

SOCIO-ECONOMIC TRENDS IN CONTEMPORARY CENTRAL AND EASTERN EUROPE: THE CASE OF SLOVENIA

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Abstract

The participation of Central Eastern European (CEE) countries in the integration project was a first hand success for the political European project. Political changes transformed the economic and social system that mainly depends on the influence of the country on market economy. It was clear from the GDP structure and GVA of CEE countries' economic sectors that their economies had structural problems. Twenty years after the collapse of communism we at last can notice that the conquest of freedom turned out be a lot easier than the construction of economy and democracy.

After 1991, Slovenia's economy began changing to market economy and the privatisation process was started. During the accession process, the new Slovenian state had to form its statehood and adapt its legislation to the European. At the same time, it had to transform the economy and secure social peace. Structural social and economic changes proceeded in a relatively slow manner because the Slovenian government decided on a step-by-step policy with gradual changes aimed at market economy, secure national economy and clearly defined national interests.

Key words: CEE, Slovenia, global recession, structural transformation of economy, social survey

INTRODUCTION

As state socialism collapsed, capitalism and democracy were rapidly introduced in Eastern Europe. The participation of Central Eastern European (CEE) countries in the integration project was a first hand success for the political European project. This added to Western self confidence and to the conviction to continue with the Western way in order to unify the continent.

The accession of new Member States (CEE countries: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia and Cyprus, Malta) to the European Union in 2004 represented the biggest ever enlargement of the European

Union in terms of population (19 percent) and area (22 percent), but a smaller increase in terms of economic output (9 percent). Romania and Bulgaria joined to the EU in 2007. For all these post socialist countries (except for Cyprus and Malta), EU membership represented a major milestone in their transformation to market-based economies (Lorber 2010).

Twenty years after the collapse of communism we at last can notice that the conquest of freedom turned out be a lot easier than the construction of democracy. This mental and cultural change that has to replace public apathy and develop political consciousness requires much time and patience. The restored entrance to the West does not mean

sudden appearance of a democratic civilian population. A democracy is not so much based on a – communal – history as on a democratic disposition of its people, fair elections, a constitution and an open and transparent political setting. In Central Europe, the past too often functions as an obstacle or even an alternative for politics. Europe might be united; its past definitely is not.

Beyond the possible influences of the focus on technical handling another thing was rather neglected in the integration process of the Eastern Europe. It was the fact that in Western Europe national interest was often “disguised” as European interest. So, the European dimension stood in the foreground while French or German leadership was trying to sell national politics as European. Additionally, as this way of integration had been successful, it was hardly thought upon whether there would be an acceptance – problem by the new Eastern members and whether they would be ready to play according to the established rules of the game.

The revolutions of 1989 have had a paradox impact on the process of European integration. On the one hand, the divisions of the Cold War were overcome, subsequently enabling the enlargement of the Council of Europe to 47 Member States and of the European Union to 27 Member States. The new Member States in Eastern Europe are hesitant to give up their newly won national sovereignty. The failed referenda for the European constitution in France and the Netherlands signal that citizens in Western Europe are distrustful about this new Europe that emerged as a result of the revolutions of 1989. Fear of migration, labour competition and a weakened welfare state seemingly prevails over the desire for a Europe united in peace and liberty (Armbruster et al.).

Concerning the Union’s definition of the boundaries of Europe, it has become clear that the EU has not developed a clear and unambiguous idea about the outer fringes of our continent. Perhaps more by default than by design, the picture that emerges is the following. The ten new Member States from Central and Eastern Europe that have joined the EU in recent years as well as Turkey and the (potential)

candidate Member States from the Balkans can be said to belong to the European continent.

The paradox impact of 1989 is also visible in discourses on the significance and meaning of this year. It is clear that the events of 1989 are of world-historical significance like those of 1789 or 1848 and not merely a ‘rectifying’ revolution by which Eastern Europe returned to the general and normal path of European integration. Debates on the significance and impact of 1989, however, occur mostly in national contexts. Moreover, Europe is still split into East and West in its memory of 1989. Although the changes impacted the entire continent, it is still seen as an event that took place in Eastern Europe and really changed only this part of the continent (Armbruster et al.).

The immediate effect of the Soviet Breakdown was the emergence of a large number of new nation-states. As the USSR had been a federalist formation, this also discredited federalist states of multitude of nations, thus contributing to the collapse of Czechoslovakia and Yugoslavia. The decline of former Yugoslavia however, was less peaceful. Slovenia and Croatia, once part of the Habsburg Empire, declared themselves independent and the first war on European territory since 1945 followed. Croatia and Slovenia both stated that they were Western and differed fundamentally from the other (Orthodox and Muslim) parts of Yugoslavia. Central Europe was used in a normative way, namely as an instrument for in- and exclusion (Van der Poel 2009). Indeed, it could be argued that the Soviet collapse has considerably narrowed the scope of what is seen as a viable project of state buildings as well as contributed to the future prevalence of the small nation-state in Europe (Armbruster 2008).

In sum, it would be false to say that all of the former communist states have successfully completed the twin-processes of transformation and integration. In this sense, the ‘return to Europe’ has not become a reality for each and every country that used to belong to the Eastern side of the Iron Curtain. And while that Iron Curtain itself has been lifted, dividing lines continue to exist in present-day Europe (De Deugd 2009).

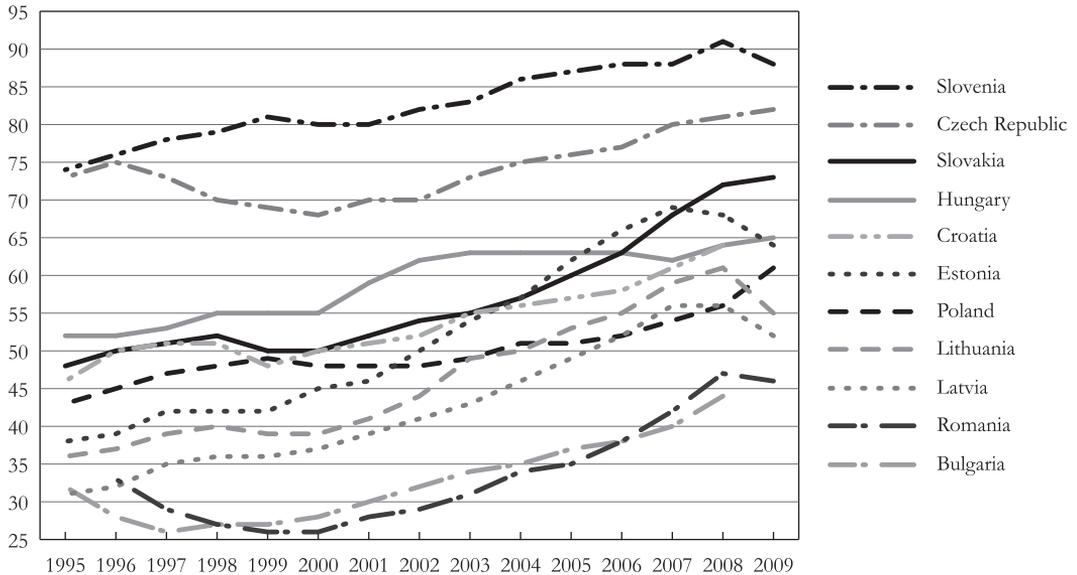


Figure 1 GDP per capita in purchasing power standards (EU 27 = 100). Source: Eurostat.

Central European countries are, more than ever before, integrated into Western institutions (EU, NATO) to guarantee their safety and independence. Furthermore, the population has never been as homogenous as it is nowadays, since the German and Jewish presence has been wiped out. The visible references to the communist era have now been cleared away: statues are removed (not in all countries), street-names changed (not in all countries), flags adjusted; but the less visible aspects – more on a mental level like attitudes and dispositions – still play a decisive role, their disappearance takes more time (Van der Poel 2009).

CEE ECONOMIC SURVEY

Restructuring economy and introducing lawfulness into a market economy both dictate the linkage of CEE countries in transition into the European division of work and decentralisation of power. The transition process of post-socialist countries has three basic characteristics – democratisation, privatization and the opening of markets (Haggard and Webb 1993). Political changes transformed the economic system that mainly depends on the influence of the country on market economy. Although

economic development mostly depends on economic rules, in this case, the influence of the country's policy prevailed (Lorber 2008b).

Cooperation with the most economically developed countries and with the most demanding goods markets, workforce and capital is getting stronger. Following social and political changes the interest of world capital and foreign investors has greatly increased. There were several reasons why. Workforce with suitable degrees of education is cheaper than in developed surroundings and they can be trained relatively quickly for the needs of modern economy. It was possible to comparatively quickly link the Eastern European space into an infrastructure of networks and with logistic networks to create centres with development capacities.

Central and Eastern Europe may have been seen as a boom region since the year 2000; between 1989 and 1995; as they switched to the free market system, however, these economies shrank by 8% p.a. on average. It was not until the mid-1990s that the CEE's economies settled down. The Polish economy was the first to get back to where it was in 1989, which it did in 1995, followed by Slovenia (1998) and Hungary (2000).

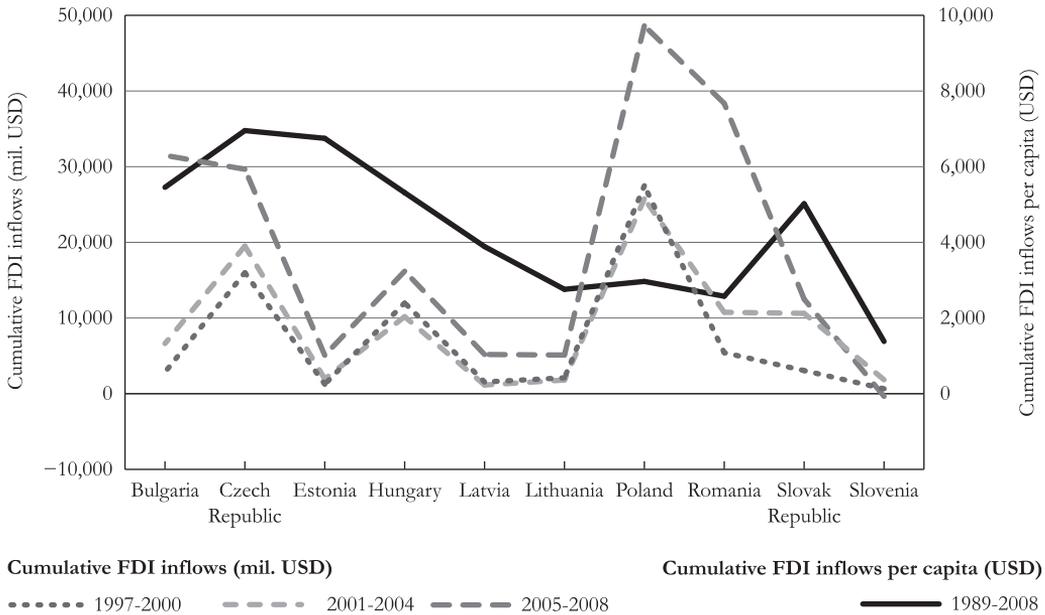


Figure 2 Cumulative FDI inflows 1997-2000, 2001-2004, 2005-2008 in mil. USD and cumulative FDI inflows per capita 1989-2008 in USD. Source: EBRD.

The process of economic restructuring was different from country to country. State authorities were introducing economic changes, demanded by market economy and the EU, at their own pace. With this came foreign investments into restructuring of manufacture and modernisation of technology. Investors were influenced by inner political stability of a given country and investor friendly environment (Lorber 1999b).

This rapid growth allowed the new EU countries to increase their share in global economic output. Greater access to western markets led to a rapid rise in exports and improved access to foreign financing helped boost consumption.

EU membership has been particularly favourable for Slovenia and Slovakia, which have managed to meet all of the Maastricht criteria and enter the euro monetary area. Slovenia was the first new Member State to adopt the euro in January 2007. The country's per capita income in PPS, the highest among the new Member States, reached about 91 percent of the EU 27 average in 2008 (Fig. 1). Slovakia, the most recent entrant to the euro area, in January

2009, has been one of the strongest economic performers among the new Member States, with growth fuelled by productivity gains and exports. Together with Slovenia and the Czech Republic, it is now considered an advanced, rather than emerging economy (Čihák and Mitra 2009).

The implosion of global financial markets exposed the vulnerability of the region's banking sector, while shortfalls of foreign capital threatened the ability of CEE countries to finance their current account deficits. Housing bubbles burst in some CEE countries, while currency devaluations imperilled regional households that had assumed foreign exchange-dominated mortgages in the pre-crisis years. European Union authorities voiced misgivings over the EU's eastward enlargement project, which extended membership to post-socialist economies that now appeared as heavy burdens on West European Member States grappling with their own economic woes.

The new EU states' relative success in stabilizing and reforming their economies, combined with their acceptance into the European Union, appears

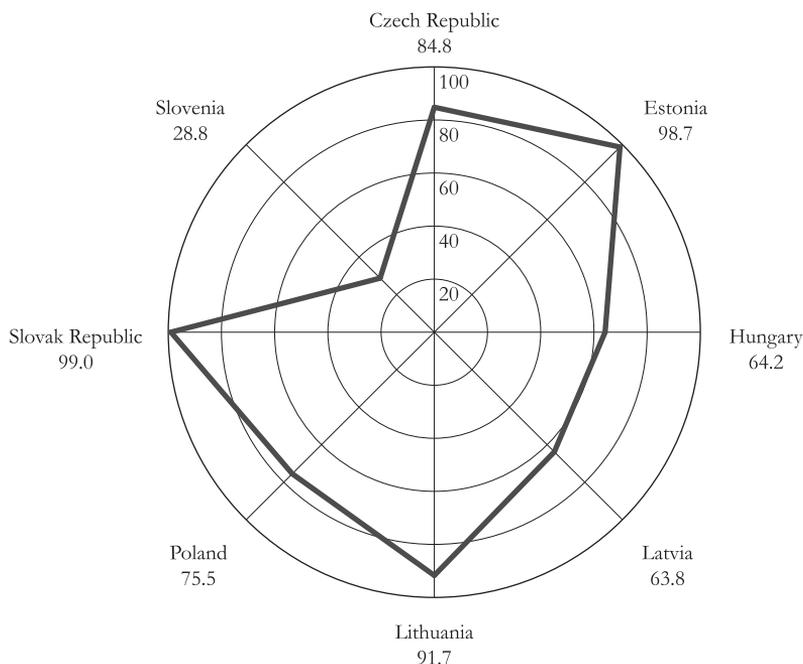


Figure 3 The share of foreign ownership in the banking systems of NMS in %, 2007. Source: EBRD.

to have contributed to rapid interest rate convergence, even though favourable global conditions – low interest rates, ample liquidity, and a widening of the investor base for emerging markets – also played a role. This spurred massive capital inflows to the new Member States, in the form of direct investment (Fig. 2), bank loans, and portfolio investment.

The share of foreign ownership in the banking systems of new Member States (Fig. 3) is higher than in advanced Europe and in emerging markets in other parts of the world. A handful of foreign banks, headquartered in advanced Europe, entered the new markets in emerging Europe mainly by acquiring newly privatized banks. These foreign banks currently control a major part of banking assets in the new Member States (Lorber 2010).

But the close interconnectivity of the EU-15 and EU-10 economies also illustrates the degree to which the growth prospects of Central and Eastern Europe hinge on the resurgence of demand in Western Europe, which represents upwards of 80 percent of CEE exports.

Most of the EU-15 countries are expected to resume GDP growth in 2010. But projected growth rates in the CEE region's primary export markets (Germany, France, Italy, Netherlands, Sweden, U.K.) are tepid and dependent on fiscal/monetary stimulus programs whose effects will soon dissipate. Growth of underlying consumer demand in Western Europe (and hence demand for CEE exports) will remain weak in coming years as the repercussions of the Great Recession slowly unwind.

The variations in GDP growth within Central and Eastern Europe reveal much about the economic profiles of the CEE countries (Fig. 4).

The CEE region breaks down roughly into three groups: (1) Poland, the region's largest and most robust economy; (2) four countries projected to attain modest GDP growth in 2010 (Czech Republic, Slovenia, Slovak Republic, and Romania); and (3) five countries whose economies are expected to contract in 2010 (Hungary, Bulgaria, Estonia, Lithuania, and Latvia).

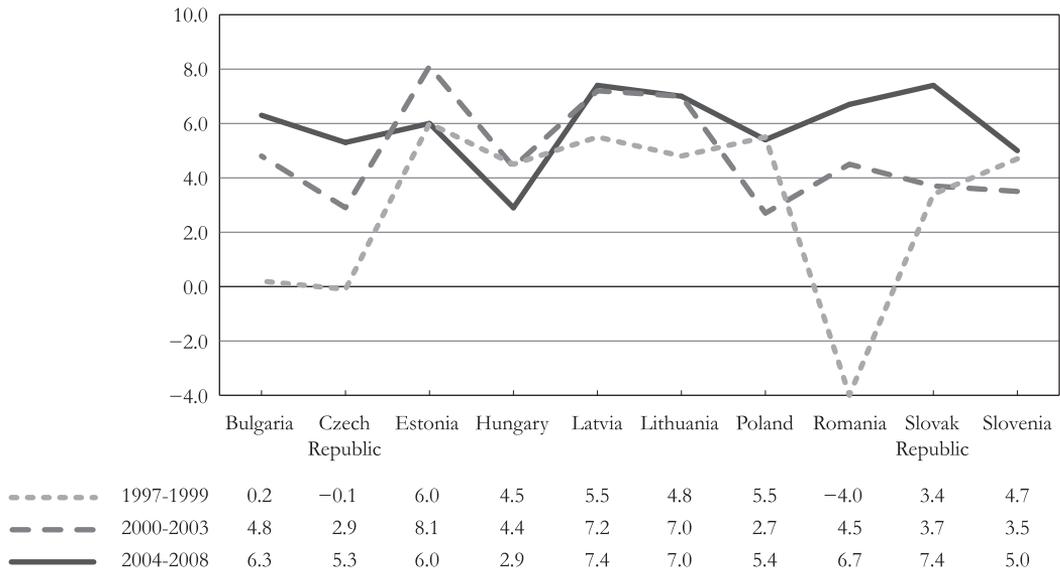


Figure 4 Boost to growth in %, 1997-1999, 2000-2003, 2004-2008.

Source: EBRD, Eurostat, SURS, author's calculations.

Poland's economic strength reflects the following factors: a large domestic market, a diversified economic base, strong human capital and the number of economically significant regional clusters.

The second group includes the Czech Republic, whose strong ranking in UNCTAD's foreign investment survey underscores the pull of the country's strong engineering base and skilled work force. Czech Republic's capabilities in advanced manufacturing and favourable geographic locale make it a preferred site for Austrian, German, and Swiss multinationals seeking lower labour costs and weaker trade unions.

At the same time, Czech Republic's status as a high-wage economy in Central and Eastern Europe has heightened competition by Slovakia and other lower cost CEE countries. This development underscores the need for continuing investments in human capital, technology, and infrastructure needed to boost Czech productivity growth.

As the only EU-10 states to have entered the eurozone by the time of the global financial crisis,

Slovenia and the Slovak Republic are comparatively insulated from turbulence in foreign exchange markets. But euro membership also denies those countries use of the exchange rate as an adjustment mechanism and constrains their ability to run fiscal deficits to spur growth. The small market size and high labour costs of Slovenia narrow that country's appeal to foreign investors, while Slovakia's exposure to adverse trends in the automotive industry (which represents an outsized share of the country's FDI portfolio) limits its growth potential.

Romania suffered one the region's biggest GDP contractions in 2009 (8.5 percent), reflecting both the impact of the global recession and the suspension of capital flows to a country that was running an unsustainable current account deficit. The IMF projects mildly positive growth (0.5 percent) of the Romanian economy in 2010. But Romania's large size (second most populous country in Central and Eastern Europe after Poland) and strong resource base (including oil and gas) indicate substantial scope for growth in the coming years. By the IMF's estimate, Romania will reach 5.0 percent GDP growth by 2014.

The third group of CEE countries in depth economic contraction are Hungary, Bulgaria, Estonia, Lithuania and Latvia.

Hungary, once one of the post-socialist Eastern Europe's best-performing economies, registered mediocre growth numbers in the pre-crisis years (1.2 percent real growth in 2007 against a regional level of 5.5 percent) before slowing to virtually zero growth in 2008 and then a 6.7 percent GDP contraction in 2009. Fiscal mismanagement, a shaky banking system, and an over leveraged household sector have eroded investor confidence in the Hungarian economy.

But Hungary's large installed multinational base (which resulted from heavy inflows of manufacturing-intensive FDI in the 1990s and which generates a disproportionate share of national exports) remains a significant competitive asset. Whether Hungary succeeds in leveraging that asset for sustainable growth hinges on the country's ability to surmount a domestic political impasse that has long delayed structural reforms.

Bulgaria's huge current account deficit (25.5 percent of GDP, the largest in Europe after Iceland and Montenegro) left the country in a highly vulnerable position when the global credit crunch hit in fall 2008. The resultant fall in capital flows to Bulgaria forced a sharp reduction in imports that halved the external deficit. But this externally imposed adjustment also limits the growth potential of an economy that displays one of the European Union's lowest per capita incomes and that requires Western imports to bridge the developmental gap.

The three Baltic states have suffered a dramatic reversal of fortune in recent years. Latvia was Europe's fastest growing economy in the mid-2000s, posting 10-12 percent yearly growth rates. Estonia and Lithuania grew in the high single digits during the pre-crisis period.

But the combination of large current account deficits, excessive credit growth, and mounting housing bubbles precipitated an economic crash that dashed

expectations of a soft landing in the Baltics. Estonia and Latvia were already registering negative GDP growth in 2008 (before the other CEE countries) and endured output falls of 14.0 and 18.0 percent respectively in 2009. The Lithuanian economy contracted by 18.5 percent in 2009, the steepest GDP decline of any European country and one of the biggest in the world.

Similar to Bulgaria, the Baltic Republics are undergoing an externally imposed adjustment that has narrowed their current account deficits. Indeed both Latvia and Lithuania posted current account surpluses in 2009, a trend that is expected to continue in 2010. As tiny, vulnerable economies operating in a newly constrained global capital market, the Baltic states have no choice but to enact deep import cuts to correct their external imbalances (RSMI 2009).

CEE SOCIAL SURVEY

For people the first ten years since the Iron Curtain came down meant a major loss of social security. Unemployment rose to over 10% in 1995. By 2008, it had fallen to 8.4% on average. In terms of purchasing power, the most advanced CEE countries had made a significant progress.

Firm policy intervention and the automatic stabilizers embedded in European welfare systems have limited the economic and social impact of the worst recession in decades. However, the human cost of the crisis is difficult to evaluate fully as yet. The impact on labour markets and on the population, notably the most vulnerable, is still unfolding. Investing in regular monitoring of social trends and enhancing social statistics is crucial for designing early and effective policy responses and assessing their impact.

The crisis has highlighted great diversity within the EU. Its scope, magnitude and effects vary as does the capacity of national welfare systems to provide adequate protection. Not all Member States have the financial means to meet rising demand and some have large gaps in their safety nets. Narrowing these gaps is now a priority.

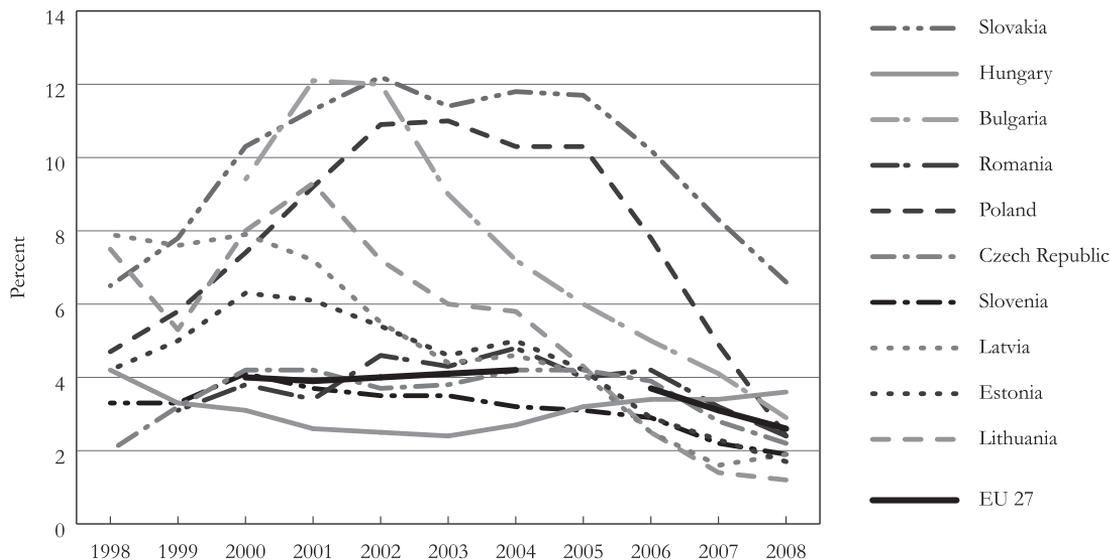


Figure 5 Long-term unemployed (12 months and more) as a percentage of the total active population. Source: Eurostat.

At the same time, the need to contain the rise in public spending calls for enhancing the quality of intervention, and in some cases setting clear priorities. This means more effective and efficient social inclusion and social protection, in line with the principles of access for all, adequacy and sustainability.

Unemployment may remain high for some time, with risks of long-term exclusion. Fighting unemployment and promoting inclusive labour markets should go hand in hand. With recovery underway, policies need to prepare people to grasp job opportunities, promote quality jobs and avoid long-term dependency. Balanced active inclusion strategies, combining adequate income support, access to the labour market and to social services, can reconcile the goals of fighting poverty, increasing labour market participation, and enhancing efficiency of social spending.

Renewed attention should be paid to old and new forms of poverty and exclusion, in ageing and rapidly changing societies, opened to globalisation and population flows. Preventing and tackling

poverty, child poverty in particular, is crucial to prepare Europe for the future, avoiding a waste of the human potential.

The impact of the crisis will vary with the initial health situations and the capacities of Member States to address the challenges. Increasing demand coupled with severe budget pressure gives new urgency to the efficiency of health care systems. The challenge is to improve efficiency while ensuring access for all to quality healthcare.

Pensioners have been relatively little affected so far, although cuts in payments in some countries with high poverty rates among the elderly are a cause of concern. Still, the crisis and lower growth prospects are likely to impact all types of pension schemes and aggravate the ageing challenge. As pensions increasingly depend on life-time earnings-related contributions, pension adequacy will depend on the ability of labour markets to deliver opportunities for longer and more complete contributory careers (Council of the EU 2010).

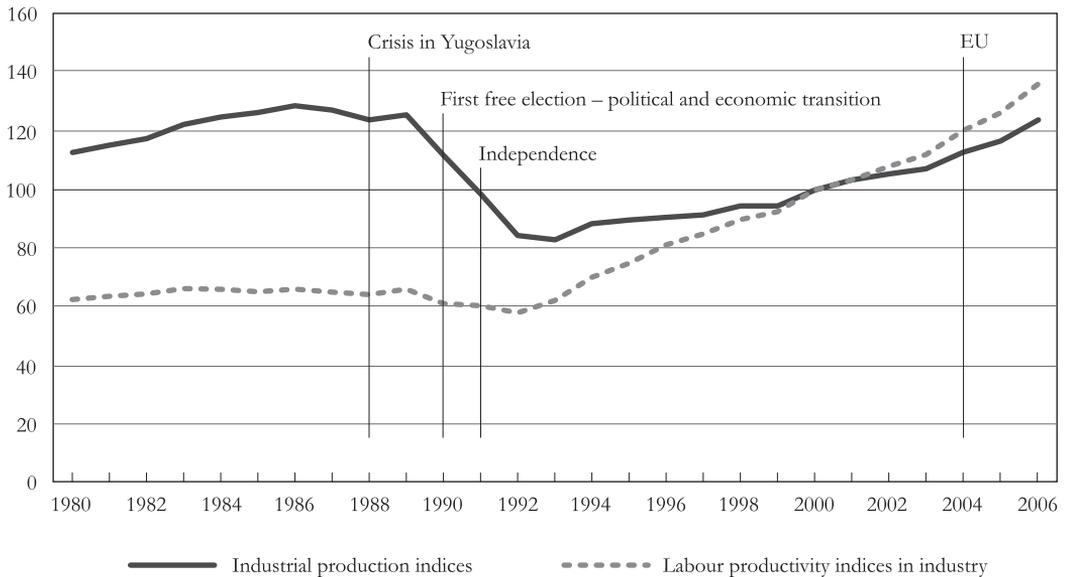


Figure 6 Review of development of mining, manufacturing and electricity and gas (year 2000 = index 100).
Source: SURS, Lorber (2008b).

Drawing on the lessons of the crisis and of ten years of the Lisbon strategy, there will be a need to foster sustainable growth along with job creation and social cohesion and systematically assess progress of social outcomes, including gender equality. The European Year 2010 for combating poverty and social exclusion offers a timely opportunity to strongly reaffirm the commitment, made by the EU ten years ago, for a decisive impact on the eradication of poverty and social exclusion. This commitment could be further strengthened by evidence-based national target-setting.

THE CASE OF SLOVENIA

In the 1990s, the accession talks of the new EU Member States began to determine conditions under which a country can become a member of the EU. Basically, the accession process was meant to adapt national systems to the legal and economic system of the EU.

In the 1980s, economic problems began mounting, because the Eastern Bloc countries, including Yugoslavia, no longer received financial help from

developed countries and had to pay back loans. That is why the Slovenian authority decided to introduce economic changes to protect Slovenia's economy. The idea of asymmetrical federation was not successful, because of the dominance of Serbia and its satellites. That is why after the first free elections and a general consensus voiced by a referendum, the new authority decided to declare independency.

After 1991, Slovenia's economy began changing to market economy and the privatisation process was started, but its structural problems soon became evident. The loss of the Yugoslav market only deepened the problems of traditional structures in manufacture and extensive employment policy of past decades.

During the accession process, the new Slovenian state had to form its statehood and adapt its legislation to the European. At the same time, it had to transform the economy and secure social peace (Lorber 2007).

After 1989, Slovenia's GDP started to fall rapidly and reached its lowest point in 1992 when it was 30.8% lower. After that, GDP has been constantly growing. Between 1993 and 2002, the average economic

Table 1 Sectoral breakdown of gross value added (GVA) as share of GDP and Activity.

Source: Eurostat, UMAR.

Sector	Share of GVA in GDP (%)						Activity (%)					
	1995	2000	2005	2006	2007	2008	1995	2000	2005	2006	2007	2008
A, B	3.8	2.9	2.4	2.1	2.1	2.1	14.1	11.7	10.0	9.5	9.0	8.9
C, D, E	24.9	25.4	23.9	23.8	23.2	22.4	33.4	30.3	27.8	26.9	26.3	28.3
F	5.1	5.8	5.9	6.4	7.0	7.3	6.2	7.4	7.4	7.8	8.4	7.1
G, H, I	18.0	17.9	18.9	18.9	19.6	19.8	21.1	21.4	21.3	21.5	21.9	24.2
J, K	17.0	17.6	18.6	19.1	19.4	19.5	8.2	9.7	12.6	13.3	13.7	14.2
L ... P	16.7	17.5	17.9	17.1	16.5	16.7	16.8	19.4	21.0	21.0	20.7	17.3
Total	85.5	87.1	87.7	87.7	87.7	87.8	<i>918.1</i>	<i>904.7</i>	<i>921.0</i>	<i>934.8</i>	<i>962.6</i>	<i>990.0</i>

Activity in 1,000

A, B	A – Agriculture, hunting, forestry; B – Fishing;
C, D, E	C – Mining and quarrying; D – Manufacturing; E – Electricity, gas and water supply;
F	F – Construction;
G, H, I	G – Distributive trades; H – Hotels and restaurants; I – Transport, storage and comm.
J, K	J – Financial intermediation; K – Real estate, renting and business activities;
L ... P	L – Public administration, community, social and personal services

growth rate was 4.1% and it was exceeded by only one acceding country. Economic growth has been more stable than in any other transition country. It was not before 1998, when Slovenia reached the 1989 level, and exceeded it for more than 20% by the end of 2004.

Structural social and economic changes proceeded in a relatively slow manner because the Slovenian government decided on a step-by-step policy with gradual changes aimed at market economy, secure national economy and clearly defined national interests.

Before Slovenia's independence, manufacture had a great influence on the growth of GDP (50% in 1989). After 1992, when the GDP started to grow again, the influence of manufacture on the GDP growth was less strong. In 1993, manufacture reached its lowest point at 66.1%. After 1993, growth was moderate and lagging behind the GDP growth. It was not before 2000, when it exceeded 80% from 1989, 85% from 2003 that accounted for 126.1% compared to the rate from 1992.

The restructuring of manufacture from energy- and labour intense sectors into technologically demanding sectors requires more services. With a higher living standard, the sector of services is developing. There are new job opportunities with higher added value. All these changes cause differences in the sectors' share of GDP. Agriculture and manufacture are on the decline and services are on the rise (Lorber 2008b).

The small size of Slovenia's market has always been orienting Slovenia's economy towards export (Fig. 7). The most important export and import market of Slovenia's economy are the EU 15. Most important export partners are Germany (21.8%), Italy (12.8%), Croatia (9.4%), Austria (7.5%) and France (6%). The recession of the German economy has been influencing Slovenia's GDP growth at approximately 1%. From 1995 on, Slovenia's trade deficit with the EU 15 has been growing and reached record 2.000 million euro in 2004. The main import destinations are Germany (19.5%), Italy (18.5%), Austria (11.3%), France (8.91%), Croatia (3.54%) and Hungary (3.31%).

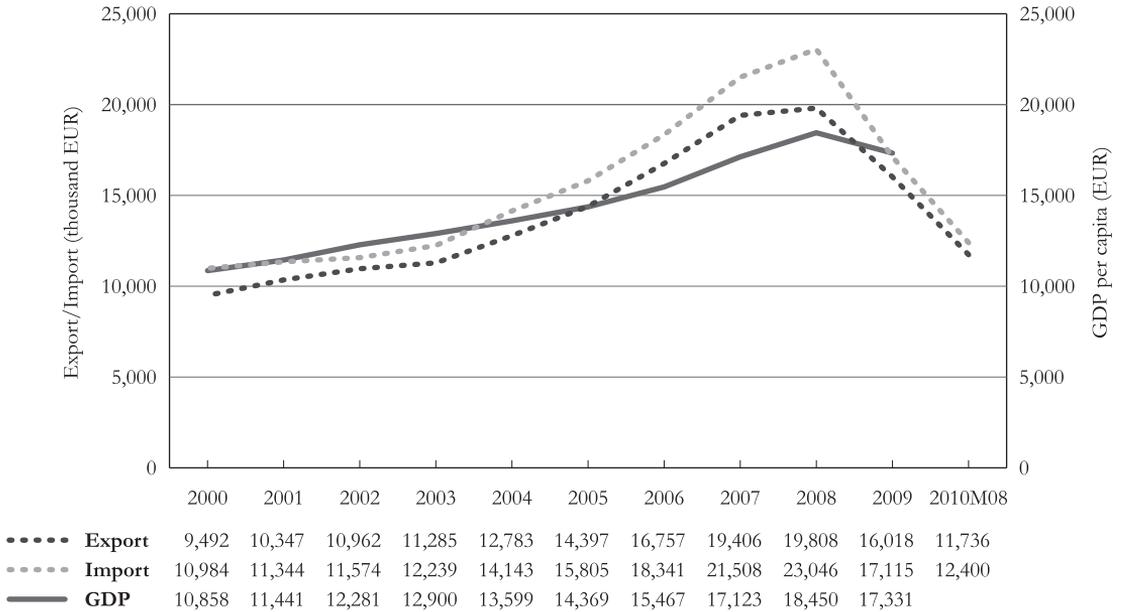


Figure 7 Export and Import in 1,000 EUR, 2000–2010M08, and GDP per capita in EUR.

Source: SURS, author’s calculation.

Slovenia’s economy transformed into production with lower energy and labour consumption. Goods of medium technological demand have had highest growth in export.

THE REASONS FOR CRISIS IN THE SLOVENIAN ECONOMY

The reasons for crisis in the Slovenian economy were numerous and not all of them appeared ‘over night’:

- Failing the right time for the necessary modernisation of technological process in the 1960s (Lorber 2008b);
- Low value added per unit of product;
- The time of privatisation – majority internal ownership which is extensively fragmented;
- Insufficiency of fresh capital which would ensure modernisation of the production and enhance new investments;
- There was no sectoral integration in the manufacturing activities;
- The industry was not directed towards achieving specialised production;
- Responding slowly to the demands of the modern global market;

- Political decisions took precedence over the economic ones;
- Deficiency of competent managerial structure;
- Granting state capital subsidies which are granted without submission of development strategies considering the principles of market economy;
- National interests have prevailed over necessary measures needed for economic adaptation to the global international market;
- Political structure deciding for preservation of jobs at any cost for the benefit of social stability.

The interior political stability of the country and the establishment of a friendly environment mainly influenced the decision of investors. However, Slovenia has been less successful in attracting foreign direct investment while there are delays in the privatisation process, particularly in the banking and insurance sectors.

Endogenously devised approach to stimulation of development, based on exploitation of Slovenia’s own developmental capabilities, was crucial in that

Table 2 The main structural indicators for Slovenia compared to EU 27.

Source: Eurostat, UMAR.

	1995		2000		2004		2008	
	SI	EU 27						
GDP per capita in PPS	74.0	100.0	80.0	100.0	86.0	100.0	91.0	100.0
Labour productivity	66.7	100.0	76.2	100.0	82.0	100.0	84.3	100.0
Youth education attainment level			88.0	76.6	90.5	77.1	90.2	78.4
Gross domestic expenditure on R&D	1.5	1.8	1.4	1.9	1.4	1.8	1.7	1.9
Comparative price levels	75.1	100.0	72.8	100.0	75.5	100.0	82.3	100.0
Business investment	16.9	17.1	22.4	18.4	21.5	17.2	24.4	18.4
Employment rate			62.8	62.2	65.3	63.0	68.6	65.9
Employment rate of older workers			22.7	36.9	29.0	40.7	32.8	45.6
At-risk-of-poverty rate after social transfers			11.0				12.3	16.5
Long-term unemployment rate			4.1	4.0	3.2	4.2	1.9	2.6
Total greenhouse gas emissions (actual base year = 100)	90.7	67.0	92.5	52.2	97.8	53.6	104.6	55.4
Energy intensity of the economy (kgoe/1,000)	352.5	208.5	299.2	187.3	289.6	184.8	257.5	167.1
Volumen of freight transport relative to GDP (2000 = 100)	114.5	100.8	100.0	100.0	114.5	105.4	152.5	104.0

stage of development. However, only local integration on a global level can guarantee greater efficiency of the development by combining international and state funding, as well as by private funding and building of public-private partnerships.

The review of structural indicators, used by Eurostat to measure the efficiency of implementation of the Lisbon Strategy, shows that, according to the Gross Domestic Product per capita and according to the labour productivity per employed person, Slovenia belongs to the successful new members, while lagging behind in many other areas of interest (Lorber 2007).

Creation of conditions for higher economic growth that would bring Slovenia closer to the level of economic development in Europe is necessary. That means that Slovenia and CEE countries must quickly master the internal market of the European Union and at the same time continuously develop the potentials of its enterprises at the level of general development trends, which are on going in countries of the European Union, Slovenian main foreign trade partners. It is mainly about strengthening investments in

modern equipment and technology, investment in human capital, mastering micro development potentials, technologically more demanding programmes and creating higher added value on employees.

CONCLUSIONS

Viewed from after 1989, the 20th century has seemed dark, an age of extremes and violence defined in Europe and spreading from there. However, just before 1989, it seemed as if the social question had been resolved, at least in the North: the 20th was seen as the social democratic century. Yet, in the 21st century the social question returns. But, with Marxism discredited and socialism infeasible, no ideas or actors are discernible that could carry the world towards a new resolution of the social question. (Armbruster 2008).

European unification is more than just an adjustment of the East to the West. The historical experiences and cultural richness of the new Member States will have considerable impacts on the societies in the West. The enlargement must for long-term sustainability not be reduced to merely a political and

economic project. If the enlargement is not also made to a cultural project a mental wall will persist where iron curtain once existed (Stråth 2003).

Competition on the common EU market is a driving force of spatial development. Although regions, towns and local administration already began cooperating in different areas, they also compete with each other to gain economic activities, jobs and infrastructure. Since there are considerable differences among individual regions, it is difficult to strengthen economic relations. That is why it is important to strive for a gradual spatial balance and to secure proportional geographic distribution of economic power across the entire EU territory (cohesion policy) (Lorber 2008b).

Large inflows of EU Structural and Cohesion Funds are modernising regional infrastructure and expanding CEE access to the pan-European market. The strong human capital of the CEE countries bolsters their capacity to attract foreign investment by leading West European companies and FDI by non-European multinationals seeking platforms to service the huge EU market.

It has been argued that post-communist societies are characterized by more severe structural problems than those usually identified for Western countries. These concern the system-stabilizing capacity of political institutions, the economic capacity and performance of firms and markets, as well as the social integration capacity of political, economic and societal institutions. It has also been argued that these structural problems are associated with faster changes in the social structure, which are, in turn, resulting in the emergence of broader new social risks types and constituencies. Welfare states in these transition economies are, as a consequence of a difficult and still unfinished process of functional, distributive, normative and institutional recalibration, charged with a double burden of responsibilities. They are, on the one hand, called to find an immediate response to more pressing old and new social risks, while, on the other, they are requested to deal with the challenges stemming from more drastic economic, political and societal transformations that has followed their transition towards democracy (Cerami 2007).

Slovenia's economy had its advantages and weak spots when acceding the EU. Expectations were also big – Slovenia was looking forward to the political and economic benefits of membership. Political benefits included strengthened security and stability. It was very important for Slovenia to become a part of the institutional structure, which is one of the key global actors.

Economic benefits include development that comes with a larger internal market, greater attractiveness for foreign investors, better access to equipment, know-how and new technologies. Businesses find their benefits in smaller business risks, more favourable access to capital and possible penetration of new markets. People, especially young people, can benefit from new jobs and education opportunities.

Data shows that the economic structure is gradually approaching the structure of developed economies. Weak spots include the lagging of business and financial services as well as too slow changes in technologically demanding sectors. Slower price growth and balanced bottom line have a positive influence on the macroeconomic stability. On the other hand, slow economy growth, caused by slow structural changes and tough situation on the labour market, is negatively influencing the macroeconomic stability. Increased productivity, lower costs per unit of added value, increased export as well as inward and outward FDI are positively influencing competitiveness of companies.

The weak spots are too slow restructuring that should bring higher added value and the development of technologically demanding sectors. These weak spots also have a long-term negative influence on the import structure.

In recent years the Slovene population's education level and the lifelong learning projects have been improved. There is more R&D investment and increased usage of the Internet. However, tertiary education, R&D investments in the business sector, the number of patents and the usage of e-business are still quite weak.

Further reforms of the business sector depend on faster reforms in the finance sector, competition policy and the state's efficiency. The construction and implementation of institutions, less traffic impact on the environment and the increased rate of renewable energy are positively influencing the environment. Weak spots are energy intensity, growth of environmentally damaging production, the intensifying of agriculture and greenhouse gas emissions.

During the transition period, Slovenia never completely submitted to Western policy prescriptions. Contrary to the remaining CEE, Slovenia preserved a dominating state influence in its banking system and controlled the opening of the economy for foreign investments by making slow and well considered amendments to laws (Lorber 2010).

The time of recession should be used for implementation of deep structural economic changes which will enable creating and growth of high-quality jobs. In order to do so, flexibility of the labour market and educational reforms will need to be implemented. Missed restructuring of the public sector is supposed to be a future priority for ensuring social cohesion which is the European Union's global advantage in the context of quality of life and development of democracy. By consistent implementation of the European regional integration process and changing priorities regarding European structural resources, a network of European economic power centres will develop, which will be able to reduce regional disparities using their multifunctional influences.

The current crisis, paradoxically, may provide more political space to make these kinds of changes possible, given the widely shared experience of severe economic insecurity by all relevant actors in society.

There is a need to act, even if it requires questioning conventional wisdom in such central aspects as the role of the state and the market in post crisis conditions (Lorber 2010).

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Resumé

Socioekonomické trendy v současné střední a východní Evropě: příklad Slovinska

Účast zemí střední a východní Evropy na integračním projektu byla prvořadým úspěchem evropského politického projektu. Politické změny ovlivnily ekonomický a společenský systém, který závisí především na vlivu země na tržní ekonomiku. Ze struktury HDP a hrubé přidané hodnoty ekonomiky zemí střední a východní Evropy je zřejmé, že jejich ekonomiky měly strukturální problémy. Dvalet po pádu komunismu nakonec zjišťujeme, že boj za svobodu byl mnohem snazší než rekonstrukce ekonomiky a demokracie.

Po roce 1991 se začala slovinská ekonomika měnit na tržní a byl zahájen privatizační proces. Během přístupového procesu musel nový slovinský stát vytvořit svoji státnost a přizpůsobit svou legislativu legislativě evropské. Současně musel transformovat ekonomiku a zajistit sociální smír. Strukturální společenské a ekonomické změny pokračovaly relativně pomalu, neboť slovinská vláda zvolila politiku postupných změn zaměřených na tržní ekonomiku, zajištění národní ekonomiky a jasně definovaných národních zájmů.

Slovinsko si udrželo, na rozdíl od zbytku tranzitních zemí, kontrolní podíl ve vlastnické struktuře největších bank. To je důvod, proč Slovinsko nikdy nepocítilo ve velkém rozsahu okamžité dopady globálního finančního krachu. Nicméně problémem jsou turbulence na kapitálovém trhu z důvodu velkých půjček na výkup velkých slovinských firem.