for 201 are IMF (2010) estimations.

Source: Eurostat, National Accounts

If we take into account the trajectories observable in the non-EU countries that are also targeted by the Danube Region Strategy (*Chart 10*) we can first and foremost emphasize that there are completely different levels of current account balances (deficits). On the one hand, deficit levels are hovering around 10% of GDP, on the other hand, Montenegro has been eclipsing even that of the Bulgarian deficit level (approx. 50% of GDP).

Behind the curtain of this rather negative process is the fact that Montenegro's export markets have been shrinking (annual growth rate of export was 61% in 2007, while its rate slipped down to 11.5% by 2008 and became negative (-9.3%) by 2009 once the crisis hit the global economy and Montenegro's main recipients.

210. Current account balance in non-EU countries affected by the Danube Region Strategy (% of GDP)



Note: data for 2011 are IMF (2010) estimations.

Source: Eurostat, National Accounts

Concluding remarks

The Strategy should move towards a solution which addresses both the integration-related institutional divide and the economic and social divide between „old” (Austria, Germany) and „new” member states. By now the term „new” has become more and more blurred, still there are observable differences among these two groups of countries as our rudimentary analysis also has confirmed. We have not deciphered exhaustively all the relevant differences that are registrable and well documented by others (e.g. withering and ailing growth performance, soaring unemployment rates), we now confine ourselves merely to assert that improving the general macroeconomic, business framework (e.g. more disciplinarian and therefore more flexible fiscal policy and monetary policy, ease of doing business etc.) would be an instructive way forward in new member states as well as in candidate and potential candidate states and in countries with whom western European countries are treating Eastern Partnership.

Last but not at all least, even if we have a well-elaborated and diligently prepared Strategy, as practice shows, strategies can fail due to several reasons that should be incorporated and hence, the Danube Region Strategy should be implemented in a systemic way. Just to name one, such implementation-related problem may arise when short-term vision is coupled with multiannual programmes. Policymakers should therefore cautiously harmonise between these goals by seeking out synergies, and by not endangering longer term perspectives.

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