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UNDERSTANDING POLITICAL AND ECONOMIC TRANSITION IN POST-YUGOSLAV SERBIA AND SLOVENIA

ABSTRACT

Article is short review of political and economic transition period in the area of former Yugoslavia. Author compares two of its most important parts, Serbia as previous political centre and Slovenia as economically most advanced republic that also tried to democratize Yugoslavian federation already before Yugoslav disintegration. Author argues that transition in Slovenia started much earlier than only in the late eighties of previous century and at the same time he is trying to find comparatively how far Serbia and Slovenia are with transition process after more than 15 years later. According to the current situation analyzed in the comparative perspective Serbia has great potential for not only complete transition, but also to become centre of South-Eastern Europe.

Keywords: Slovenia, Serbia, transition, democratization, consolidation

1. INTRODUCTION

Break down of communist/socialist regimes in Central-South-Eastern European countries was first peak of democratic transition in this geographic area, especially for Central-Eastern European countries. Central-South-Eastern Europe can be defined as 10 European Union

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member states, that joined EU in 2004 and Balkan states². Many researches were done on transition in area of Central-South-Eastern Europe and many publications and articles were published. Some of most prominent researchers of so called transitology in this area even concluded their story and focus on other topics. Fink Hafner (2001) so argues that, in Central European countries, transitology and theory of consolidation will probably be replaced by more specific oriented researches of political systems and subsystems by different sciences such as sociology, economy, political science etc. If this can be valid for most of the states, Slovenia, according to our opinion, should and cannot completely disappear from comparative analysis of this type when other former Yugoslav Republics are studied.

If for Central and Eastern European Countries first stage of political and economic transition is done we can say that transition process in Serbia and Montenegro barely started. Fink Hafner and Haček (2001) are trying to find reasons for start of transition and different authors in this book make good points on different topics. However, we believe that they left some place for further comparative political and economic research that opened with last changes of political system in 2006 in Serbia and Montenegro.

Our initial position is that after first acts of democratization in former Yugoslavia, Slovenia and Serbia took two different paths of transition. Serbia, because of political situation, froze its transitional processes, while Slovenia spurred them up. If Serbia would not be included into political pat position, we can assume that its transition today could be at much more approaching end that it is now. According to this idea, we are analyzing transitional development in political and economic system of Serbia and Slovenia. One of best articles on comparative transition in Slovenia and Serbia was published by Stanojević (2003) who shows transition through different patterns of workers' power within the context of political development in Serbia and Slovenia shortly before and in the transitional period.

As Bracewell (1999) argues we have to be well informed on the past in order to response adequately to the present and in this manner analysis of reasons for different approaches to transition by two states who were in same state union is more than important in order to avoid some mistakes especially in ongoing transition in Serbia.

Such mistakes are clearly evident from transition of some other Central and Eastern European countries such as Poland and especially Slovak Republic. Fish and Choudhry (2007) are, in their latest article on relationship between democratization and economic liberalization, using difference on economic reforms in CEE countries in manner to show that there is no significant influence on democratization process. They are comparing so called shock therapy approach (Washington consensus) to the gradualist approach (Social-Democratic Consensus) to economic reforms in post-communist countries. Washington Consensus is mostly product of neo-liberal economic doctrine created by IMF and World Bank under the significant impact of American economic idea of absolute open economy (only exception is US protectionism), great inflow of FDI, quick privatisation, flat rate taxation and decline of the level of social welfare by cutting governmental spending. Fixing fiscal situation in state by cutting governmental spending can be certainly good approach but Fish and Choudhry (2007, p.260) are not underlining the fact that government will more easily cut spending at

² In this article word Balkan is used as purely geographic term, with no negative political connotation, defining area south form Slovenian border including states of Balkan Peninsula (Croatia, Serbia, Montenegro, Bosnia and Herzegovina, Albania, Macedonia Romania, Bulgaria and Greece). Some geographic definitions of Balkan include also Slovenia.

the field of social welfare, education, research and that government will in most cases not be able to cut spending at military spending (in fact entering of CEE countries increased proportion of military expenses of these states), and on the account of significant cuts into the salary pie of civil servants. Fish and Choudhry (2007, p.275) argue that there is no significant impact of economic liberalisation on democratization processes. However, they support the idea that shock therapy based in Washington Consensus is not harming social security of population. But their own data table shows (Fish and Choudhry, 2007, p. 275) that out of eight CEE countries only Slovenia lower social inequality in the transitional period for significant -4,5 Gini score points (Latvia and Lithuania lowered Gini score for -0,9) while other five countries, who certainly used much more shock therapy approach, raised their Gini score for 1,1 (Hungary) to 5,7 (Slovakia) points. So we can see that model of economic reform can influence the level of inequality. On the other hand model of economic reforms can be strongly connected to the political actions of political elite and of civil society. Przeworski (in Fish, Choudhry, 2007, p. 259) so argues that neo-liberal economic approach is worse for public welfare than gradualism and it can cause public resistance. This will be discussed in the comparative part of this study and if Przeworski is right, this can be understood as important warning for the model of future Serbian economic reforms in transitional period.

2. SHORT ECONOMIC AND POLITICAL OVERVIEW OF YUGOSLAVIA DEVELOPMENT SINCE THE SECOND WORLD WAR UNTIL 1991

History of intensive political and economic connections between Serbia and Slovenia least for at least century. However, we will pay attention to situation since the Second World War, when so called Socialist Federative Republic of Yugoslavia was established on November 29th 1945. First important element that influenced social, economic and political situation was decision for non-democratic socialist regime with limited political freedoms (but with high level of social rights), public ownership of resources, planned economy and federative system with quite high level of political autonomy in federative republics. In the international space, Yugoslavia was strongly supported by communist Soviet Union until 1948 when Soviet Union found out that Yugoslavia is playing its own game. Yugoslavia was tampon zone between democratic west and communist east of Europe, with experienced leadership under Josip Broz – Tito. Dispute with Inform biro started in expectance of war between democratic states and communist regimes when Soviet Union tried to expand number of allays and was refused by Yugoslav communist party and Tito. This dispute caused that Yugoslavia was forced to search for support in more democratic regimes even with non-permanent membership in UN organization (1949). Since that time Yugoslavia was important factor in balancing Cold war situation that gained specific reputation also because of its leading role in non-aligned movement (Thody, 2000, pp. 77–79).

Next important factor that strongly influenced development of former Yugoslavia and also partly prejudiced different ways of post Yugoslav period was different economic situation in federal republics that was strongly connected to natural resources and potential for international cooperation. In this sense Slovenia was in better position because of borders with western oriented Austria and Italy (this strategic position was also important after 1990 when Slovenia has much less problems to establish commerce with neighbours, while other states

were much more limited with lower developed neighbour markets. According to Velikonja (2003) in 1958 Slovenian GDP per capita was \$400 while Yugoslavia's average was \$220.

In such conditions, in 1967 of previous century new ideology emerged within Slovenian communist leadership, with election of liberal Stane Kavčič to position of president of executive council (government) of Socialist Republic of Slovenia. Kavčič was in favour of even more economic autonomy of Yugoslav republics, he was trying to develop Slovenia as transit state with hi-tech industry oriented westward export. He was trying to introduce even new forms of private ownership (stocks). Conservative federative communist leadership blocked his ideas and Kavčič with his liberal fraction was removed from Slovenian political leadership in 1972. However, this "reformist liberal movement" was important for second important (decentralistic) Yugoslav constitution revision in 1974 (first (centralistic) was done in 1963) (Prunk, 1998, pp. 163–164). Hereby, we have to stress that opposite from generalised opinion Yugoslav League of Communist was far from monolithic organization (Stanojević, 2003, pp.284–285) on federal level as well as on level of federative republics. Different party factions as well as different republics saw idea on Yugoslavian future in different ways.

Important factor for later events was that 1974 constitution of Socialist Federative Republic of Yugoslavia was establishing more decentralist relationship between republics and state, where all nations and nationalities are treated equally and each nation had a right to self decision and independence (Jović, 2003).

Next important step towards disintegration of Yugoslavia was death of Tito in 1980. It seems that he was Yugoslavia (or at least only real Yugoslav). Tito was a symbol of fight against occupator, of working class and of people and not politicians³. After Titos' death new wave of centralization begun (Cipek, 2003, pp. 82–83) in central institutions on one hand and new liberal debates in republics, especially in Slovenia on the other hand. At the same time new economic crisis emerged with high inflation (Velikonja, 2003, p.93) and numerous workers strikes. Political ambitions of Yugoslav army were less and less controlled, nationalist ideas were more and more present an economic difference between republics become important issues because of allocation of large amount of money into budget of Yugoslav army, where strong Serbian nationalist ideas prevailed after Tito's death (Pavlowitch, 2003, pp. 67–68). In 1987 centralistic hard line communist faction with Milošević took over in Serbia. He changed workers strikes into political populist meetings where he created mass support for his centralist "Great Serbia" idea and his political faction (Stanojević, 2003, p. 287). He also supported such meetings in other republics of Yugoslavia, even with sending buses of Serbian people to other republics. In Slovenia such meeting was organized by Serbian for the December 1st of 1989 it was called "Meeting of Truth", where Serbians should try to get Slovenia understand that they are misled by Slovene republic leadership and that only possible future is centralized Yugoslavia. This meeting was banned by Slovenian government and sabotaged by Slovenian citizens.

After complete installation of Milošević's faction in Serbian politics, economic strikes were suppressed in Serbia so that there was small room for complaining over situation that could accelerate economic reforms and workers had only two choices, to emigrate (what was

³ In opposition to some other dictators who kept their position with brute force, Tito was able to manipulate because of good leadership skills. Despite of disintegration of Yugoslavia and known facts of socialist dictatorship brutality he is rarely connected to this story. He is still understood as a men who enabled people to read and write and who built modern state on ruins of second world war.

harder option) or to move into area of grey economy. Formal employment enabled Serbian workers to keep minimum cash allowances, rudimentary health care and pension security with possibility of smooth movement into grey economy (Stanojević, 2003, p. 287).

At the same time much more soft communist faction took power in Slovenia. They were more pro-reform oriented and after long debate about future of Yugoslav republics, situation was finally broken by Slovenia with proclamation of its independence on June 26th 1991. However, we have to repeat the argument noticed by Bracewell (1999, p.153, 154) that more than Slovenian separatist aspirations the failure of Yugoslav project was the main reason for proclaiming independence. Next to the different understanding of the socialist self-management system, economic reforms and political system further development it was also important that Yugoslavia failed in developing the sense of common citizenship (identity) that could overrule national loyalties. After 1988 and 1989 events in 1990 first democratic election took place in Slovenia where slightly reformed communist party compete for National Assembly and Government offices. They quietly backed form positions after being defeated at the election. However, Slovenian people elected leader of Slovenian communists for the first Slovenian president with the great majority of votes. At the same time we were witnessing of unifying power of Slovenian citizens and politicians in order to protect their right to sovereignty.

3. DECADE OF CONTROVERSIES 1991–2001

Last important part of official Yugoslav experience started just few hours after proclamation of independence, when Yugoslav army (in that time already mostly under Serbian control and serving Serbian interests) started its march on outer borders of Slovenia. This was final mistake of central government in Belgrade that prejudiced development of both countries in next decade. Short ten-day-war for Slovenian independence is understood in different ways. Some analysts state that Yugoslav national army was underestimating power of Slovenian, especially their psychological supremacy and advantage of known terrain. On the other hand there is also group of scientists who claim that Yugoslav national army was mostly trying to prevent Croatia from proclaiming and enacting independence by practical manifestation of military power. Both arguments can be plausible, because chronicles of Slovenian independence war are showing that Slovenian paramilitary forces and locals changed some signs and redirect some Yugoslav units and captured them. At the same time it is truth, that Yugoslav forces gave up relative quickly, especially compared to their activities in Croatia, Bosnia and Herzegovina and Kosovo. Another important thing connected to the Slovenian independence and also to the short military conflict is that for the first time after second world war Slovenians were able to overcome national conflict connected to their roles in second world war where part of Slovenes was supporting Nazis regime and majority part of population was more or less active supporting communist regime or at least struggle for freedom under their patronage. Since that time Slovenian nation is again divided between former communists and those supporting or sympathising with Nazis regime and actual politics is still reopening this cleavage over and over again.

After independence war Slovenia started to prepare constitution and manage its new international position and searched for international recognition. Because of international role of Yugoslavia in the time of Cold war international community was mostly against Slovenian

independence and disintegration of Yugoslavia. Soviet Union and Western states felt endangered, because last tampon-zone melted down and at the same time security issues in Balkans area raised again⁴.

However, Slovenia adopted its constitution until the end of the year 1991. Until January 15th 1992 all member states of European community recognized Slovenian independence and only few months later on May 22nd 1992 Slovenia became member of UN Organization.

On the other hand, Serbia got involved into different military conflicts against Croatia already in 1991 and only year later also in Bosnia and Herzegovina. Supporting Serbian population in Croatia and Bosnia and Herzegovina in military actions and policies of Milošević blocked possibilities to start transition in Serbia. After Peace was restored and Former Republic of Yugoslavia recognized Croatia and Bosnia in 1996, war started between Serbs and Albanian forces in Kosovo in 1998. This Serbian Kosovo war resulted in NATO bombings of Serbia in 1999. In 2000 Milošević lost the elections and Vojislav Kostunica took the office. Milošević was arrested in April 2001 and later on put on the trial before International Criminal Tribunal for the Former Yugoslavia in Hague.

At the same time, Serbia was under strict economic blockade that should break it to the level that Serbia should be unable to continue fighting for Milošević "Great Serbia" idea. This caused break of Serbian society and economy. If main concerns in the 1990 were expensive army maintenance and high inflation, in 2000 Serbia was economically broken and at the edge of economic collapse. At the same time Stanojević (2003, pp. 284–287) indicates that great deal in unsuccessful economic transition of Serbia in 1990s³ lies in their political leadership that was systematically refusing any political and economic reform in the way to lower the level of corruption, minimize the level of grey economy and to mobilize workers in economic reforms project with slow privatisation via internal buyouts of state enterprises, as it was done in Slovenia.

On the other hand Slovenia after 1991 and normalization of international relations (recognition by international community) started fast economic and political recovery and development. Main advantages were relative stable connection to foreign markets and almost no interruption in business processes, relative open borders already before 1991 and relative low debts to international organizations such as World Bank and International Monetary Fund. About importance of this fact we will discuss later on in this article. In the political field there is important role of second democratic election in 1992 (first democratic election was in 1990), when reformed communist party and its sub-organizational groups gain rule again. Slovenia so gained team of highly experienced politicians and experts, who knew situation and policymaking processes. Lack of so called lustration (significant for other post-communist states) caused relatively fluent transition into market economy and political freedom. Despite this argument seems to be paradoxical it is completely valid. Slovenian political elite (including great majority of reformed communists) was in favour of development of Slovenia and two years of Demos rule showed that so called democratic opposition has not enough political experience and capacities in leading the state under the terms of normal development. According to this reformed communists and their successors gained three mandates (with short half-year break in 2000). They were also highly motivated by entering European

⁴ We are not allowed to forget that both World Wars "started" in the area of Yugoslavia. First with attempt on Franz Ferdinand's life and second one by Nazis bombing of Belgrade.

Union and NATO in the shortest time possible. However, also Slovenian transition was far from fluent.

Economic difference in the period between 1991 and 2000 was strongly connected to the political one. Slovenia was able to start economic stabilization and development process already shortly after the ten-day-war, while Serbia was burdened with total war conditions and with Milošević attempts to stay in power as long as possible. Stanojević (2003: p. 286) is explaining this disability to start economic transition the fact that ruling elite in Serbia was rejecting economic reforms and avoiding structural reforms in the whole period of Milošević's regime.

Figure 1. Economic performance of Slovenia and Serbia between 1990 and 2000

		1990	1992	1994	1996	1998	2000
GDP (mio. \$)	Slovenia	17300	12300	14300	18900	19500	18100
	Serbia	48096	32326	24101	16118	17713	9013
GDP per capita (\$)	Slovenia	8643	6816	7205	9481	9847	9105
	Serbia	5024	3320	2436	1617	1773	1519
GDP growth	Slovenia	-4,7%	-5,5%	5,3%	3,5%	3,8%	4,6%
	Serbia	-7,9%	-27,9%	2,5	7,8	1,9%	4,5%
Inflation rate	Slovenia	652%	207,3%	21%	9,9%	8%	8,9%
	Serbia			20%		48%	
Unemployment rate (ILO)	Slovenia	4,7%*	8,3%	9,0%	7,3%	7,7%	7,2%
	Serbia		22,8%*	23,1%*	13,2%	13,7%	12,9%

* Registered unemployment rate because of multiple databases used, some data can differ.

Sources: www.surs.si; www.ilo.org; <http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>.

Next to the official data presented in Figure 1 it is interesting to add some additional information on state of art of Serbian economy. Arandarenko is explaining that in 1998, average monthly salary in Serbia was 90€, but at the same time more than 400.000 workers received less than 18€ per month. Between 300.000 and 500.000 of workers were on forced unpaid leave and another 500.000 of workers were engaged into informal (grey) economy that generated about one third of formal GDP (Arandarenko in Stanojević, 2003, p. 286).

On the other hand Slovenian economy was marked by recession until 1992 and another one in second half of 1990s. However, Slovenia never really gave up previous self-management system (according to internal buyouts when workers become also stakeholders) but only upgraded it to the codetermination system similar to the German model. This enabled workers to participate in decision-making processes of the companies instead of striking or getting involved into grey economy. Slovenia was loosening legislation on establishing small and medium enterprises so it was much more economically active and because of relative openness of borders Slovenia had better developed market economy in the initial stage that minimize impact of lost of Yugoslav market.

Role of internal buyouts was triple, next to the already mentioned 'anti-strike' effect, state successfully privatized (in some cases of textile and heavy industry also get rid of indebted companies) most of state companies and as third element, government was able to preserve FDI inflow in the time of greatest transitional sensitivity of Slovenian economy (in sound

with previously mentioned Socio-Democratic Consensus). Because of last element Slovenia was often criticised by IMF and World Bank. However, compared to the other CEE countries that followed Washington Consensus, who went in that period through much more serious economic crisis caused by shock therapy method of economic liberalization, Slovenia succeeded to lower level of its social inequality in 1990s, to lower the level of inflation for more than 1300% in 10 years period (1989–1999), to keep low unemployment rate and to keep high GDP growth rate.

4. 2001–2006: FIFTEEN YEARS LATER

After removal of Slobodan Milošević from government in Serbia there was first opportunity to slowly change direction in economic and political direction. However, Serbia was still showing problems to completely adopt democratic principles what is in fact understandable because of decade long period of dictatorship which was in many aspects worse than Tito's rule (social security for majority of population for example). However it seems that Serbian politics and nation achieved point of no return back to the nightmare of previous decade only in 2006 with referenda on Montenegro independence. Where will of people was peacefully respected and last two republics of Former Yugoslavia decided for independent ways. Death of Milosevic and referenda on Montenegro independence suppressed idea of "Great Serbia", despite some questions are still present (e.g. Kosovo status). Such position gives Serbia a good base deal with domestic political and economic problems. In fact that enables Serbia to finally start real transition into democratic regime based on democratic values and market economy.

Slovenia after facing political crisis in 2000 got old-new government who succeeded to negotiate conditions for European Union entrance, organized referenda on entering EU and NATO that were great political success in a sense of public support to their work by high turnout and voting for integration into EU and NATO. On May 1st 2004 Slovenia became full member state of EU. Opposition and ruling coalition both took credit for success, while for all mistakes only coalition was blamed. According to this already at election for the European Parliament Slovenian opposition gained more seats than position. Without clear definition of next project, resting after entering the EU and political turbulences in coalition, coalition was easy target for opposition that started populist rhetoric concerning suspects of corruption that was very effective because of twelve-year-government of Liberal Democratic Party. On national parliamentary election in autumn 2004 opposition gained majority in Parliament and set the new government. After twelve years, new government started with quasi lustration in politics and economy. In this manner many people in public administration (not only politically appointed but also civil servants and those who are appointed for certain period of time) were suspended and changed even if people supported their work. Same situation was in some largest Slovenian companies, where state indirectly via supervisory boards changed even very successful managers. At the same time program of reforms was launched with only one idea: lowering of state expenses on social security, introducing flat rate taxation instead of proportional and introducing more free market methods allowing more FDI but also enabling much less control of national economy by national (not state) enterprises. This caused that in November 2005 for the first time after economic crisis in 1992 more than 40.000 people were demonstrating in snow in Ljubljana. Another demonstration (smaller in the number of participants but equally serious) was organized only half year

later by students. Ruling parties after 2004 are still riding mostly on inherited healthy public finances and relative good economic situation. This demonstration is clear evidence of what Przeworski argues about resistance of civil society against more shock therapy neo-liberal reforms. In Slovenian case, result of these demonstrations was that government backed with their reform program and continued with much more gradualist reforms and satisfies itself by some political cuts in economic and mass media structures.

After the fall of Milošević and his regime in 2000 Serbia started its first step from economic stagnation towards more development oriented approaches. Some positive effect can be already seen from Figure 2.

Figure 2. Comparison of basic economic data for Slovenia and Serbia 2001–2006

		2001	2002	2003	2004	2005	2006
GDP (mio. \$)	Slovenia	19772	22292	28069	32601	34354	37303
	Serbia	10431	12172	16124	20966	27059	29191
GDP per capita (\$)	Slovenia	9926	11174	14061	16323	17170	18577
	Serbia	1390	1623	2155	2809	4400	5713
GDP growth	Slovenia	2,7%	3,5%	2,7%	4,4%	4,0%	5,2%
	Serbia	4,8%	4,2%	2,5%	8,4%	6,2%	5,8%
Inflation rate	Slovenia	8,4%	7,5%	5,6%	3,6%	2,5%	2,5%
	Serbia	91%	21,3%	11,2%	13,7%	15,6%	12,7%
Unemployment rate (ILO)	Slovenia	5,9%	5,9%	6,6%	5,1%	5,8%	5,8%
	Serbia	12,2%	13,3%	14,6%	18,5%	20,8%	20,9%

Source: www.surs.si; www.statserb.sr.gov.yu; www.ilo.org; www.cia.gov

According to the some macroeconomic indicators, in 2001–2006 periods Serbia is quickly developing and trying to catch more developed countries. GDP level is getting higher, but according to current Slovenian and Serbian GDP growth rate trend it will still take some years to reach the same level of GDP. However, if overall GDP in Serbia seems to be quickly improving, it is obvious that GDP per capita is telling us different story. Even in 2005, when difference in GDP between Serbia and Slovenia was smallest (about 7300 mio \$), Slovenian GDP per capita was almost four times higher.

After a high inflation rates in times of Yugoslavia, Slovenia, under pressure of getting into the European Union and entering Euro-zone, managed to lower its yearly inflation to 2,5% in 2005 and 2006. On the other hand, Serbia (only) achieved enormous inflation rate drop down from more than 90% inflation in 2001 to relatively manageable yearly inflation below 15%.

At the same time with the success in lowering inflation, Slovenia is trying to keep unemployment level as low as possible. On the other hand it seems that in 2001–2006 period in Serbia we are witnessing Phillips curve model at work, where price of lowering inflation is causing higher level of unemployment and interconnected of high level of grey economy.

However, according to the latest data for 2007 we have to stress that Slovenia after entering Euro-zone is facing loosening up of following criteria on the inflation rate. According to the data of Slovenian statistical office yearly inflation rate in June 2007 was 3,6% while average yearly inflation rate was 2,7% as the consequence of rising prices connected to the change of currency and its impact on financial disorientation of citizens.

5. CONCLUSION: PREPOSITIONS FOR THE FUTURE

As Velikonja (2003, pp. 98–99) argues, Slovenia played important role in the Balkan's history, just as other nations in the area. Slovenian path of development, already within the former Yugoslavia was crucial for its development as well as Yugoslavian development was important in defining contemporary Slovenia. On the other hand Serbia was also important political entity over same historical period. According to the post-Yugoslav political and economic history we can see that both states were driven by economic crisis (despite overall social progress of Yugoslavia since Second World War) and by old nationalistic ideas. As it is an old saying "Serbia is geographically marked by the most distant graves of Serbs" as well in 1980s after Tito's death ideas of unified Slovenia was revitalised as answer to more and more political pressures from central Yugoslav political leadership lead by nationalist Serbs. However, if Serbian leadership counted on succeeding with territorial expansion and nationalistic ideas, Slovenia tried to manage out of economic crisis by reforms of its economy. Political blindness disabled Serbia to enter its transition more effectively and with better outcome, avoiding NATO bombing and international economic and political sanctions. However, after fall of Milošević, first steps towards political democratization were made and also first pillars of economic reconstruction were set up. Slow but steady economic and welfare growth after 2000 are showing that there are positive shifts which can be good starting point to overcome territorial nationalism and build idea on great Serbia in more modern way (which is in fact idea of disintegrated Yugoslavia). After political stabilisation, higher level of democratization and complete implementation of "state of law", Serbia can become successful South-European political and economic centre according to its territorial position. Slovenia in this relation can be understood as strong economic supporter and political advisor, because of experience of living together advantage. However, in last few years it seems that after 2004 Slovenia has to watch also its own political and economic development due to some inappropriate "revanchist" actions by long term opposition that stepped into rule. Deep political cleavages in the national politics and lack of development vision pushed Slovenia from the core post-transition country towards peripheral one, while Poland, Slovakia and Czech Republic were taking the lead. Economic crisis of 2008, which destabilized not only the region, but also the world, showed that rather dominant transitional position of Slovenia was gone and probably also the burden that requested long term recovery, which was only achieved under the Alenka Bratušek government in 2013, which stabilized political situation in the country and ensured unbiased stance towards external pressures for stronger interference of international institutions in the national sovereignty of Slovenia. Despite positive measures, Slovenia even in 2017 still lacks development vision which is crippling the prospects of the country in the global economy. In this manner we can argue that Serbia needs not only to continue the transformative processes, but also the clear long term vision which would support the development of the country in long term perspective.

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