

University Doctoral (PhD) Dissertation Theses

**THE ECONOMIC POLICY COMPARISON OF THE
MEMBER STATES OF THE EX-YUGOSLAVIA IN THE
CONTEXT OF THE EU ACCESSION**

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1. HISTORY AND OBJECTIVES OF THE DOCTORAL THESIS

Starting from Yugoslavia's second, the 1945 establishment there was a strong conflict between member states particularly by their role played in the economy and their contribution to the state budget also along with the amount of money returned from it.

Some member states received an unproportionate piece of the country's cake, which after a period of time enlightened separatist efforts. Until the dissolution of Yugoslavia these efforts enlightened one after another and from the economic independence efforts they became real national independence efforts.

The violent dissolution of the confederation and also the weakening of Belgrade's power had destroyed the economies of the member states but after the realization of the separatist efforts that can be traced in the beginning of the 90s some could lead its economy on the right way. Slovenia and Croatia started a model like development which have stopped and stalled by the beginning of 2000s.

The economy of Serbia showed continuous marginalisation, while Bosnia-Herzegovina's economy with the total destruction of the industries pushed itself to the sidelines for real.

Montenegro showed continuous growth and with the arbitrary introduction of Euro it became an accepted part of European economy which is mostly because of its tourism.

Macedonia is getting closer to Europe while Kosovo is the topic of constant debates all over the world.

Europeanness, being part of the European economy can be found and plays huge part in the political rethoric of all ex-Yugoslavian member states.

Table 1: Main characteristics of Yugoslavia

Republic			Economy	
	Republic	Inhabitants	GDP/USD million	GDP/USD per capita
1	Slovenia	1,982,000	13,740	6940
2	Croatia	4,784,000	25,640	5350
3	Serbia	9,534,000	27,930	2930
-	Vojvodina	1,996,000	7,660	3380
-	Mid-Serbia	5,582,000	16,910	3030
-	Kosovo	1,956,000	3,360	1770
4	Bosnia- Herzegovina	4,364,000	10,870	2490
5	Montenegro	652,000	1,520	2330
6	Macedonia	2,021,000	4,420	2180
T	Yugoslavia	23,451,000	84,120	3587

Source: IMF/Világbank – 1990

But how close is Europe to these economies that are not making an internal whole and who are separating from each other by any means?

To what extent Western Balkans are European in economical and political means?

Does Europe need more and more problem filled economies learning from the example of Slovenia and Croatia? I seek the answer to these question.

Western-Balkans as a region and also as a set of countries who share borders or history with Hungary in the past 3 years earned special attention both in the European Union's and Hungary's objectives in strategy, geo and economic policy.

This mess of countries that are based on the ex-Yugoslavian socialist federation is an integral and unalienable part of the vision of the European, Hungarian and global interesets and values.

From the Belgrade lead socialist confederation two – Slovenia and Croatia- are already full members of the EU

Macedonia, Montenegro and Serbia had started its association although its deadline is not decided yet. The questio of Bosnia and Kosovo are much more difficult.

The EU accession of Croatia came thru with on one hand a huge help from Hungary, on the other hand it rearranged the status of the ex-Yugoslavia on a historical extent.

The presentation of the above mentioned historical, economic common fate, the different role of the member states in the economy, politics and everyday life in the de jure unified confederation is a less researched and for us Hungarians, European citizens is valueable and interesting topic.

The confederated states became independent who are facing to a new type of union, from the artificial made Yugoslavia to the European Union that was established thru the same values, directives and interests.

However this requires from all member states, one by one a different type of effort , determination and political and economic change of attitude, besides it displays different interests.

Presentation of the economic policy of the Member States of the former Yugoslavia, in comparison of the Confederation since its inception up to the present day (*Table 1*). The economic policy and economic conditions in the former Yugoslav Confederation, exploration, development and economic policy of the individual Member States, the European Union's path towards Europe. The measures taken by Member States in the previous crisis and the effects of the economic crises in these economies. Regional comparison of the main macro-economic indicators and strategies. Drawing conclusions about the potential for more discussion on the development of perspectives.

In the methodology of this thesis those hypotheses that are serving practical targets are playing an accetuated role.

My presumptions are the following:

1. Those countries that have boosted the Yugoslavian economy are able to build a stabil economy by their own and they can stand in the gap in the European and International economical environment.

2. The so-called developed or those who supported the confederation (Croatia, Slovenia) are able to maintain their budget contribution in GDP scale after the collapse of Yugoslavia.
3. The Serbian economy is not able to get stronger and act self-supported after the collapse of Yugoslavia. In my thesis according to my researches I seek for the answers to these questions.

Target

My targets in the thesis

- Introduction to the economic policies of the ex-Yugoslavian member states, compare them from the artificial genesis of the confederation until today.
- Exploring the economic policy and economic conditions in the former Yugoslav Confederation, development of economic policy in each Member State by presenting and examining the path of Europe towards the European Union.
- An examination of the measures taken by Member States in the previous crisis, as well as the effects of the economic crisis in these economies.
- Regional comparison of the main macro-economic indicators and strategies.
- Drawing conclusions about the potential perspectives, further methods of development.

The research and writing of the thesis what primarily motivated me was that my practical experiences in war zones and peaceful times and my personal visits, interviews, reports, highlights –those that were aired and released at Hirvilag on Hír TV- I put my experiences to theoretical context.

In my thesis with my examination and suggestions I would wanted to bring comprehensive informations and publish my experiences with scientific value to the wider professional public, the employees and the students in the higher education.

2. MATERIAL AND METHODS

The theoretic background of the research was based on the processed technical literature, the practical background was based on my more than 15 years of experience as television reporter and journalist work and also my official and private visits in the Balkan countries, interviews with leading politicians, economic experts.

Document analysis was built on the processing of the macroeconomical datas, I analysed them one by one tear them down by the ex member states.

The interviews that I've done with leaders of NGO's, analysts and members of the governments helped me thru the evaluation of the situation, the analysis and the conclusions also.

The method of research based on the theoretical background from the side of the global approach went to the making of the analysis of the concrete hypotheses, recommendations.

The examination of the changes of external environment was made by date and trend analysis. In some cases for example the „migrant crisis” in-depth interviews, government communication, reports from the NGO's and informations from International Institutions helped me to make the conclusions.

Research was not easy because in some member states there is still an obstruction to get information. In these cases (Montenegro, Serbia) the newest datasets are numerous years old and its reliability is questionable also. The datas provided by International Institutions are in most cases based on guesswork.

3. RESULTS

The main findings of my doctoral thesis were that although the Slovenian and the Croatian economies were able to feed and for 45 years act as mainly net contributor of the former Yugoslavia as a Federation, but this tendency with the break up of the confederation did not become straight proportionate. The two countries are not able to pay for themselves since they became independent, they are sitting on an economic roller coaster which is largely inherited, in some respects, for example the case of Croatian war damages (be it emotional, physical, infrastructural and/or economic ones) have been pushing the country back in such a way that the recovery will take decades.

It can also be stated that the kind of post-socialist economic policy action method, and generous attitude of the former Yugoslavia could drive the even less Yugoslav state towards the Balkans risk rather than Western Europe.

The EU accession in the case of Croatia and Slovenia gave only short-term and cosmetic improvement as successes. The Croatian economy is weak, it could be mentioned on the same side as the Italian and Greek economies while Slovenia is after a strong start started something kind of kamikaze dive of which only after a few curves they could get out of but not longer than a short time so that the economy could go back to that dangerous curve again with renewed vigor. Croatia from the very first second of its accession is all of the macro-economic and economic policy of the EU norm.

The only success is the some sort of a flow of the EU money, but along with this the Croatian work force is flowing across to the EU countries, most likely to the „target-like” states for Croatians, Austria and Germany but the produced income is not spent by the state or the ones that are staying at home in Zagreb, Osijek or Split but by the ones who produced it in Munich, Cottbus, Ingolstadt, Vienna Salzburg and Innsbruck..

The non-EU Member States, the artificially made leader of the former Yugoslav Republic, the constant territory and influence loser Serbia is trying to get to Europe in any and all ways, but its export-oriented economy has many problems and is bleeding from many wounds. What FIAT establishes on one side, the lack of structural reforms, corruption and the former bastions of the Socialist state establishment takes on the other side.

The odd one Montenegro is because of the arbitrarily introduced euro and because of the uncontrolled external factors and the coastal economies of the EU is becoming a potencial touristical bestseller and in general performing well. A country where within a year a three percent recession and in the following year a 3 percent growth can be traced. Where the opposition sets the streets of Podgorica on fire because the prime minister is ruling the country for more or less 20 years.

And if these wouldn't be enough these on most occasions self-outbled economies had and have to deal with the international migrant crisis in which they not only becoming economicaly paralyzed but by tearing up previous wounds are turning away from each other. The not really sedated Balkans started to boil again. With border closings, economical embargos and with the detestation of one another.

After my data analysis and in-depth interviews it can be stated that the situation had changed nothing along the member states of the ex-Yugoslavia in the past 20 years. The net contributors are still paying although now not to Belgrade but to Brussels and Washington. Because of the EU and the IMF they are still vulnerable, corrupt and incapable of living as they were during the 50s, 60s and the 80s.

4. CONCLUSIONS, RECOMMENDATIONS

The member states of the ex-Yugoslavia we can state that during that time, the time when Yugoslavia existed the confederation either economically and politically and of course by military means belonged to the so-called stronger nations but after falling to pieces all of its parts are showing weaknesses. Even the two economically stronger – in the confederation- countries could not bring stability on its own, as independent, European, EU member states.

There were some positive momentum for example in employment during the introduction of the Croatian economy from the ex-Yugoslavia until the year 2015, but it needs to be stated that Croatia was indeed in critical condition before the world crisis in 2008. The Croatian economic crisis is lasting for 30 years by now.

Croatia is a small almost unimportant country which has no effects on the world economy, and whose only option is to stay isolated or get in and aim to use its own resources the most attractive way with feeling the world's trends in the following year, like some other countries do.

Like it became clear long-term growth had never generated from something spontaneous, those are the result of governmental actions. The changes within the EU have prompt and rapid effects on the changes and structure of Croatian economy.

When we talk about the future of Croatia there are lots of questions and opportunities. One of them which affects the future is the future of INA. INA is not only the biggest Croatian company, but it generates the most profit, pays the most taxes and it is one of the biggest employers. The other significant factor is energy dependency. After Nabucco stalled and Russians had stopped the Southern Stream there are lots of questions remain open on the side of energy dependency and the closely related job creation. The future of Croatia is largely affected by the free movement. This has like I explained in the dissertation historical tradition in Croatia like it was in Yugoslavia also. During socialism not less than 400.000 people worked abroad from Yugoslavia. During that time they were transferring their earned wages or at least part of it to Yugoslavia. In the future, in the EU it will not happen, so the budget will not get as much foreign currency as it got during the 70s and 80s.

Besides the labour market of the EU is becoming, will become more and more attractive to the Croatian youth, who are well trained and are speaking languages.

Another important question is how and for what will Croatia use the EU money and funds. Hard and painful question is the for the people on the rural parts that what will happen with agriculture and the industry. By opening the market the Croatian firms and peasants are facing with huge challenges. Agricultural sector could be on the losing side, that is something all of the newly joined EU states can tell about themselves. The subventions from the EU are not as high as for the previously joined states, this also raise the prices while because of the single market the selves of the Croatian stores are filled with foreign goods.

To be honest Croatia as ex-Yugoslavian, now EU member state on his own with a vulnerable economy that is in bad shape and with government that kicks up good neighbourhood relations for momentary political success is not standing on the winning side. The momentary infatuations the periodical good results in the economy will not change the structural misleading that hits the whole Croatian economy.

There is not much difference with Slovenia also. Although it is the less Yugoslavian ex-Yugoslav member state which took two steps at the time and became the top student in the region to reach the EU and not much later they introduced Euro as national currency. However Slovenia bought a ticket to that rollercoaster which sometimes pushes the country to recession and leads the country to the hands of IMF and the World Bank and sometimes generates growth. It is visible that an artificially created country's two leader states are worth nothing by themselves. They just cannot stand on their own feet. In Slovenia government and ministerial changes became a national sport by the wreck of the banking system and lack of structural reforms.

Serbia as head and biggest beneficiary of the state conglomerate is not finding itself since the collapse of Yugoslavia. It is true that it not only lost a big part of its territory during long and bloody wars but with ruining its own renome even in peace time, in 2006 and even later it lost territory and because of this from its sway also. This economy is also incapable of living by itself, it needed the IMF and World Bank's infusion numerous times to stay alive. In many ways Belgrade is getting closer to Europe it seems that many years will have to fly away until not only the Delegation of the EU and some NGO's will have the blue flag with the stars on its buildings but all Serbian institutions.

It is an open question that after the scandalously counterfeiting Greek, the from the expected much more weakly performing Croatian, the rollercoasting Slovenian economy when will the European Union need again a shaky member state who at least by any means shows itself as good mercenary.

Montenegro is in a very specific situation. Small country that if lives with the opportunity that has been given by the fact that the Greek shores and islands are target spots for migrants could host record number of guests and tourists. Though the Montenegrin economy is wavering up to this point it has not facing with instability. It is facing with something else. With a starting internal crisis, with a huge dependency to China and other creditors and with the consequence of a some years ago crazy like idea the introduction of the euro.

The hypotheses which stated that member states of the ex-Yugoslavia are regardless of their power and strength in the confederation are after the collapse of the confederation are not able to form stable economies by their own in a long-term was true. It can be said from all of the examined member states that fundamentally they are lacking the political will for structural reforms, in neither fiscal nor monetary questions they are not following the right or expected path. It became clear also that even the countries that were starting with large advantage are able to lose these advantages and retrograde years while the external environmental changes are not justifying that.

The hypotheses seems proven which stated that the countries who were supporting the confederation are not able to support themselves and by this they are unable to carry on with their budget contribution according to the GDP after the collapse of Yugoslavia. This is more or less is because the industry retrograded in many places, agriculture is not performing on the level it is needed and as it was before, only tourism is performing well and stay successful due to this day. Besides of this on none of the previously prosperating areas are performing well the examined economies besides some short term or momentary periods

It can be stated that the member states of the ex-Yugoslavia are bearing a huge exposure and economical, economic policy and political culture that makes them inadequate up to this point to perform as they were performing within the confederation. There so many errors and errorcodes that built into the system sometimes subconsciously that makes self-preservation and short and mid-term stability very vulnerable.

5. NEW SCIENTIFIC FINDINGS OF THE DISSERTATION

1. It was erudite to compare the progress of economic policies of the member states of the ex-Yugoslavia in a point of view that how did their economies progressed from the birth of Yugoslavia until its oncoming to the or membership in the EU.
2. It is a new scientific approach to analyse which effects had hit these countries after the collapse of the confederation, how did they deal with that, what did they do or did not do in order to open themselves towards Europe.
3. New result and after evaluating the macroeconomical progressional statistics it became a conclusion that two countries (Croatia and Slovenia) were able to support the confederation as a whole. what outlined from statistics and macro-economic processes that in spite of two countries support a whole, complete confederation when they approach the much wanted freedom and independence and they starting to enjoy what they previously payed for in the common budget the umbrella, the deflector disappears and although they make sovereign decisions those attitude, effects, efficiency and the way they were made and how they were made are in close concord with the past in our case with the spirit of socialist Yugoslavia.
4. New conclusion and diagnosis is that how the countries are affected economically and how economic policies are effected by external conditions. Let's think back of the flooding in 2014 or the migrant crisis that is happening now and what gives a multi billion burden monthly to the effected countries. There are certain factors that are relying on the countries political and economical conditions for example the internal situation, the patience or impatience against the government and the state power. Each and every ex-member states has these kind of conflicts. In Slovenia the early government coups or changing ministers. In case of Montenegro the progressing economy is ruining itself by having internal conflicts on a market and in a country that has a 5 percent difference in economic growth by every following year.

5. New and important scientific result is how the in-depth interviews were made. Civil society member, decision makers and representatives of international institutions had answered my questions who are standing the closest to the happening so they are the ones that are shaping the events. During the migrant crisis it emerged that it is not only put financial burden to the countries but it generates a situation in politics and external politics that so far probably because of the precaution of diplomacy on reminds us to cold war. It is very dangerous to those countries that are not really liking each other historically and who have a poisoned relation by territorial debates (Slovenia-Croatia) or rarely or still not healed wounds are hardening the close relations, the neighbourhood. Migrant crisis had brought up from these countries the probably never buried, but somewhere really far away put active resistance against the other and these are very dangerous fields for extremism in political, in governmental level and also for economical insecurity.

6. It became clear that if the Balkans (and now we have to Slovenia here also, not because of its geographical, but historical and past behaviour) can not break up with interdependency and parasite like survivor methods (a confederation hangs on two feeding states) and not suspends the political and economical heritage that it used for decades it will not be successful and cannot reach success in long-term. And what's more surviving is harder. Whether it is part of the EU and the Eurozone, a member state or an associated member in candidate status.

6. THE PRACTICAL USE OF THE RESULTS

Most of the result of the thesis is of the summation of the analysis made with the help of theoretical foundation and the experience gained in practice.

The results of this thesis could be used in the following fields:

- It is important to constantly keep an eye on the ex-Yugoslavian member states economical and political conditions which are situated at the southern, southwestern border of Hungary because they make direct geopolitical impacts on our environment.
- Research had pointed out that to become independent legally does not necessarily brings separateness economically so with this historical traditions cannot be disregarded in short-term.
- Accession to the European Union (Croatia and Slovenia) does not bringing in most cases the rapid economical progress specifically during those times when constant internal political crises and conflicts are coming together with the process.
- Those ex-member states that stayed outside the EU, but trying to gain access (Serbia, Bosnia-Herzegovina, Montenegro, Macedonia, Kosovo) there is no other solution in the mid-term than try to find allies after their own political and economical possibilities are obstructing the substantive endurance.

7. PUBLICATIONS IN THE SUBJECT OF THE DISSERTATION



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List of publications related to the dissertation

Hungarian book chapter(s) (1)

1. **Borbély T.**: Gyertyagyújtás előtt : Médiatámogatás a sportban.
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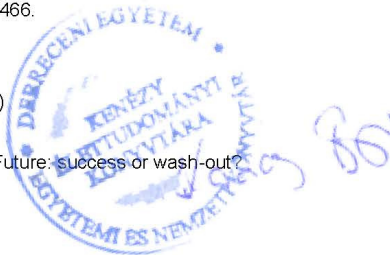
Hungarian scientific article(s) in Hungarian journal(s) (3)

2. **Borbély T.**, Borbély A.: Az EUfóriától az EUtanáziáig?
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List of other publications

Hungarian scientific article(s) in Hungarian journal(s) (1)

7. Borbély A., **Borbély T.**: A hazai nyugdírendszer sajátosságai és jellemzői.
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Mo. Polit. Évkv. 23, 82, 2011. ISSN: 0864-7755.

The Candidate's publication data submitted to the iDEa Tudóstér have been validated by DEENK on the basis of Web of Science, Scopus and Journal Citation Report (Impact Factor) databases.

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