Aleksander Lorenčič

FROM DREAMS OF 'A SECOND SWITZERLAND' TO CAPITALISM WITHOUT A HUMAN FACE

Aleksander Lorenčič

FROM DREAMS OF ‘A SECOND SWITZERLAND’ TO CAPITALISM WITHOUT A HUMAN FACE

Aleksander Lorenčič

FROM DREAMS OF 'A SECOND SWITZERLAND' TO CAPITALISM WITHOUT A HUMAN FACE

The Path of Economic Independence and Slovenian Economic Transition

Translated from Slovenian by: Jasna Levanič
Reviewed by: dr. Dušan Nećak, dr. Jure Gašparič
Design and page layout by: Brane Vidmar
Co-published by: Inštitut za novejšo zgodovino, Slovenska matica and ZRC SAZU (Založba ZRC)
Represented by: Andrej Pančur, Aleš Gabrič, Oto Luthar
Printed by: Cicero Begunje, d. o. o.
Print-run: 400

First edition, first print run
Ljubljana 2021

Published with the financial support of Slovenian Research Agency and Studio Moderna SA.

CIP - Kataložni zapis o publikaciji
Narodna in univerzitetna knjižnica, Ljubljana

338(497.4)"1990/..."

LORENČIČ, Aleksander
From dreams of "a second Switzerland" to capitalism without a human face : the path of economic independence and Slovenian economic transition / Aleksander Lorenčič ; [translated from Slovenian by Jasna Levanič]. - 1st ed., 1st print run. - Ljubljana : Založba ZRC, 2021

ISBN 978-961-05-0569-3
COBISS.SI-ID 76627715

ISBN 978-961-05-0570-9 (ZRC SAZU, PDF)
COBISS.SI-ID 76725763

Inštitut za novejšo zgodovino

Založba ZRC

SLOVENSKA MATICA

Aleksander Lorenčič

FROM DREAMS OF 'A SECOND SWITZERLAND' TO CAPITALISM WITHOUT A HUMAN FACE

The Path of Economic Independence and Slovenian Economic Transition

TABLE OF CONTENTS

FOREWORD

This year, Slovenia is celebrating 30 years of independent path and democracy of the Western type. In three decades, it has made a giant step forward; it is a member of all major international organizations and part of the developed world.

In my scientific monograph *A Break with the Old and the Beginning of Something New: Slovenian Economic Transition from Socialism to Capitalism (1990–2004)*,[1] published in 2012, I analytically interpreted the process of transformation of the Slovenian economy in the years between 1990 and 2004, extracted its basic characteristics and highlighted its agents and results that enabled a faster catching up with the developed world than initially expected. The subject in question had not previously undergone an in-depth historical analysis and thus represented a logical continuation of previous research in the field of historiography, which ended in 1991. The work in which I discussed the transformation of the Slovenian economy into a capitalist system places this process, which is probably the most crucial one after the independence of Slovenia, in a broader social context. This work was recognized by the Scientific Council for the Humanities of the Slovenian Research Agency as an outstanding scientific achievement in 2012, and in 2014, I received the Ervin Dolenc Award for the best debut in historiography. The copies of the book in question, published by the Razpoznavanja/Recognitiones Publishing House of the Institute of Contemporary History, are practically sold out, and the logical consequence is that I try to publish it in English in an adapted and supplemented version from today's perspective, with the aim of bringing the still current topic of economic transition on the Slovenian case closer to a foreign reader. As a starting point to the reading of the book and in connection

1 Lorenčič, Aleksander. *Prelom s starim in začetek novega: Tranzicija slovenskega gospodarstva iz socializma v kapitalizem (1990–2004)*. [*A Break with the Old and the Beginning of Something New: Slovenian Economic Transition from Socialism to Capitalism (1990–2004)*]. Ljubljana: Razpoznavanja/Recognitiones Collection/Institute of Contemporary History, 2012 (Hereinafter: Lorenčič, *Prelom s starim* [*A Break with the Old*]).

with its provocative title, I will quote Jeffrey Sachs, who, among other things, advised the first Slovenian government and who recently, during his visit to Slovenia, expressed his opinion in an interview for the *Večer* newspaper: "I rank Slovenia among the most successful countries in the world in terms of the standard of living, life expectancy and low level of inequality. In fact, you have no good reason to complain. You have a wonderful country that is peaceful and stable, and you live in prosperity, especially in comparison with the year 1991. I consider Slovenia a great story of success and an important part of Europe. It is also an excellent example. However, wages in Slovenia are not at the level of Switzerland, of course." According to Sachs, Switzerland has been the largest tax haven in the world for more than a century, which is why it is a very rich country; this is also partly due to exploiting the gaps in the global order that came with globalization. "I would not recommend Slovenia to imitate Switzerland. I would also no longer recommend Switzerland to continue its path as a tax haven", he added meaningfully.[2]

I thank the reviewers, Dr. Jure Gašparič, a senior research associate at the Institute of Contemporary History, and Dr. Dušan Nećak, a retired full professor of general contemporary history at the Department of History and former dean of the Faculty of Arts in Ljubljana. Thanks to all those who have contributed to the publication of this book – Research Centre of the Slovenian Academy of Sciences and Arts (ZRC SAZU), the Institute of Contemporary History, Slovenska matica and the Slovenian Research Agency (ARRS). Special thanks to the director of ZRC SAZU, Dr. Oto Luthar, and the ZRC Publishing House as the project leader. I would also like to thank Studio Moderna SA for their help in publishing this book. I wish you a pleasant reading.

2 Esih, Uroš. »Sloveniji ne bi priporočil, da posnema Švico«. Intervju z Jeffreyjem Sachsom ["I Would Not Recommend Slovenia to Imitate Switzerland". Interview with Jeffrey Sachs]. Accessible at: https://www.vecer.com/intervju-jeffrey-sachs-sloveniji-ne-bi-priporocil-da-posnema-svico-10063140 (23 September 2019).

ECONOMIC HISTORIOGRAPHY ON THE FRINGES OF INTEREST

In historiography, we know only a handful of such clear and precisely defined turning points as the year 1991 represents in Slovenian history. With the declaration of autonomy and independence, Slovenians took our own destiny completely into our own hands for the first time and this period certainly deserves special attention as far as research within historiography is concerned. Due to the so-called historical distance, we must take into account several factors influencing scientific research and presentation of events when studying the mentioned period, from the question of sources and documentation to the influence of politics, which has not been a novelty in numerous countries for a long time. In Slovenia, we are also witnessing changes in this area.

Not much attention is paid to the importance and role of economic history as a subdiscipline or a specific genre within the historical science. In general, economic historiography was on the fringes of interest of the professional public for many decades. As pointed out by Žarko Lazarević, there are very few active researchers dealing with the economic history of the 19th and 20th centuries.[3] "The absence of specific economic-historical contents at the academic level" also contributed to the establishment of economic historiography within the Slovenian space and the acquisition of an independent identity within Slovenian historiography for the period of the 19th and 20th centuries.[4] If we analyse and limit the structure of researchers of economic history only to the 20th century, we discover that the research of this period was predominantly and initially

---

3 Lazarević, Žarko. Identitetne zadrege slovenskega ekonomskega zgodovinopisja. Poti emancipacije gospodarskega zgodovinopisja o 19. in 20. stoletju pri Slovencih [Identity Dilemmas of the Slovenian Economic Historiography. Paths of Emancipation of Economic Historiography in the 19th and 20th Centuries among the Slovenians]. In: Lazarević, Žarko, Lorenčič, Aleksander (eds.). *Podobe modernizacije* [*Images of Modernisation*]. Ljubljana: Razpoznavanja/Recognitiones Collection/Institute of Contemporary History, 2009, p. 13–14.

4 Ibid., p. 14.

tied to only two authors, namely France Kresal and Jože Šorn. In the 1990s, a restructuring of economic historiography took place, which coincided with the appearance of younger researchers. In fact, only two researchers, Žarko Lazarević and Jože Prinčič, both collaborators of the Institute of Contemporary History, dealt exclusively with economic history in a systematic and active manner.[5] It was precisely the Institute of Contemporary History that decided a few years ago to begin systematically researching the period after 1990 as well, and to that end, it hired two young researchers. The result of this decision was, among other things, the aforementioned scientific monograph *A Break with the Old and the Beginning of Something New*. Of course, it should not be forgotten that in their works, other researchers occasionally and sporadically touch on contemporary economic history as well (Dr. Božo Repe, Dr. Peter Vodopivec, etc.).

As far as methodological approaches are concerned, due to legal restrictions on the access to archival material, research and knowledge are not primarily based on classical historical (archival) sources, but it is clear – given the previous research experience regarding the period after the independence of Slovenia – that the classical method of studying historiography will have to be upgraded with new methodological approaches. One of the reasons is also the information and communication revolution after 1990, which makes it possible to access various sources much faster (e.g. digitization of various documents). At the same time, this revolution triggered the emergence of new industries. The second reason lies in the fact that after 1991, only state bodies and institutions, whose documentation is more or less already accessible today, are obliged by law to hand over their material to the archives within a certain period of time. Furthermore, much of the material is known to have been destroyed either out of negligence or purposefully (e.g. materials from several companies).

5 Ibid., p. 38.

ECONOMIC CRISES: AN INTEGRAL PART OF THE ECONOMY

According to the economic historian Žarko Lazarević, as an integral part of economic life, crises solve accumulated economic imbalances and are like a divide representing either an end or a beginning of a cycle.[6] The crisis that erupted in 2008 is the third major crisis in the last century and a half. The first struck in 1873 and the second in 1929 with the stock market crash on Wall Street. With regards to similar events in the last century, the recession and the crisis that followed the 1973 oil crisis should also be highlighted. Since the aforementioned economic crisis in 1873, it appears that all crises had their origin in the financial, banking sector, due to financial, credit and investment speculations. What is clear when we take a closer look at the crises so far is that one of the characteristics of the capitalist economic development are the cyclical periods of crises and economic growth. A boom is usually followed by a big drop. Let us just remember the 1920s and the years before 2008. Only the sky seemed to be the limit in the economy. More than obvious, the situation was like a bubble and it was only a matter of time before it burst. If we compare the crisis in the 1930s with the 2008 crisis, we observe additional similarities. That is, by tightening the belt and taking austerity measures, which turned out to be the wrong path. The New Deal took place, clearly showing how important demand and spending are for restarting the economy. The economic theory by John Maynard Keynes later prevailed, advocating the role of regulation, among other things, which was reflected in the economic field as successful for some time. However, the measures generated by the crisis in the 1930s and the measures adopted by the Bretton Woods Agreement during the Second World War were

6 Lazarević, Žarko. *Plasti prostora in časa. Iz gospodarske zgodovine Slovenije prve polovice 20. stoletja* [*The Layers of Space and Time. From the Economic History of Slovenia in the First Half of the 20th Century*]. Ljubljana: Razpoznavanja/Recognitiones Collection/Institute of Contemporary History, 2009 (Hereinafter: Lazarević, *Plasti prostora in časa* [*The Layers of Space and Time*]), p. 237.

in force for only a few decades, until the 1970s. After the Second World War, we witnessed an economic boom, in a global sense. This was a time when the state played an important role in economic policy. It was a sort of symbiosis of state interventionism and the functioning of the free market. After the outbreak of the already mentioned oil crisis in 1973, a major shift in mentality occurred, namely a belief emerged that the role of the state and interventionism were not crucial or important for the economy. Neoliberalism occurred, an economic-political paradigm advocating for the smallest possible role of the state in the economy. The economist Davorin Kračun believes that the latter gained official political support with the onset of the Reagan presidency in the United States and reached its peak in the late 1980s with the so-called Washington Consensus, which represented a recipe for transition countries.[7] "The neoliberal economic-political paradigm was quite successful in these conditions, also because it coincided with the collapse of the Eastern bloc and the expansion of the world market to the once unconquerable fortresses of Russia and China", Kračun stated. In addition, in his belief, the information and communication revolution opened up opportunities for entirely new industries.[8] Ivan T. Berend, a comparative historian of Central and Eastern Europe, is of a similar opinion, believing that capitalism has changed and that it is certainly no longer the same capitalism as in the 1970s. "The developed European countries have become deindustrialized, industry has lost its importance and in the most developed western countries only 18 percent of the active population work in industry. The financial sector with banks, financial institutions, insurance companies and the real estate sector is growing six times faster than the real economy and its assets are three to four times larger than the total gross domestic product of the European Union. I am referring to a deindustrialized, overly financially controlled economy that was very fragile, susceptible to the financial panic that occurred. From 1980 onwards, the entire system was deregulated: all regulation introduced in the 1930s and after the Second World War by the Bretton Woods Agreement, including the lessons of the Great Depression, was eliminated. Neoliberalism was convinced that it had solved the problems of crises, that they would no longer appear. The leading economists of the Chicago school advised the governments that we no longer need a straitjacket of

7 Ploj Ratajc, Sonja, Čokl, Vanessa. Intervju z Davorinom Kračunom [Interview with Davorin Kračun]. *V soboto/Večer*, 28 July 2012, pp. 3–5.

8 Ibid., p. 3.

regulation", Berend believes.[9] As emphasized by Iztok Simoniti, "neoliberalism, more appropriately called neoconservatism, is the financial feudalism of the 21st century". The essence of neoliberalism is that it wants to remove the state, turn it into a night watchman, leaving all power to capital, which, in Simoniti's opinion, is "a reliable recipe for a lasting bad society and is against classical democracy, as written in our constitution".[10] The fact is that many believed that the neoliberal economic-political paradigm allowed for unlimited possibilities for expansion. However, this was not the case, as the crisis finally proved, the catalyst of which, as in previous crises, was again the USA. The debt crisis occurred and numerous countries that had irresponsible banking (Iceland), high population spending (Ireland and Portugal) or irresponsible government spending (Greece) collapsed.

The causes of the economic and financial crisis may also be different from those mentioned above, as evidenced by current events. After Slovenia recorded 3.2% real GDP growth in 2019, Covid-19 'struck' like a bolt from the blue. This time, the future is all the more uncertain; the consequences are and will be all the greater because the whole world is affected. The current crisis will certainly continue to affect almost all parts of society and the economy. Among other things, a number of structural reforms are urgent (health, pension …).

9 Vidmajer, Saša. Intervju z Ivanom T. Berendom [Interview with Ivan T. Berend]. *Delo/Sobotna priloga*. Accessible at: http://www.delo.si/zgodbe/sobotnapriloga/zgodovinar-ivan-t-berend-krizo-je-povzrocila-periferna-mentaliteta.html (25 March 2012).

10 Vidmajer, Saša. Intervju z Iztokom Simonitijem [Interview with Iztok Simoniti]. *Delo/Sobotna priloga*, 22 September 2012, pp. 4–6.

THE COMPLEXITY OF TRANSITION AND THE PERSPECTIVES ON IT

"We can no longer live like this" were the words of Mikhail Gorbachev in March 1985, which clearly indicated that the end of the then socialist social order was approaching.[11] For many decades, Slovenia lived within the framework of a phenomenon known to economists as the Gulliver effect. This is a phenomenon when a smaller, weaker state and its economy adapt to the standards of a larger and stronger state, which can be a neighbouring state or even an economic community. According to the economist Neven Borak, Slovenia knows two such 'Gullivers': Austria-Hungary and later Yugoslavia.[12] Given the situation in which the socialist countries found themselves at the end of the 1980s, including Slovenia within Yugoslavia, changes were inevitable. The beginning of the transition was symbolically heralded by the fall of the Berlin Wall,[13] and the political milestone in each state were the first democratic elections, marking the transition from a one-party political system to a democratic multi-party system

---

11 Judt, Tony. *Povojna Evropa 1945–2005* [*Postwar: A History of Europe since 1945*]. Ljubljana: Mladinska knjiga, 2007 (Hereinafter: Judt, *Povojna Evropa* [*Postwar: A History of Europe*]), p. 672.

12 Borak, Neven. *Iskanje Guliverja ali kako preživeti* [*Searching for Gulliver or How to Survive*]. Ljubljana: Science and Journalism Centre, 1994 (Hereinafter: Borak, *Iskanje Guliverja* [*Searching for Gulliver*]), p. 7

13 Twenty years after the fall of the Berlin Wall, which heralded the end of communism in Europe, dissatisfaction with capitalism was widespread around the world, according to a poll conducted by the British BBC, which was released exactly twenty years after the fall of the Wall on 9 November 2009. Only 11 percent of people in 27 countries around the world believed that capitalism works well. 51 percent of respondents thought that the problems of capitalism could be solved with more regulations and reforms, and an average of 23 percent of respondents in all countries believed that capitalism was too deficient and that a new economic system was needed. However, the results of the survey, which included almost 30,000 people, are not much of a surprise given that it was conducted during the global financial and economic crisis. More at URL: http://www.dnevnik.si/novice/svet/1042313642 (9. November 2009).

and radical institutional changes.[14] When we talk about the economic transition, we have in mind the transition from a closed centrally planned (in the Slovenian case planned market economy) to an open social market economy.[15] The concept of transition is similarly explained by *Veliki slovar tujk* (*The Great Dictionary of Foreign Words*), where it is defined as an act, process or stage in changing one state, form of activity to another as well as a transitional state and a period of transition from the socialist to the liberal democratic system.[16]

How to transition into a market economy system as quickly and successfully as possible was the question and mission of all post-socialist states. A successful market economy was also the objective of Slovenia, which was far from being easily achievable. On the one hand, the states in transition were able to follow the example of certain world markets, where market economy had already been introduced and could simply "import" it. In doing so, they mainly followed the principles of the so-called Washington Consensus. The latter was introduced in 1989 by John Williamson, an economist at the Institute of International Economy in Washington. As Noam Chomsky wrote, the neoliberal[17] Washington Consensus represented "a series of market-oriented principles developed by the United States (USA) government and international financial institutions." The basic rules of the consensus were to liberalize trade and finance, to allow the market to set the prices, to curb inflation (macroeconomic stability), austerity measures and privatization. One of the principles was also that the state should not interfere in the economy. Chomsky believes that "the chief architects of the neoliberal Washington Consensus were the owners of the private economy, especially the huge corporations that control a great part of the international economy and have the means to control policy-making as well as the structuring of opinions and views", and in this system, the United

14 Šušteršič, Janez. *Politično gospodarski cikli v socialističnih državah in tranzicija. Doktorska dizertacija* [*Political and Economic Cycles in Socialist States and Transition. Doctoral Dissertation*]. Ljubljana: University of Ljubljana, Faculty of Economics, 1999 (Hereinafter: Šušteršič, *Politično gospodarski cikli* [*Political and Economic Cycles*]), pp. 44–66.

15 Hoen, W. Herman. *The Transformation of Economic Systems in Central Europe*. Northampton: Studies in Comparative Economic Systems, 1998, p. 1.

16 Tavzes, Miloš et al. *Veliki slovar tujk* [*The Great Dictionary of Foreign Words*]. Ljubljana: Cankarjeva založba, 2002, p. 1179.

17 Neoliberalism is the opposite of John Maynard Keynes' theory. It diminishes the importance or even completely rejects state interventions in the economy, even in cases when they are aimed at supporting private capital activities. The most important contemporary representatives of neoliberalism are Michael Polanyi, Friedrich August von Hayek and Milton Friedman.

States played the main role. The historian Gerald Haines described the events as follows: "After the Second World War, the United States took on a role of ensuring the prosperity of the global capitalist system out of selfishness."[18] Giovanni Arrighi, one of the greatest experts in world-systems analysis and historical sociology, also discussed the role of the United States in the 20th century and capitalism in general in his book, claiming that in the history of modernity, there are patterns of cyclical movements. After the Genoese, Dutch and British cycles, the 20th century was marked by the American cycle. As we know, the American hegemonic centre went into crisis in 2008 as a result of the bursting of the real estate and financial bubble and caused the global economic crisis. One of Arrighi's theses is that a new hegemon could soon emerge in the field of Asian economies, especially the Chinese economy was booming at a time when virtually the entire world was feeling the effects of the global crisis. Of course, "China's growing economic weight in the global political economy does not in itself guarantee the emergence of a society with a world market centred in East Asia".[19] What will happen and in which direction capitalism will go will certainly become clear in time. Returning to the Washington Consensus, it is a fact that the latter contained principles which the transition countries tried to follow, but local conditions were also a highly important factor. Each state was in a specific situation and therefore it was simply not possible to import a market economy by merely following the example of developed countries. The reason was plain – a great deal of the knowledge that individual states needed was simply not written down anywhere. Each state thus resorted to specific measures and relied on its own experience, while institutional changes had to be adapted to local conditions in order to make the transition as successful as possible.

The first democratic elections, which marked the formal beginning of transition, took place in Slovenia in April 1990. However, even before that – at the end of the 1980s – important events occurred, which heralded later social changes. These included the 57th issue of *Nova Revija* (*New Magazine*), the May Declaration, the Litostroj workers' strike, the Writers' Constitution, the popular uprising in opposition to the Trial against the Four and the amendments to

18 Chomsky, Noam, McChesney, Robert Waterman; Potokar, Jure, Rizman, Rudi (trans.). *Profit pred ljudmi: neoliberalizem in globalna ureditev* [*Profit Over People: Neoliberalism and Global Order*]. Ljubljana: Sanje, 2005, pp. 27–28.

19 Arrighi, Giovanni. *Dolgo dvajseto stoletje. Kapitalizem, denar in moč* [*The Long Twentieth Century. Capitalism, Money and Power*]. Ljubljana: Sophia, 2009, pp. 328–332.

the Slovenian constitution in September 1989. If the first democratic elections marked the beginning of transition, this extremely demanding and complex process ended at a formal level with the accession of Slovenia to the European Union (EU). In the time of the above-mentioned frameworks of transition, the following crucial processes took place: democratization of society (right to free political expression and association), transformation of socially-owned property and gaining independence. In the economic field, the most vital processes were macroeconomic stabilization, the already mentioned transformation of socially-owned property or privatization and the restructuring of the economy. Certain changes in the economic field were brought about by the adopted legislation as early as the end of the 1980s. What we have in mind is primarily the federal Enterprises Act, which, among other things, triggered the beginning of the establishment of private companies and the privatization of existing companies. Several other laws were adopted that affected economic changes, but it should be emphasized that the actual process of tearing the Slovenian economy away from the Yugoslav one began with the appointment of the Demos government in May 1990.[20]

Transition is an extremely complex process, which was a logical consequence given the state of socialist economies. We could say that socialism lost the battle against itself. Namely, socialist economies were relatively inefficient compared to capitalist countries.[21] As in other socialist states, the economic image in Slovenia deteriorated year by year, especially in the 1980s. Economic growth was declining, labour and capital productivity was low, technical progress was small, the standard of living was dropping and the gap between the socialist and capitalist economies was widening every year. In the late 1980s and early 1990s, a break with the old social order thus occurred, and many states were liberated from communism. During this time, several countries disappeared from the map and new ones were born: Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldova, Slovakia, the Czech Republic and, in the area of Yugoslavia: Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro and Macedonia.[22]

20 All the mentioned processes are presented in more detail in the following chapters.

21 Lavigne, Marie. *The Economics of Transition. From Socialist Economy to Market Economy*. Houndmills etc.: Macmillan Press LTD, 1999, p. 91.

22 Judt, *Povojna Evropa* [*Postwar: A History of Europe*], p. 729.

During the initial transition period, all Central and Eastern European states experienced major upheavals and a drop in production.[23] In the early 1990s, economists believed that democratic governments in transition states should draw up a reform agenda as soon as possible, covering all key areas simultaneously, namely macroeconomic stabilization, liberalization of foreign and internal trade, and privatization. The sudden collapse of socialism required a quick answer to the question of how to carry out the transition to a capitalist system without major social upheavals. There were no solutions or answers that would ensure success. The transition from a socialist to a capitalist economy thus began without a clear picture of the actual economic situation, without the framework of a new economic system and with no appropriate economic and social solutions to the problems that would arise during the transition period. The new, often inexperienced governments with romantic expectations were aided by international financial institutions and advisers who in fact knew very little about the states they were advising. In addition, like many local politicians, numerous foreign experts were to a great extent ideologically blinded and politically motivated as well. Their main objective was the final abolition of socialism and the existing institutions, instead of gradually creating an appropriate economic system for each state and increasing economic prosperity for the entire society not just for a part of it. A question for every transition government was whether to implement reforms with the so-called shock therapy or to opt for the gradualist approach. As will be presented in more detail below, Slovenian politics decided for the gradualist approach, i.e. the policy of gradualism and pragmatism, thus avoiding political upheavals and possible crises. As far as gradualism and pragmatism are concerned, after Slovenia's independence, they "became even more gradual and pragmatic than the gradualists themselves suggested", the economist Jože Mencinger wrote.[24]

23 Sicherl, Pavle. Scenariji gospodarskega razvoja Slovenije – približevanje Evropi [Scenarios of Slovenia's Economic Development – Approaching Europe]. In: *Splošni pogoji za gospodarski razvoj. Strategija gospodarskega razvoja Slovenije* [*General Conditions for Economic Development. Slovenia's Economic Development Strategy*]. Ljubljana: Institute of the Republic of Slovenia for Macroeconomic Analysis and Development, 1995, pp. 333–350.

24 Mencinger, Jože. Deset let pozneje. Tranzicija – uspeh, polom ali nekaj vmes? [Ten Years After. Transition – Success, Failure or Something In Between?]. *Gospodarska gibanja* [*Economic Trends*], No. 317, 2000/6, Institute of Economics, Faculty of Law (Hereinafter: Mencinger, Deset let pozneje [Ten Years After]), pp. 28, 33.

With the plebiscite, the declaration of independence, the Ten-Day War and international recognition, Slovenia gained independence in 1990–1992.[25] Due to the specific position of Slovenia at the beginning of transition, the latter began and took place differently than in other former socialist economies. Quite a few experts believed that the optimal strategy would be a gradual and slow implementation of changes or a gradualist approach.[26] The economic policy, which served the governments of Janez Drnovšek in directing Slovenia's economic development, was also called gradualism. It yielded good results, but according to some, it had run its course at the turn of the millennium. The economist Mićo Mrkaić, who was striving for a new model of economic policy, shared this opinion. He was no longer in favour of the cautious gradualness characteristic of Drnovšek's handling of the unknowns of transition, but was advocating radical cuts that would enable the Slovenian economy to grow rapidly. Among other things, he was also advocating for the state to withdraw from the economy as soon as possible.[27] The economist Rado Pezdir also believes that numerous consequences of the gradualist approach to transition can be observed in Slovenia. According to him, they include the constant reduction of competitiveness, poor cooperation between the economy and science, the lowest level of economic freedom in the region, extensive administrative burdens of the economy, market distortions, the dominant role of monopolistic state-owned companies and constant state interference in the market mechanism. In one of his discussions, Pezdir claims that "if economic policymakers do not abandon the gradualist economic policy, serious consequences should be expected for the future economic growth and catching up with more developed EU countries".[28] Pezdir even describes Slovenia as a transition 'loser', and everything that economic and social planners advised and did during the period of transition as wrong and based on degenerative scientific programmes and failed experiments. According to him, gradualism "was not a policy based on Slovene peculiarities, but a political regulation based

25 Škofljanec, Jože. Ali je tranzicija končana? [Is Transition Over?] In: Mravlja, Mija, Nared, Andrej (ed.). *Arhivi in arhivsko gradivo v času tranzicijskih sprememb/Infoarh* [*Archives and Archival Material in the Time of Transitional Changes/Infoarh*]. Ljubljana: Archival Society of Slovenia, 2003 pp. 33–34.

26 Mencinger, Deset let pozneje [Ten Years After], p. 25.

27 Vizovišek, Slavko. Gradualizem odhaja? [Is Gradualism Leaving?]. *Večer*, 30 May 2005, p. 2.

28 Pezdir, Rado. *Gradualizem – inhibitor tranzicije v Sloveniji* [*Gradualism – An Inhibitor of Transition in Slovenia*]. Ljubljana: The Institute for Civilization and Culture – ICK, 2005, pp. 27–28.

on the ideology of totalitarianism".[29] Pezdir also believes that the economic and political picture of Slovenia's transition would be significantly different if it were not for "ideological blindness about socialism, about corporatism, as this would mean the disintegration of all networks, a strong rule of law and the exclusion of interest groups from the political and economic market". In his opinion, Slovenia never saw "capitalism based on the philosophy of classical liberalism".[30] However, as do many other older economists, the economist Jože Mencinger disagrees with the so-called young economists. He wrote in one of his articles that a strong argument against gradualism is precisely the "ranking of countries according to the amount of 'economic freedom' and competitiveness, in which Slovenia performs rather poorly". According to him, the awe of these rankings and sadness about the downward movements are superfluous. It must be taken into account that rankings are carried out by the institutions[31] whose classifications only show whether and how economic systems fit into the neoliberal ideological frameworks and whether the systems are or are not friendly to entrepreneurship, especially foreign. The rankings, according to Mencinger, show neither the general economic performance nor the performance of economies in the world market. The former is shown by economic growth, the unemployment rate, inflation and the evenness of income distribution, while the latter by the current account deficit. According to these indicators, Slovenia ranks at the very top compared to other transition economies. Mencinger believes that precisely because of gradualism, Slovenia "was achieving the highest and most even economic growth among the new EU members, without major imbalances and social upheavals".[32] He also pointed out the following: "Gradualism is the foundation of development of any normal developed country. Revolutionary system changes are rare; they occur once or

29 Pezdir, Rado. *Slovenska tranzicija od Kardelja do tajkunov* [*The Slovenian Transition from Kardelj to Tycoons*]. Ljubljana: Časnik Finance, 2008, p. 144.

30 Pezdir, Rado. Interakcija med političnim in ekonomskim trgom kot ključni element tranzicije [The Interaction between the Political and Economic Market as a Key Element of Transition]. In: Jančar, Mateja (ed.). *Kapitalizem, tranzicija, demokracija* [*Capitalism, Transition, Democracy*]. Ljubljana: Dr. Jože Pučnik Institute, 2009, p. 86.

31 Rankings are performed by institutions such as the Heritage Foundation, the Fraser Institute, the World Economic Forum (WEF) or the International Institute for Management Development (IMD).

32 Mencinger, Jože. Podobnosti oblasti. Odbor za reforme bo najbrž kar Kraigherjeva komisija [Similarities of Authority. The Reform Committee will Probably be the Kraigher Commission]. More at Mladina.si/Tednik, No. 41, URL: http://www.mladina.si/tednik/200541/clanek/slo--mnenje-joze_mencinger/ (17 November 2008).

twice a century and cause a great deal of 'collateral' damage. I believe that in our country, only the then Council of the Bank of Slovenia consciously decided for gradualism in economic form in 1991; the most telling expression of this was the introduction of a managed floating exchange rate and the efforts to prevent a real appreciation of the Slovenian tolar. Slovenia was able to afford gradualism due to self-government and socially-owned property, which enabled decentralized decision-making, and the level of development it had achieved before transition. I am again actively participating in various economic conferences abroad; most economists from the East and the West are admirers of Slovenian economic policy during and after independence."[33] In the second half of 2008, when the global economic crisis was already on the horizon, triggered by the US mortgage crisis, the economist Franjo Štiblar wrote that it was important for the population, companies and the entire Slovenian state to prepare for it as best as possible. He emphasized that the "guide" and "sui generis" of the solution must be gradualism. He therefore pointed out the characteristics that contributed to the successful development of independent Slovenia or as Štiblar wrote, "the best among the transition countries".[34]

Slovenia opted for a pragmatic and gradual systemic transformation instead of shock therapy, as advised by some international institutions and individual experts. Precisely gradualness enabled both a smoother economic transition as well as moderation instead of radicalism in personnel interventions in the economy, although there was no shortage of attempts at sharp cuts. Already in designing the concept of privatization of the economy, some politicians in the right-wing parties demanded the first phase to be a general nationalization of socially-owned companies, which would also allow for a massive change of management, but the more clear thinking part of the politics opted for more productive options. Tone Krašovec, a long-time general secretary of the Management Association, wrote: "The very complexity of transition in a newly independent country 'replaced' about a third of management in Slovenian socially-owned companies in the first years, which continued during the privatization process. Nevertheless, under the auspices of the Slovenian People's Party (Slovenska ljudska stranka), an alternative economic programme for an

33 Intervju z dr. Jožetom Mencingerjem [Interview with Dr. Jože Mencinger], *Mladina*, No. 46, 10 November 2006, pp. 36–40.

34 Štiblar, Franjo. Globalna kriza in Slovenija [The Global Crisis and Slovenia]. In: *Gospodarska gibanja* [*Economic Trends*], No. 406, September 2008, pp. 6–18.

independent Slovenia emerged in 1994, which required a break with the 'continuity' in the leading positions in the economy and a great managerial purge. Comparisons with a number of other transition countries show that, with a more radical systemic, institutional and personnel transformation, they suffered more damage than Slovenia."[35] The economist and Minister of Economic Relations and Development in the period 1993–1995, Davorin Kračun, also wrote in his discussion in 2005 that the process of Slovenian transition had more elements of gradualism than shock therapy. As another characteristic, he pointed out the fact that Slovenia allowed relatively high inflation compared to what was acceptable in other states that were on their way to the EU. From today's point of view, according to Kračun, gradualism and allowing inflation were appropriate. Political conditions, such as the break-up of Yugoslavia and the wars, required caution and were a sufficient argument to avoid unnecessary shocks. In any case, avoiding political turmoil and rejecting foreign advice was economically beneficial. It should be noted, however, that certain cases nevertheless deviated from the gradualist characteristics and that rapid changes were unavoidable. What we have in mind is the monetary reform and import liberalization. According to Kračun, tolerance for inflation is to be understood in the context of the gradualist concept as well as other reasons. Until the end of the 1990s, some processes were valued more than inflation. These were economic growth, the reduction of unemployment and the maintenance of export competitiveness, while inflation could be kept at moderate levels with an acceptable macroeconomic balance. Only immediately before Slovenia's accession to the EU and ERM II (Exchange Rate Mechanism), the reduction of inflation had to be put in the first place of the economic policy goals. Such an attitude towards inflation was also possible due to the fact that Slovenia had been experiencing economic growth since the transition from the recession in 1993.[36] Slovenia opposed the transition formula of the World Bank and the International Monetary Fund. Instead of a big bang of rapid change, it advocated gradual reforms and contrary to fast opening-up of the economy to foreign

35 Krašovec, Tone. *Deset let gospodarskega razvoja v samostojni Sloveniji* [*Ten Years of Economic Development in Independent Slovenia*]. Ljubljana: Združenje Manager/Razum, dr. Krašovec & Co. d. n .o., 2001 (Hereinafter: Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*]), pp. 18–19.

36 Kračun, Davorin. Tranzicija, stabilizacija i ekonomski rast: iskustvo Slovenije [Transition, Stabilization and Economic Growth: Slovenia's Experience]. *Ekonomski pregled* [*Economic Review*], Vol. 56, No. 3/4, 2005, pp. 145–162.

capital, Slovenia preferred to focus on its own development resources. One of the more important factors was political stability, which other transition states did not have. In Slovenia, we witnessed a ten-year dominance of the leading party and a charismatic Prime Minister. "In Slovenia, transition was carried out by the old political and business elites", the economist Bogomir Kovač claims.[37] The historian Božo Repe also believes that the transition from a one-party to a multi-party system in Slovenia was carried out in a sufficiently cultural and correct manner and that it deserves a positive historical assessment.[38] It is impossible to say that all decisions of the state were correct and optimal, but this is also understandable. Processes such as transition do not frequently occur and there are no instructions on how to ensure flawless and optimal results. The fact that Slovenia was among the first to go through a period of transformational depression compared to other transition economies is a testament to itself. As will be apparent in continuation, Slovenian transition was not merely a story of success. Today, Slovenia's society is a society with certain weaknesses and issues, which is nothing special compared to other societies in the world. It is true for Slovenia, as well as for several other countries from the former socialist bloc, that there were no clear ideas on how to ensure the transition to capitalism without major social upheavals. There were also no plans for its future economic system, nor precise predictions for solving the problems in individual areas. "There was a great deal of improvisation, but also a lot of ingenuity. Fortunately, we had considerable knowledge of local experts who did not fall prey to some very liberal, in a way fundamentalist advice by foreign experts and various international institutions. On the other hand, there was a lot of romantic expectations and illusions, especially at the top of some new parties on the political scene, such as about the automatic miracle-making of capitalist institutions or the liberating financial assistance by Slovenian emigrants. There was no lack of ideological blindness that everything from the socialist times was bad, including the 'red directors' in the Slovenian economy, who should be replaced one by one, while there were also numerous sober-minded politicians who believed that everyone should contribute to Slovenia's independence and its least painful transition with the knowledge and experience they have"

37 Kovač, Bogomir. Obsojeni na uspeh? [Doomed to Success?]. *Mladina*, No. 26, 24 June 2006 (Hereinafter: Kovač, Obsojeni na uspeh? [Doomed to Success?]), p. 34.

38 Repe, Božo. Razmere v Sloveniji do leta 1989. Osamosvojitev Slovenije – 15 let kasneje [Situation in Slovenia until 1989. Slovenia's Independence – 15 Years Later] (manuscript) (Hereinafter: Repe, Razmere v Sloveniji [Situation in Slovenia] (manuscript)).

Krašovec believes. In his opinion, Slovenia had capable people in the majority of important areas, competent to judge and 'dose' the transitional moves according to real possibilities, with the necessary gradualness instead of destructive shock therapy. Many companies were also run by skilled businessmen, tried in agile adaptation to numerous reform changes in the socialist state, who knew how to take appropriate action in the new difficult conditions after Slovenia's independence at the beginning of the transition crisis.[39] Slovenian transition was also successful in the eyes of numerous foreign experts. Richard J. Walters, chosen by the European Bank for Reconstruction and Development (EBRD) as a director of the Slovenian Special Restructuring Program (SSRP), said the following in the spring of 1996 about Slovenia and the Slovenian economy: "I can say that Slovenia is very poorly recognizable in the developed western part of the world. This is most likely due to its small size, as people in the West only talk about Poland, Hungary or the Czech Republic, while Slovenia is rarely mentioned. On the other hand, it is, of course, very interesting, especially if we look at its economic indicators and compare them with figures in other Central and Eastern European countries. All important economic indicators speak in favour of considerable economic power and finally, this is evidenced by the opportunities that Slovenians have to make profit; the standard is also much higher than in some other Central and Eastern European countries, even in certain countries of the European Union."[40]

According to the opinion of several economists, road construction, among other things, generated economic growth during and after transition. Let us recall the period after 2005, when Slovenia recorded high economic growth mainly due to the rapid growth of building industry on the one hand and mortgage loans as its consequence on the other. The economist Frančiek Drenovec has an interesting perspective on the transition period. The main thesis of his discussion of 2005 is that economic development after 1991 is only a continuation and completion of the old cycle and in his opinion "after 1991, nothing special has so far occurred in the economy in the framework of transition". "The state of the economy is downright idyllic compared to the catastrophic state of affairs in the areas covered by various state branches and activities – the legal system, the police, higher education, healthcare, etc. – which are for the most

39 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], pp. 9–10.
40 Jakomin L., Alenka. Intervju z Richardom J. Waltersom [Interview with Richard J. Walters]. *Agens*, No. 33, April 1996, pp. 2–5.

part directly under the control of politicians and precisely because they are under the control of politicians", Drenovec wrote. According to him, Slovenia differs from other transition countries in its good state of the economy and its own national business sector, a significant part of which is closely integrated in the modern technological and business structures. The weakness of Slovenia and other transition countries or the thing that is missing is "a mature and self-confident political elite, firmly embedded in the life of local society, capable of a good assessment of its problems and potentials and possessing a high level of necessary capacity for action".[41]

It is obvious that opinions regarding the gradualist approach and the Slovenian transition differ. One of the key bearers of Slovenia's process of gaining independence, France Bučar, emphasized in his book *Slovenci in prihodnost* (*Slovenians and the Future*) that the problem is that "we need the state and that in today's predictable conditions there can be no democracy nor free citizens without the state, much less a healthy economy". This is "the exact opposite of what neoliberalism preaches", Bučar added.[42] His thesis was also confirmed by the financial and economic crisis that came to the fore in 2008 and affected the entire world. The latter showed that everything cannot be left to the functioning of the market and that sometimes state intervention is required. Even in the cradle of neoliberalism, the United States, in late 2008, the former President George W. Bush approved financial aid to the automotive industry against the will of Congress. At the end of his term, in late 2004, the then Prime Minister Anton Rop said: "The transition in Slovenia is concluded. I believe that all chances exist that the next government will be successful, efficient and that it will take steps forward". In Rop's opinion, it was no longer "so extremely important" who would lead the government.[43] After 2004 and the positive growth, the economic and financial turmoil was first caused by the global crisis and most recently by Covid-19. In the latter case, it is clear how important it is to have quality public healthcare, public care and services in general.

41 Drenovec, Franček. Kaj se je zgodilo z zgodbo o uspehu? [What Happened with the Success Story?]. *Družboslovne razprave* [*Social Science Debates*], Vol. 21, No. 48, April 2005, pp. 13–25.

42 Bučar, France. *Slovenci in prihodnost: slovenski narod po rojstvu države* [*Slovenians and the Future: Slovenian Nation after the Birth of the State*]. Radovljica: Didakta, 2009 (Hereinafter: Bučar, *Slovenci in prihodnost* [*Slovenians and the Future*]), p. 303.

43 Zupanič, Jelka. Zadnja tranzicijska vlada opravila delo [The Last Transition Government Has Done Its Job]. Večer website. URL: http://213.250.55.115/Ris2007/default.asp?kaj=3&id=2004120202207810 (15 January 2008).

YUGOSLAVIA BECOMES AN OBSTACLE FOR DEVELOPMENT

Views on historical experiences vary and change with the passage of time. The fact is that Slovenians have always had an almost mythical attitude to every state formation they have lived in. The same is true of the Second Yugoslavia. In the 1980s and during the time of gaining independence, it became an 'obstacle' for the development of Slovenia, self-management socialism as the best system became totalitarianism, comrade Tito a dictator, the brotherhood and unity came to an end. The new goal, as already mentioned, became the European Union, the idealized image of which changed after the initial enthusiasm. "Tito is dead, but he does not know it yet", the legendary Koča Popović stated cynically already in the mid-1970s. With regards to this statement, the historian Božo Repe wrote that "something similar could be claimed for Yugoslavia – of course from today's perspective, when we are very clever about the past".[44] Yugoslavia went into a crisis already in the late 1970s. One of the main reasons was that after the oil crisis in 1973, it continued to operate as if nothing had happened, instead of acknowledging the crisis and carrying out much-needed reforms.[45] In the second half of the 1980s, the standard of living fell to the level of the 1960s. As the system in the 1980s was still organized in such a way that almost everything was decided by the party leadership, and the decisions were then only lead through a "megalomaniac delegate and self-governing structure", all major political conflicts took place at the top of the League of Communists of Yugoslavia until the late 1980s.[46] In 1986, France Bučar wrote: "We live in a world the historical cycle of which is coming to an end." The critic of Kardelj's management and self-management ideas and one of the originators of Slovenian

44 Repe, Razmere v Sloveniji [Situation in Slovenia] (manuscript).

45 Meier, Viktor. *Zakaj je razpadla Jugoslavija* [*Why Yugoslavia Collapsed*]. Ljubljana: Science and Journalism Centre, 1996 (Hereinafter: Meier, *Zakaj je razpadla Jugoslavija* [*Why Yugoslavia Collapsed*]), pp. 26–43.

46 Repe, Razmere v Sloveniji [Situation in Slovenia] (manuscript).

independence was not wrong in his statement if we remember the events that took place in Yugoslavia later on.[47] Indeed, as early as the beginning of 1960s, it became clear that the economic system and the associated critical role of the state in formulating and implementing economic policy were the main obstacles to faster technological development and greater involvement in the international division of labour. Conflicting views on development policies were one of the fundamental problems. It was primarily about a clash of two directions. The first was represented by Serbia, which sought to strengthen the role of the federal state as well as restore the centralist planning system and distribution, and the second by Slovenia and Croatia, which aimed at continuing decentralization and modernization of the economic system. In a way, the economic reform of 1965 represented the victory of the Slovenian direction, as a special working group led by Boris Kraigher was chosen to prepare it. The reform and its measures were promising, at least in the first phase, but the indisputable fact is that the reform failed completely and that it did not achieve the central goal of transforming the economy into a more modern self-governing market economy. Its design was schematic, uncoordinated and ideologically overburdened.[48] One of the greatest economic experts of the time, Aleksander Bajt, wrote in the mid-1980s that the reform planners were not yet able to grasp the crucial importance of the market in the economic life, as they looked at the market one-sidedly, so the prices of the products which they paid most attention to never reached their economic levels. After the failed reform, the federal party leadership adopted a stabilization programme, which also failed to meet expectations, as its restrictive measures had short-term effects, caused new setbacks and further increased disparities. In the first half of the 1970s, economic development in Yugoslavia was uneven and the economic trends cyclical and irregular. The culmination of efforts to contain the situation was the 1974 Constitution, which is an important milestone in the development of Yugoslavia, and many see it as one of the most important causes for the state disintegration and its economic problems. The Constitution was adopted by the Federal Assembly in a triumphant and self-satisfied manner, believing that it affirmed one of the supreme achievements of the human spirit. It had a double

47 Bučar, France. *Resničnost in utvara* [*Reality and Illusion*]. Maribor: Obzorja, 1986, p. 5.

48 For more details, see Prinčič, Jože, Borak, Neven. *Iz reforme v reformo. Slovensko gospodarstvo 1970–1991* [*From Reform to Reform. Slovenian Economy 1970–1991*]. Ljubljana: Faculty of Social Sciences (Hereinafter: Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*]), 2006, pp. 127–143.

character: on the one hand, it regulated the organization of the federation and its functioning by strengthening the role of the republics and provinces and reducing the role of centralism, while on the other hand, it emphasized the class-oriented or the so-called worker-oriented character of the Yugoslav society and state with precise normative regulation of socio-economic relations based on self-government and associated labour. The actual division of power in companies, however, was far less democratic than the self-management normative system portrayed it: political authorities played a decisive role, managers had a significant influence due to business information, while workers as formal bearers of self-management were virtually powerless and in a subordinate position. In the early 1970s, a new manner of social planning came into force, based on the idea that the operation of market laws could be more effectively replaced by self-management arrangements between companies, based on the United Labour Act, adopted by the Federal Assembly on 25 November 1976. The economic system, as envisaged by law, according to which the newly transformed socialist companies (tozd – basic organization of associated labour, ozd – organization of associated labour, sozd – composite organization of associated labour) were supposed to coordinate their mutual interests and determine their mutual rights and responsibilities by themselves, did not bring anything positive in practice. The so-called "agreed economy" system strived for the companies to reach agreements with each other instead of competing, which is completely at odds with the principles of the market economy. The companies were thus becoming increasingly uncompetitive abroad and in general, while the prices were rising gradually but constantly. The agreements between basic organizations of associated labour were supposed to replace market rules, and the price of the final product was as high as they calculated and not such as the market was able to bear. The new economic arrangement only gave companies a new external appearance, while the content remained the same. The tozd organizations remained small companies, organized in the old manner. Even in 1986, they were the foundation of the agreed economy and became a symbol and synonym for bad luck. The agreed economy had even more weaknesses, one of which was that the employees in companies spent more time in meetings than actually working. Due to self-management decision-making, the effective working time was halved in 1975 and amounted to up to five hours a day. The agreed economy was maintained until the collapse of the state. The economic system established by the 1974 Constitution and the United Labour Act exacerbated the already disadvantageous situation. At the end of the 1970s, Yugoslavia entered a severe crisis, which deepened in the following years. The year 1980 represents an important turning point in the development of the Yugoslav socialist economy. The apparent successfulness vanished, and despite the efforts of the political leadership, the crisis came to the fore after Tito's death. The main causes of the crisis were indebtedness, outdated technology, trade and balance of payments deficits and huge development disparities. As early as the mid-1970s, Yugoslavia lagged behind the developed European countries in terms of the quality of its management. It had a high inflation rate, the highest employment rate in industry, low productivity, and it also lagged behind in real wages. Unlike the world economy, which aspired to qualitative structural changes and a higher level of development, Yugoslavia's economic policy did not strive for the accumulation to flow into technological development, did not promote productivity, knowledge and exports and did not adapt its production to existing energy sources. It is therefore not surprising that economic indicators in the following years, with inflation at the forefront, only deteriorated.[49] The authorities introduced vouchers for the basic necessities. The use of cars was first restricted by the authorities with regards to their registration numbers according to the so-called "even – odd" system (one day only cars with odd registration numbers could be used and the next day only cars with even registration numbers), followed by the introduction of vouchers for petrol. The worst was the energy crisis, as oil imports in the early 1980s were sufficient for just over 290 days of a year. The population was also affected by restrictions on imports, especially on the so-called "luxury" goods, which included, among other things, exotic fruit, coffee, as well as imported alcoholic beverages, foreign magazines and newspapers, and cosmetics. As citizens were crossing the border to buy the mentioned items, smuggling them across the border and using the foreign currency for them, which was desperately lacking, Belgrade bureaucrats introduced the so-called deposit or payment of the border-crossing fee. Some citizens ingeniously wired the deposit to their own account instead of the state

49 Lorenčič, Aleksander. Gospodarske razmere v Jugoslaviji v obdobju 1968–1988: na poti v razpad [Economic Conditions in Yugoslavia in the Period 1968–1988: On the Road to Disintegration]. In: Čepič, Zdenko (ed.). *Slovenija – Jugoslavija, krize in reforme 1968/1988* [*Slovenia – Yugoslavia, Crises and Reforms 1968/1988*]. Ljubljana: Institute of Contemporary History, 2010 (Hereinafter: Lorenčič, Gospodarske razmere v Jugoslaviji [Economic Conditions in Yugoslavia]. In: Čepič (ed.), *Slovenija – Jugoslavija* [*Slovenia – Yugoslavia*]), pp. 261–270.

one, and the customs officers, whom they had to show the money order form when crossing the border, of course did not check the account numbers for the most part. The introduction of the deposit provoked severe protests; especially the Slovenians, accustomed to the open border, understood it as a restriction of freedom.[50] The situation that prevailed was in many ways reminiscent of the war period and the first years after the war.[51] The Prime Minister of the Federal Government, Milka Planinc, who was from Croatia, wanted to restore order in 1982–1986 with a resolute policy, but she was too weak and had to constantly give in to strong social pressures and the interests of individual republics.[52] When in the late 1990s Planinc reflected on the inefficiency of the federal leadership in dealing with the crisis in the 1980s, she attributed the central blame to the Communist Party. According to her, the latter was the main obstacle to resolving the crisis, as it always tried to find an argument against more radical economic changes due to scepticism about the market, and it engaged mainly in "endless lamentations about the ideological and political situation, about the enemies of socialism, etc."[53] One of the greatest economic experts of the time, Aleksander Bajt, said about Milka Planinc that if she had been allowed to work, she might have settled the situation over time.[54]

One of the fundamental causes for the disintegration of Yugoslavia certainly lies in the insurmountable differences in the level of economic development between individual federal units. With development, economic differences were increasing, and the ideas of a new institutional integration of Slovenia as

50 Repe, Božo. *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*]. Ljubljana: Historical Review Collection – 23, Association of Historical Societies of Slovenia, 2001 (Hereinafter: Repe, *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*]), pp. 10–12.

51 Čepič, Zdenko. Gospodarska kriza [Economic Crisis]. In: Čepič, Zdenko et al. (ed.). *Slovenska novejša zgodovina 2, Od programa Zedinjena Slovenija do mednarodnega priznanja Republike Slovenije 1848–1992* [*Slovenian Contemporary History 2, From the United Slovenia Programme to the International Recognition of the Republic of Slovenia 1848–1992*]. Ljubljana: Mladinska knjiga/Institute of Contemporary History, 2005 (Hereinafter: Čepič, Gospodarska kriza [Economic Crisis]. In: Čepič et al. (ed.), *Slovenska novejša zgodovina 2* [*Slovenian Contemporary History 2*]), pp. 1151–1153.

52 Repe, *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*], pp. 10–12.

53 Vodopivec, Peter. Od poskusov demokratizacije (1968–1972) do agonije in katastrofe (1988–1991) [From Democratisation Attempts (1968–1972) to Agony and Catastrophe (1988–1991)]. In: Čepič, Zdenko (ed.). *Slovenija – Jugoslavija, krize in reforme 1968/1988* [*Slovenia – Yugoslavia, Crises and Reforms 1968/1988*]. Ljubljana: Institute of Contemporary History, 2010, p. 22.

54 Meier, *Zakaj je razpadla Jugoslavija* [*Why Yugoslavia Collapsed*], pp. 26–43.

the most developed among them were thus completely pointless.[55] Yugoslavia always tried to pursue the policy of reducing differences in the level of development of the republics according to the system of "developed to the less developed". Bosnia and Herzegovina, Montenegro, Macedonia and Kosovo had the status of less developed. In the middle of 1965, the Federal Fund for Crediting the Economic Development of the Insufficiently Developed Republics and Provinces was established. The Fund's assets were collected as a percentage of the domestic product of the social sector. This was just another of the misguided moves of the economic policy. Namely, the less developed republics and provinces did not accept responsibility for their economic development, they invested their funds only in the development of individual areas and believed that other investments were a common Yugoslav concern. They also did not repay their debts, and the funds received were often used for non-economic purposes. The same was revealed to be true for the Fund for Crediting itself. It should be noted that the development differences in Yugoslavia were in the ratio of 1:7, which in practice meant that Slovenia was seven times more developed than Kosovo and, as the most developed republic, also invested the most. Given the presented facts and the way economic policy was conducted, it is no surprise that Yugoslavia fell into a hopeless abyss of economic crisis.

The Yugoslav federal governments tried to solve the crisis of the Yugoslav economy by borrowing, but as will be seen below, they did the state a disservice. Until the 1970s, Yugoslavia did not engage in foreign borrowing to a great extent. The problems began in the 1970s, which is evidenced by the fact that indebtedness increased by 17 billion dollars in the period 1972–1981. The highest jump in borrowing occurred in 1977–1982, when the federal government was led by Veselin Djuranović. The reason for such borrowing was a significant deterioration in the current part of the balance of payments. For instance, the trade deficit increased from $ 1.7 billion in 1973 to as much as $ 7.9 billion in 1979. In addition, indebtedness was also caused by the grandiose investment goals of the five-year social plan for the period 1976–1980. Construction was blossoming during this time. The most famous projects of the period were the aluminium factory in Obrovac, the DINA petrochemical complex and the ironworks in

55 Štiblar, Franjo. Razvoj trgov Ex-Jugoslavije [Development of Markets of Ex-Yugoslavia]. *Gospodarska gibanja* [*Economic Trends*], No. 267, 1995/12, Institute of Economics, Faculty of Law (Hereinafter: Štiblar, Razvoj trgov Ex-Jugoslavije [Development of Markets of Ex-Yugoslavia]), pp. 23–43.

Smederevo. As early as 1982, however, Yugoslavia was no longer able to repay its debts. Nevertheless, the highest political level reached an agreement with the International Monetary Fund on the deferral of the debt and was also taking out new loans. Such actions only deepened the Yugoslav debt crisis and resulted in foreign creditors ceasing to be understanding. The pressure of the latter was growing, culminating in 1986–1988, when Branko Mikulić was the Prime Minister of the federal government. The central problem was the fact that the International Monetary Fund dictated the conduct of economic policy. It forced the federal government to abandon price controls, pursue a restrictive wage and credit policy, and cut public sector costs. In Yugoslavia, creditors' pressure was understood as interference in the internal affairs of the state, which ended with the resignation of Mikulić's federal government in December 1988, the first in the history of socialist Yugoslavia. 1988 was the year when the economic crisis entered its final phase before disintegration.[56] The debt crisis that engulfed Yugoslavia was the cause hiding deeper reasons of economic failure. Neven Borak believes that the debt crisis "in the Yugoslav situation heralded the final failure of the Yugoslav development plans and the investment cycle of the 1970s, financed by recycled oil dollars and triggered by estimates that a long-term rise in commodity prices again occurred in the global context".[57] The politicians did not acknowledge the crisis, they talked about "the accumulated problems in the economy", about "stabilization" and the like. The so-called Kraigher Commission was established, consisting of about 300 economists and politicians from all over Yugoslavia, whose task was to find a way out of the crisis. The word crisis was not used until the mid-1980s, however. It was only in 1985 that the Croatian economist Branko Horvat clearly wrote in his book *Jugoslavensko društvo u krizi* (*Yugoslav Society in Crisis*), which provoked strong reactions, that "the political system has become the main obstacle to economic and social development". The Kraigher Commission basically insisted on the foundations of the economic system of the 1970s, written in the Constitution (1974), on the United Labour Act (1976) and the resolutions of the 10th and 11th Congresses of the League of Communists of Yugoslavia (1978 and 1982) – the

56 Lorenčič, Gospodarske razmere v Jugoslaviji [Economic Conditions in Yugoslavia]. In: Čepič (ed.), *Slovenija – Jugoslavija* [*Slovenia – Yugoslavia*], pp. 270–273.

57 Borak, Neven. *Ekonomski vidiki delovanja in razpada Jugoslavije* [*Economic Aspects of the Operation and Disintegration of Yugoslavia*]. Ljubljana: Science and Journalism Centre, Spekter Collection, 2002 (Hereinafter: Borak, *Ekonomski vidiki* [*Economic Aspects*]), pp. 137–138.

latter confirmed the economic stabilization programme, although in relatively frank discussions about individual segments of the economic system, some economists involved in the commission warned that without the introduction of a market system Yugoslavia would not be able to overcome the economic crisis

The Slovenian economic situation in the Second Yugoslavia did not differ significantly from the situation in the First. In the time of communism, the Slovenian economy had to subordinate its programmes, operations, production and goals to the demands of the entire state even more than in the past. Nevertheless, Slovenia was and has remained the most economically developed and successful part of the Yugoslav state. As Peter Vodopivec wrote, "communism – as it did elsewhere – managed to modernize and improve social and economic conditions in Yugoslavia as well, but it did not – as the American economist John Kenneth Galbraith pointed out – succeed in reducing the state's economic lag behind its western neighbours".[58] In a system like that, such a thing was very difficult to achieve. A group of Serbian economists, led by the academician Kosta Mihajlović, considered the collapse of the Yugoslav economy to be the fruit of a Slovenian conspiracy. The latter was said to date back to the post-war "dismantling" of the Serbian industry and its "relocation" to Slovenia. According to this theory, the economic reform of 1965, the Constitution of 1974 and the amendments to the Slovenian constitution of 1989 were only stages in the implementation of the conspiracy. Regardless, it must be pointed out that the conspiracy theory did not have many supporters among "serious" economists.[59] There were also those who realized that Slovenia was not for Yugoslavism. "I am probably the first Serbian communist to realize that you Slovenians are not for Yugoslavism, that you are for your independent nation state within Yugoslavia, under specific political conditions", the Serbian writer Dobrica Ćosić wrote in a 1986 letter to Spomenka Hribar.[60] The disintegration of Yugoslavia was certainly not merely the result of the extremely tense national, economic and political divisions after Tito's death, but also the consequence of a much longer

58 Vodopivec, Peter. *Od Pohlinove slovnice do samostojne države. Slovenska zgodovina od konca 18. stoletja do konca 20. stoletja* [*From Pohlin's Grammar Book to an Independent State. Slovene History from the End of the 18th Century to the End of the 20th Century*]. Ljubljana: Modrijan, 2002, p. 385.

59 Mencinger, Jože. Slovensko gospodarstvo med centralizmom in neodvisnostjo [Slovenian Economy between Centralism and Independence]. *Nova revija* [*New Magazine*], Vol. IX, No. 95, March 1990 (Hereinafter: Mencinger, Slovensko gospodarstvo [Slovenian Economy]), pp. 490–495.

60 Repe, Razmere v Sloveniji [Situation in Slovenia] (manuscript).

crisis rooted in contradictions and undemocratic foundations of the Yugoslav political and economic system. A full thirty years of failed reform attempts, however, finally reached its epilogue in 1989–1991.[61]

Loans, building of houses and holiday cottages

As already mentioned, in 1988, if not earlier, the Slovenian politics finally came to terms with the fact that the development possibilities of the Slovenian and Yugoslav economies were limited and without a future. There were several reasons for such a realization, one of which was certainly that two development "strategies" prevailed in the state, namely the Slovenian and the Serbian one. Slovenia was frequently reproached of being oriented towards the West, towards consumerism and the desire for modernization. How could there not exist such a craving? Since the 1960s, it was possible to get a passport and go "out into the world", on a trip or a search for an employment opportunity. The Slovenians were massively crossing the border to go shopping, and the long lines of cars wound to and from the Austrian and Italian borders until restrictions were implemented in the 1980s. In practice, the citizens still travelled across the border, buying with foreign currency and "smuggling". Payment of the border-crossing fee was introduced, but it often occurred that citizens wired it to their own account instead of the state one. This was a period when citizens increasingly strived for the freedom enjoyed by the Germans and Austrians, for instance, and an idealized image of capitalism was very much alive. In general, the fact that the 'Gastarbeiters' drove home in Mercedes and BMWs greatly contributed to this. If we skip a decade or so, the idealized image of capitalism, the so-called image of capitalism with a human face, quickly dissipated.[62]

In the 1980s, the grey economy increased and the dinar was regularly exchanged for foreign currency. People were building houses and holiday cottages, especially because loans began to gain real value only in the mid-1980s, and Slovenia had almost full employment by the end of the 1980s. It was at the top of the world in terms of the share of employed people in the total population or in the active population, as well as in terms of the share of employed people in

61 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], p. 613.

62 Lorenčič, Aleksander. Life in the Second Yugoslavia through the Prism of Selected Indicators: The Slovenian Experience. In: *Review of Croatian History*. 2015, Vol. 11, No. 1, pp. 101–120.

industry and mining. On the other hand, with regards to labour productivity, educational structure and standard of living, it was far from the world top. In 1987, only 1.6 percent of the active population was unemployed and 3 percent in 1989. After that, unemployment rose dramatically. It is a known fact today that Slovenians are at the European top when it comes to owning houses, most of which were built precisely in the 1970s and 1980s. It is estimated that there are as many as 168,000 of these houses, and almost half of the owners are retired today. That period was also marked by construction. Most houses from that time have several rooms, two or more floors and a raised attic for an additional apartment, as they were built with the idea of living together with children.[63]

Realization and implementation of major projects

In the early 1980s, the construction of Cankarjev dom (the Cankar Centre) was completed, which was the largest investment in culture in the 20th century. Already in the mid-1970s, the idea of building a modern event centre in Ljubljana was presented at a session of the national committee. Radiotelevizija Ljubljana (the Radio-Television of Ljubljana), Ljubljanska banka (the Bank of Ljubljana), Iskra, Emona Ljubljana, PTT Ljubljana and the Investment Institute for the Construction of Ljubljana's Revolution Square also took part in the preparation of the programme, construction, financing and supervision in addition to the Republic, the City and the Municipality of Ljubljana. The Cankar Centre was built by thousands of workers, technicians and engineers, as well as more than two hundred companies that participated in the design, construction, installation, craft and other works. In the spring of 1980, the first cultural and congress events already took place in the Linhart Hall, while the remaining halls were completed in the following years. Among the largest projects of that time or a little earlier was also the construction of the central building of the Medical Centre, which began in 1966, and the modernization of roads. The final investment value of the Medical Centre was 617 million dinars in

63 Lorenčič, Aleksander. Od »cokle« za razvoj do EU: osemdeseta – leta, ki so porodila spoznanje, da so razvojne možnosti izčrpane [From the "Obstacle" for Development to the EU: The Eighties – The Years that Gave Birth to the Realization that Development Opportunities are Exhausted]. *Mladina*. [Printed ed.]. 27 November 2020, special No. of *Mladina* – Zgodovina, rojstvo države, 1. del [History, the Birth of the State, Part 1] (Hereinafter: Lorenčič, Od »cokle« za razvoj do EU [From the "Obstacle" for Development to the EU]), pp. 32–37.

1975 (revalued according to the SORS calculation as 153 million euros in 2020). The construction of the central building of the Medical Centre took almost 10 years. In March 1969, a law was passed on the modernization of the road from Šentilj to Nova Gorica, and a decree on the modernization of the road sections Vrhnika – Postojna – Razdrto and Hoče – Levec was adopted. In May 1970, the construction of the first, 30-kilometer-long motorway from Vrhnika to Postojna began, which was opened for traffic in December 1972. After that, between 1970 and 1994, 198.4 km of motorways were built.[64]

A number of world-renowned brands

Among the new products with which Slovenian companies conquered the Yugoslav market under their own or licensed brand, there were quite a few that marked the everyday life of the post-war generations. Apart from the younger generations, who are also familiar with most of these brands, who does not know the Pony bike (Rog Ljubljana), the beverages Ora, Schweppes, Viljamovka, Boonekamp (Talis Maribor), the Gorica mortadella, the Karst prosciutto (MIP Nova Gorica), the Thomy mayonnaise and mustard (Kolinska Ljubljana), the Subrina shampoo, the Mixal washing powder, the Solea cream (Zlatorog Maribor), the Peggy pantyhose (Polzela), the R-4 car (IMV Novo mesto), etc. Until the mid-1970s, a special problem in the promotion of Slovenian brands was the mandatory use of the 'Made in Yugoslavia' label. As the latter was ranked among the last in the market classification of national brands, the products of Slovenian companies with this label could not break through to a higher price category. For economic reasons, companies such as Elan Begunje, Gorenje Velenje, Kolektor Idrija and Sava Kranj thus preferred to sell their products under foreign brands or through a foreign partner. Until the 1970s, Elan was only able to market its skis abroad to a satisfying degree under the auspices of a wide variety of companies, from Italian to Norwegian, and thus gradually entered the market of global ski manufacturers. It was not until 1977 that Elan put the label 'Made in Yugoslavia' on its skis for the first time and was able to sell them in 36 countries without issues.

In 1985, the Chamber of Commerce and Industry of Slovenia prepared a material entitled *Quality – An Essential Element of Our Economic Success*.

64 Ibid.

The National Assembly adopted it and advocated for its implementation. That year, the redoubled efforts to increase exports revived the interest of business planners and companies in the brands. At the same time, due to the deepening economic crisis and the associated supply reduction, the customer interest in individual brands largely died down in Slovenia. As noted by Dr. Jože Prinčič, the number of registered Slovenian brands of Slovenian companies was close to thousand by 1989, and there were several times more products with new names and images. Despite the mentioned obstacles and predicaments, most of the products of the Slovenian industry bore a brand, whereby foreign names were also used. Numerous companies were among the manufacturers with a recognized brand. The Iskra Kranj trademark was known all over the world, among others. In 1981, its Eta 80 phone (locally called 'fitipaldi') received the highest international awards for design and remained the world standard for phone design until the end of the decade. Krka Novo mesto developed its own drug technology and protected it with around 400 patents. In the 1970s, Gorenje Velenje became one of the largest manufacturers of household appliances with a modern sales and service department.[65] As Ivan Atelšek, the founder and long-term director of Gorenje, told me during our conversation, it often brought tears to his eyes when he realized that despite the poor support from the state and modest capital, they could still compete with large companies. In collaboration with the American Borroughs, they were also able to successfully develop computing and create the first Yugoslav robot. In 1978, Gorenje decided to buy the Bavarian company Körting from Grassau. The purchase of this company was approved by the entire Slovenian political leadership with Edvard Kardelj at the head. The latter told Atelšek at the time of the purchase: "This is a big thing, it just needs to be executed. I hope you have enough strength, which you have already proven." Atelšek and his team established a large business system, with companies across the country and abroad, employing around 22,000 workers in its golden age. During the time of transformations into basic organizations of associated labour, which were often in conflict with production and economics, he often came in conflict with the politics, which ultimately resulted in his

65 For more details, see: Lorenčič, Aleksander, Prinčič, Jože. Slovenska industrija od nastanka do danes [Slovenian Industry from Its Inception to the Present Day]. Razpoznavanja/Recognitiones: Institute of Contemporary History, Ljubljana, 2018 (Hereinafter: Lorenčič, Prinčič, Slovenska industrija [Slovenian Industry]).

departure from the position of Gorenje's director.[66] The company Alpina Žiri was also highly successful, as it was one of the main manufacturers of ski boots. In the 1980s, it controlled a 5% share of the global ski boot market with its own brand. Radenska Radenci was the fourth largest producer of mineral water in the world. Metalna Maribor established itself in foreign markets with the equipment for hydroelectric power plants and coal mines, and in cooperation with foreign companies, it participated in the construction and implementation of large energy projects on all continents. At the end of the 1970s, Tovarna lepenke in papirja Sladki Vrh (the Sladki Vrh Cardboard and Paper Factory) became a name for quality in the field of paper products, while Industrija usnja Vrhnika (IUV) (the Vrhnika Leather Industry) became the largest producer of pigskin leather in the world in the 1980s.

Unsuccessful extinguishing of fire

In the 1970s and early 1980s, Slovenia managed the economy with a greater degree of care and success than other republics by repaying its loans, taking new ones with caution and relying more on its own resources. Nevertheless, the economic crisis did not bypass it; in some areas, it affected it even more severely than other parts of the state.[67] Slovenia was no longer able to play the "locomotive" pulling the entire Yugoslav economy out of the crisis, because the economic policy in Belgrade followed the less developed and underdeveloped "south", which represented the larger part of the state.[68] In fact, the Slovenian economy stagnated already in 1984, and in the first months of 1985, in addition to the polar air, it was also hit by an icy economic "shower": production fell sharply,

66 Lorenčič, Aleksander. Atelšek, Ivan. In: Šterbenc Svetina, Barbara (ed). *Novi Slovenski biografski leksikon* [*New Slovenian Biographical Lexicon*]. 1st ed. Ljubljana: Založba ZRC, 2013, Vol. 1: a, pp. 284–285, portrait.

67 Prinčič, Jože. Gospodarski vidiki osamosvajanja Slovenije (1986–1991) [Economic Aspects of Slovenia Gaining Independence (1986–1991)]. In: Perovšek, Jurij et al. (ed.). *Slovenska osamosvojitev 1991. Pričevanja in analize*. [*Slovene Independence 1991: Testimony and Analysis*]. Brežice Symposium: Association of Historical Societies of Slovenia/National Assembly, 2002 (Hereinafter: Prinčič, Gospodarski vidiki [Economic Aspects]. In: Perovšek et al. (ed.), *Slovenska osamosvojitev* [*Slovene Independence*]), pp. 33–56

68 Repe, Božo. *Jutri je nov dan. Slovenci in razpad Jugoslavije* [*Tomorrow is a New Day. Slovenes and the Disintegration of Yugoslavia*]. Ljubljana: Modrijan, 2002 (Hereinafter: Repe, *Jutri je nov dan* [*Tomorrow is a New Day*]), p. 134.

exports were slower than imports and prices and wages were growing. The autumn months of that year brought an increasingly "dark" image of managing the economy in our republic. The Slovenian economy was declining in 1986 and 1987 as well, as the growth rates of the social product, industrial production and investments in fixed assets were negative. The falling economic growth did not stop in the following years, but also engulfed companies such as Iskra, Tam, Litostroj, Slovenske železarne (Slovenian Steelworks), SCT and Strojne tovarne Trbovlje (Machine Factories Trbovlje), which were the locomotive of Slovenian development and above-average exporters. The development crisis and the decline in economic activity were accompanied by other negative phenomena: low productivity, foreign exchange illiquidity and rising burdens on the economy; among the sixty different types of contributions and taxes, liabilities to federal funds increased the most. These negative phenomena increased income-sharing disputes, hampered the entry of foreign capital, caused high losses, bankruptcies, the rise of unemployment and the cost of living, reduced the volume and efficiency of investment, and greatly slowed down the quality of economic transformation. The realization was growing that our republic is increasingly lagging behind the developed world. In the second half of 1990, i.e. after the political changes in Slovenia, the situation of the Slovenian economy did not improve. The industrial production increased only in September and October, while in November it stopped again, as did other economic activities. Exports were falling during this period, while imports were rising, investments were declining and unemployment was growing. In September 1990, prices began to rise, and in October, due to excessive spending by the public sector, financial problems began, which were joined by the general dinar illiquidity in November – also due to the "attack" of the population on foreign currency deposits.[69]

The extensive materials of the Slovenian Executive Council in the 1980s, that is during the mandate of Janez Zemljarič (1980–1984) and then Dušan Šinigoj (1984–1990), show that "the Executive Council was mainly concerned with directing the Slovenian economy to the west 'at any cost' – by providing funds to repay debts, by terrible administration, due to which during the entire 1980s, the planes to Belgrade were full of businessmen who flew there for various permits, and by unsuccessful attempts to protect the Slovenian economy from

69 Prinčič, Gospodarski vidiki [Economic Aspects]. In: Perovšek et al. (ed.), *Slovenska osamosvojitev* [*Slovene Independence*], pp. 33–56.

the immense greed of the federal treasury (initially, this concerned disaster relief, the organization of expensive international sporting events and other non-budgetary items, but gradually also funds for the underdeveloped, the financing of the Yugoslav People's Army and other budget items.)." Zemljarič's government had to deal with the oil and debt crisis at the Slovenian level, while Šingoj managed to increase the volume of foreign trade, but also the deficit. Despite the crisis, however, neither of the two governments (except partly in the last period of Šinigoj's mandate) had to face organized union resistance. Even in the first half of the 1980s, the number of short-term strikes was lower than in the 1970s. The United Labour Act did not even provide for how conflicts should be resolved. It was not until the strike rules were formulated in 1987 that discussions on amending the Act began, and at the end of the 1980s, trade union pluralism also began to develop gradually.[70] In 1985, the Slovenian political leadership finally realized the need to abandon the defensive policy towards the federal centre. It was then that they recognized the need to be more active and determined. The long-term plan for the economic development of the Socialist Republic of Slovenia in 1986–2000 was the first prominent result of a more active attitude of Slovenian politics towards Belgrade, as one of its priorities in the economic field became limiting the cooperation of the Slovenian economy with the economies of other republics and its closer connection with the developed Western world. In 1987, Slovenia realized that it was no longer possible to support the measures of federal bodies, because this would mean the collapse of the domestic economy. The following year, however, Slovenian politics apparently came to terms with the fact that the development possibilities of the Slovenian and Yugoslav economies were limited and without a future. There were several reasons for this realization, two of which were decisive. The first was that two development "strategies" prevailed in the state, the Slovenian and the Serbian. According to the first man of the League of Communists of Slovenia, Milan Kučan, the Slovenian strategy was based on technological innovation and development, with a society open to the world, while the Serbian one advocated closed society and autarky. The second reason, however, was the debate on amending the federal constitution.

At the end of 1989 and the beginning of 1990, a number of events took place that began to push Slovenia on the path of economic independence. In September 1989, the Slovenian Assembly adopted the amendments to the

70 Repe, *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*], pp. 12–13.

Slovenian Constitution, which included Slovenia's economic sovereignty. In December of the same year, Serbian economic war against Slovenian companies broke out, which caused more than a hundred million dollars in damage to the Slovenian economy and served as a proof to the Slovenian politics that the federal government does not and cannot prevent arbitrary measures by individual republics.[71] According to a survey by the Chamber of Commerce and Industry of Slovenia (GZS), 229 Serbian companies severed ties with Slovenian companies, affecting especially the export of textiles, furniture, white goods, electrical appliances, cosmetics and food industry products. In 1988, Slovenia bought goods worth 2.1 billion dollars in Serbia or 8.8 percent of all purchases and sold goods worth 2.6 billion dollars or 8.1 percent of all sales. The financial claims of Slovenian companies to Serbia amounted to more than 205 million dollars. According to the estimates by the Chamber of Commerce and Industry, if sales to Serbia fell by 100 percent, production in Slovenia would decrease by 15 percent and net wages by 13.8 percent, which were rather high numbers even during the crisis (calculations were also made for smaller percentages of the decline in trade). Serbia acted selectively and carried out the blockade where it caused the least harm to itself; it counted on the fact that Slovenia's countermeasures would not be so quick and effective and that the boycott would therefore achieve its purpose. The boycott was supervised by political institutions, and it was accompanied by demands for the removal of leading personnel in those companies that still cooperated with Slovenia. The suspension itself also had a broader dimension and purpose: to block the Yugoslav economic reform initiated by Marković at the time.[72] One of the aims of the blockade was also to prove that Slovenia could not survive without the Yugoslav market. It is necessary to take into account that those opposing the secession of Slovenia often claimed that "the tendencies of economic independence contradict modern world trends, that the Slovenian economy is too small, that it has a reliable market for selling expensive and poor industrial products in Yugoslavia, as well as for cheap purchases of raw materials and labour".[73] Marković's perception of Yugoslavia, which he envisioned as a "convoy" in which speed had to be adjusted to the slowest ship, was also decisive. This vision was accepted in Slovenia as

71 Prinčič, Gospodarski vidiki [Economic Aspects]. In: Perovšek et al. (ed.), *Slovenska osamosvojitev* [*Slovene Independence*], pp. 33–56.

72 Repe, *Jutri je nov dan* [*Tomorrow is a New Day*], pp. 141–142.

73 Mencinger, Slovensko gospodarstvo [Slovenian Economy], pp. 490–495.

threatening and unacceptable. The Slovenian government responded to these interventions and threats with a delay. Its measures (suspension of payment of part of the money to federal funds, Declaration on the Regulation of Relations of General Importance for the Republic of Slovenia and other) showed a connection between the need for a more independent economic development and the demand for the transformation of Yugoslavia into a confederation.[74] Due to the fact that Marković's economic reforms also failed, the Slovenian political leadership was forced to take even more decisive action.

The autumn months of 1989 were marked by the demands for an anti-inflation programme and quite a few stabilization plans were prepared. One of these plans was the one by Jeffrey Sachs, who was at the height of his fame at the time due to the elimination of Bolivian hyperinflation. Sachs was an economist who, as we know, left deep traces not only in the Yugoslav but also in the Slovenian economy. Another similar plan, created almost a month before Sachs', was designed by the Slovenian economist Velimir Bole from the Institute of Economics of the Faculty of Law. The latter plan is almost completely unknown to the Slovenian public and, despite being presented to the President of the Federal Executive Council and a group of his advisers, it was never taken seriously. Only Neven Borak presented Bole's idea in more detail in his book, which, as he wrote, he found necessary, especially because modesty and some unwritten rules prevented Bole from doing it himself. Bole's plan presupposed two phases in the stabilization process, and the peculiarity of his idea was the introduction of a dual currency as a means of creating full indexation of the economy and at the same time preparing for its transition to operating in the low-inflation conditions. The third plan, which was used in practice, was conceived by Ante Marković.[75] Unfortunately, it ended in complete failure. Upon the beginning of his tenure, Marković reawakened a ray of hope that the situation in the country would improve. He announced the independence of economic entities and the reduction of state regulation and its "normativism" as his priorities. However, despite the disastrous results in the following months, the federal government did not rush to prepare an anti-inflation programme, nor a comprehensive strategy of global economic

74 Prinčič, Gospodarski vidiki [Economic Aspects]. In: Perovšek et al. (ed.), *Slovenska osamosvojitev* [*Slovene Independence*], pp. 33–56.

75 Borak, Neven. *Spočetje ekonomske samostojnosti* [*Conception of Economic Independence*]. Ljubljana: Science and Journalism Centre, Forum Collection, 1992 (Hereinafter: Borak, *Spočetje ekonomske samostojnosti* [*Conception of Economic Independence*]), pp. 19–31.

restructuring. The anti-inflation programme presented by the government in December 1989 was no longer based on a gradual curbing of inflation, but on shock therapy – unilateral and drastic economic measures, with which prices were expected to increase by only 13 percent next year. Marković's Programme of Economic Reforms and Measures, which were to be implemented in 1990, was based on the convertible dinar and a fixed exchange rate, on restrictive monetary and financial policy, on the liberalization of prices and markets, and on the wage freezes at the level of November 1989. The programme received general support at home and abroad and was at the same time the subject of a warning from the economists that "there might not be much left of it" in half a year. By May 1990, Marković managed to significantly reduce inflation, but he failed to halt the decline in production and exports and to restore the joint Yugoslav market, which was the foundation of state unity in his vision. When the programme had to be perfected in June, he gave priority to political decisions (promotion of political programmes and parties), which were supposed to ensure the formation of a new socialism and its third path. These long-term solutions, accompanied by a few completely misguided moves in the summer months (omission of exchange rate adjustments, wage increases in the federal administration, selective lending to agricultural companies), were unsuitable for the current situation and even harmful for the consolidation of the achieved stabilization, resulting in the programme failing in the autumn of 1990. In January 1991, Marković prepared a minimum programme for the functioning of the state during the transition period, which no longer had any influence on the further development of events.[76]

Solving the crisis was more like putting out a fire than looking for the real causes of it. On the one hand, governments were opting for restrictive measures in the field of supply, and on the other hand, for compromises in changes of the economic system. Although there were more and more discussions about the market economy and the so-called market mechanisms, the agreed economy remained in place.[77] The Yugoslav social crisis of the 1980s exposed the ideological, political and economic collapse of socialism. As Bogomir Kovač wrote, socialism was "undoubtedly the most influential social ideology of the 20th cen-

76 Prinčič, Gospodarski vidiki [Economic Aspects]. In: Perovšek et al. (ed.), *Slovenska osamosvojitev* [*Slovene Independence*], pp. 33–56.

77 Čepič, Gospodarska kriza [Economic Crisis]. In: Čepič et al. (ed.), *Slovenska novejša zgodovina 2* [*Slovenian Contemporary History 2*], pp. 1151–1153.

tury, initially offered as a rounded political-economic system (socially-owned property, planning, division of labour, direct political democracy), when in fact it became a political project of the communists of how to win and maintain the economic power in society".[78] The crisis of the early 1980s had thus revealed the impotence of the socialist economy, but it took almost a decade for the final realization that it could not be reformed. The disintegration was the result of the establishment of a normal state of the conflict of interests and the realization that "there is no Tito after Tito".[79] Janez Drnovšek also believed that the 1980s were the years when a mental shift occurred in people and they began to believe and work for the values that distinguish the Western world: "I think we all started thinking about this in the 1980s. At least I was thinking a great deal about it when it became more and more clear that we were falling behind. Throughout the 1980s, the Yugoslav state stagnated, especially in the field of economy. It was becoming clear that changes had to occur, and democratic values were becoming increasingly important. It was an awakening, not only in Slovenia, but in the entire Central and Eastern Europe. In Slovenia, the aspirations for change were largely due to the backwardness and lack of prospects that the previous regime and the previous state had shown especially in the last decade. It was obvious that there was no way out." Drnovšek also pointed out the following about the socialist system or period: "The socialist era had obviously brought some advantages, perhaps even greater social security to some classes who find it harder to make ends meet in a competitive market system. In the long run, however, the socialist system was less successful and less competitive than the current one, which is why it did not survive. In an independent state, we then had to make up for the period when we lagged far behind the growth of developed European countries."[80] The last President of the Presidency of the Socialist Republic of Slovenia and the long-time President of the Republic of Slovenia Milan Kučan also took a stance on the break-up of the SFRY. During his speech to the businessmen in November 2005 in Graz, Austria, he said: "The

78 Kovač, Bogomir. *Rekviem za socializem. Ekonomske reforme v socialističnih državah*. [*Requiem for Socialism. Economic Reforms in Socialist Countries*]. Ljubljana: DZS, 1990, p. 143.

79 Mencinger, Slovensko gospodarstvo [Slovenian Economy], pp. 490–495.

80 Možina, Jože. »Politika postane manj pomembna«. Pogovor z Janezom Drnovškom ["Politics Becomes Less Important". Conversation with Janez Drnovšek]. *Revija Ampak* [*Ampak Magazine*], Vol. 4, No. 4, April 2003 (Hereinafter: Možina, »Politika postane manj pomembna« ["Politics Becomes Less Important"]), pp. 26–30.

break-up was the result of a long-lasting political, economic and value crisis of a former multinational, multicultural federation based on the ideology of the socialist self-government. The crisis was largely an expression of the general crisis of the European communist world generated by the Soviet Union with its essentially Bolshevik system, adapted to the conditions of the Cold War and the bloc's measurement of political and military power and maintaining the balance of fear."[81] The economic situation in which Yugoslavia found itself was an important factor in the dissatisfaction of the Yugoslav nations, and it is not surprising that economic circumstances "created fertile ground for fuelling economic and political nationalism and accusations of exploitation", as pointed out by Borak.[82]

Formation of political space

On the basis of the Political Association Act[83] and the Assembly Elections Act[84], the Slovenian political space was finally formed in the beginning of 1989. The opposition associations and socio-political organizations transformed into classic political parties, and the president of the assembly, Miran Potrč, called elections for 8 April 1990.[85]

The key act in the formation of the Slovenian democratic space was the decision of the opposition associations to no longer participate in the so-called "round table" and to form a joint organization. The representatives of the Slovenian Democratic Union (Slovenska demokratična zveza – SDZ), the Slovenian Christian Democrats (Slovenski krščanski demokrati – SKD), the Slovenian Social Democratic Union (Socialdemokratska zveza Slovenije – SDZS) and the Slovenian Farmers' Alliance (Slovenska kmečka zveza – SKZ) met on 27 November 1989 at the home of the president of the Slovenian Farmers'

81 Speech by Milan Kučan.

82 Borak, *Ekonomski vidiki* [*Economic Aspects*], p. 194.

83 UL SRS [Official Gazette of the Socialist Republic of Slovenia] (Hereinafter: Official Gazette of the Socialist Republic of Slovenia), 42/1989.

84 Ibid.

85 Babič, Blaž. Predvolilni gospodarski program koalicije Demos [Pre-Election Economic Programme of the Demos Coalition]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLVIX, No. 2, 2009 (Hereinafter: Babič, Predvolilni gospodarski program koalicije Demos [Pre-Election Economic Programme of the Demos Coalition]), pp. 171–172.

Alliance Ivan Oman and signed an agreement to form an opposition coalition. Demos – Democratic Opposition of Slovenia (Demokratična opozicija Slovenije) was thus established. On 4 December 1989, Demos formalized an agreement between three parties (SDZ, SDZS, SKD) and one alliance (SKZ) and introduced itself to the Slovenian public with a statement by Jože Pučnik that their aim was to take responsibility for the Slovenian state and "therefore win power". Demos was also joined by the Greens of Slovenia (Zeleni Slovenije). The parties signed an agreement on the establishment of Demos on 8 January 1990 for the purpose of joint participation in the parliamentary elections. The Slovenian Small Businessmen's Party (Slovenska obrtniška stranka) and the Grey Panthers Party (Stranka sivih panterjev) later joined Demos as well. In the autumn of 1989, the former leading socio-political organizations began to transform into parties as well: the Association of Socialist Youth of Slovenia (Zveza socialistične mladine Slovenije – ZSMS) retained its acronym and changed its name to For the Freedom of the Thinking World (Za svobodo mislečega sveta), while the Socialist Alliance of the Working People of Slovenia (Socialistična zveza delovnega ljudstva Slovenije – SZDL) was renamed the Socialist Alliance of Slovenia (Socialistična zveza Slovenije) in early January. The League of Communists of Slovenia (Zveza komunistov Slovenije – ZKS) was renamed as the last among the political organizations in power.[86] However, the Slovenian communists bearing a new name won only 17.3 percent of the vote and almost the same share of seats in the elections for the socio-political assembly and thus had to concede victory to the opposition. In Slovenia, there was no change at the top of the Communist Party, but its public positions visibly changed.[87] Demos thus succeeded, but even its leaders did not believe in winning the election. In November 1989, the president of Demos, Jože Pučnik, considered it a success if the opposition made it to the Slovenian parliament at all and consolidated itself as a strong faction. He expected that Demos would only learn the techniques and skills of political work after the first election, and

86 Čepič, Zdenko. Volitve aprila 1990 [Elections in April 1990]. In: Čepič, Zdenko et al. (ed.). *Slovenska novejša zgodovina 2, Od programa Zedinjena Slovenija do mednarodnega priznanja Republike Slovenije 1848–1992* [*Slovenian Contemporary History 2, From the United Slovenia Programme to the International Recognition of the Republic of Slovenia 1848–1992*]. Ljubljana: Mladinska knjiga/Institute of Contemporary History, 2005, pp. 1283–1290.

87 Šušteršič, *Politično gospodarski cikli* [*Political and Economic Cycles*], pp. 198–210.

that its victory in 1994 was much more realistic.[88] On June 25, the party adopted three key independence documents, and six months later a new constitution, which introduced a classic parliamentary system with a new representative and legislative body called the National Assembly. Only a short time later, Demos disintegrated and classic party antagonisms erupted, resulting in Peterle's government falling as well. The new government, which then lasted until the first parliamentary elections, was formed in April 1992 by Janez Drnovšek.[89]

88 Pesek, Rosvita. Osamosvojitev Slovenije. »Ali naj Republika Slovenija postane samostojna in neodvisna država?« [Independence of Slovenia. "Should the Republic of Slovenia Become an Independent and Sovereign State?"]. *Nova revija* [*New Magazine*], 2007, p. 121.

89 Gašparič, Jure. *Državni zbor 1992-2012: o slovenskem parlamentarizmu* [*National Assembly of the Republic of Slovenia 1992–2012: About Slovenian Parliamentarism*]. Ljubljana: Institute of Contemporary History, 2012, p. 25.

Jeffrey Sachs upon his arrival in the Slovenian Parliament, photo by Tone Stojko

Jeffrey Sachs during his appearance in the Slovenian Parliament, photo by Tone Stojko

Vouchers of different values

© Muzej za novejšo zgodovino

© Muzej za novejšo zgodovino

© Muzej za novejšo zgodovino


REPUBLIKA SLOVENIJA
2
SPECIMEN
2
DVA
0617
AA 00000000


REPUBLIKA SLOVENIJA
5
SPECIMEN
5
PET
0617
AA 00000000


REPUBLIKA SLOVENIJA
50
SPECIMEN
50
PETDESET
0617
AA 00000000

Slovenian tolar


BANKA SLOVENIJE
20
DVAJSET TOLARJEV
20
Janez Vajkard Valvasor 1641-1693


BANKA SLOVENIJE
50
PETDESET TOLARJEV
50
Jurij Vega 1754-1802


BANKA SLOVENIJE
200
DVESTO TOLARJEV
200
Iacobus Gallus 1550-1591


© Muzej za novejšo zgodovino
500
BANKA SLOVENIJE
500
PETSTO TOLARJEV
Jože Plečnik 1872-1957


© Muzej za novejšo zgodovino
5000
BANKA SLOVENIJE
5000
PET TISOČ TOLARJEV
Ivana Kobilca 1861-1926

3 November 1992, stroke in the company Itas in Kočevje, photo by Marjan Ciglič

Demonstrations, Ljubljana, 11. September 1991, photo by Tone Stojko

Demonstrations, Ljubljana, 11. September 1991, photo by Tone Stojko

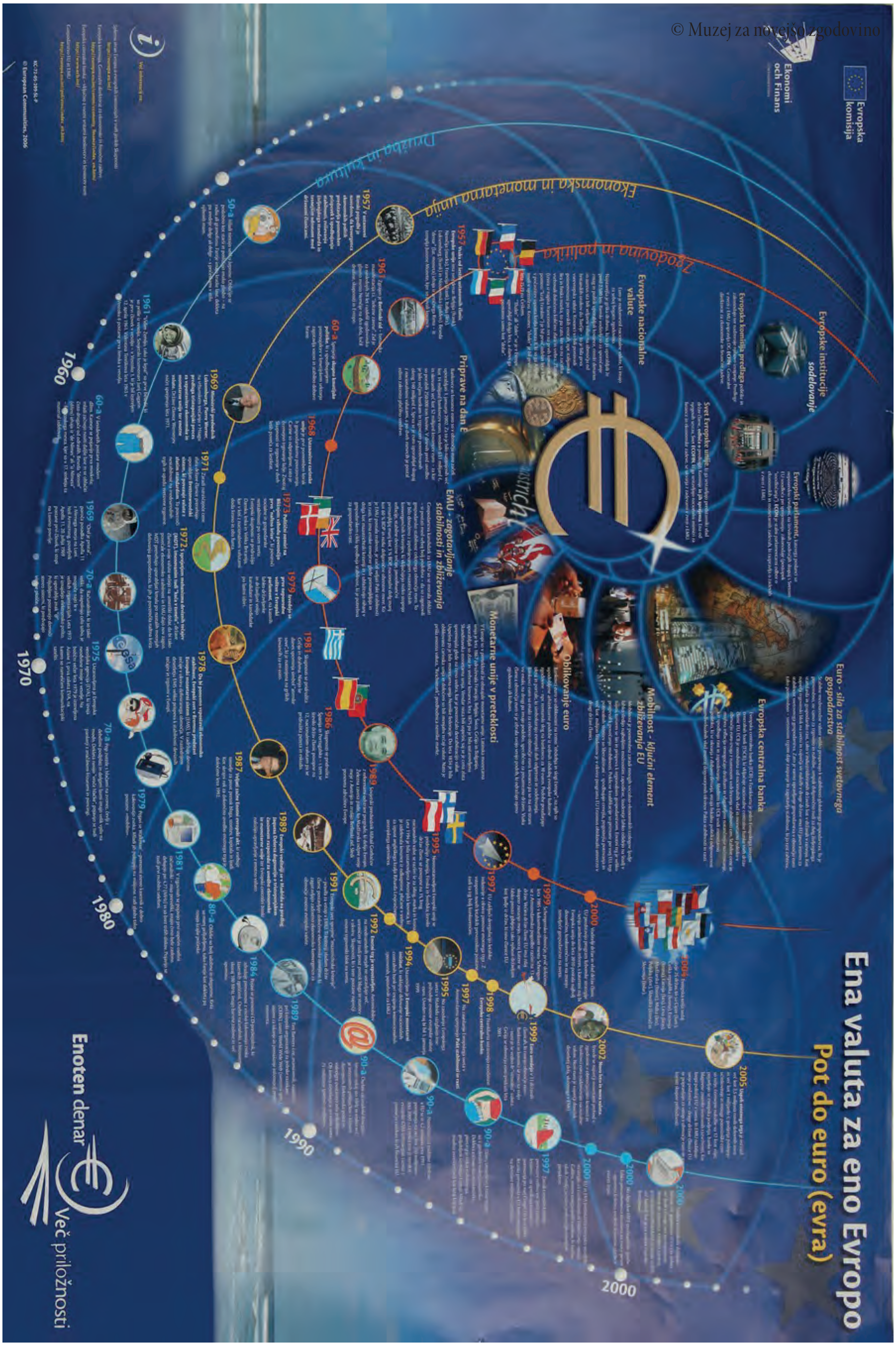

PREDLOG ZAKONA O
PRIVATIZACIJI
„ČE BO ŠPIČASTO, BODO VILE,
ČE BO ŠIROKO, BO LOPATA!
BUTALSKI KOVAČ
KDO IMA PRAVICO
JEMATI NAŠE
REMOŽENJE
ŽAMPA
Dr. MENCINGER
TU DI VAJINA
BESEDA POMA
PROTI PREVAR

Strike – Riko Ribnica, 12 October 1993, photo by Marjan Ciglič

Striking workers of Litostroj before the Assembly of the Republic of Slovenija and the Cankar Centre, 1987, photo by Miro Dobovšek

Construction of the southern Ljubljana bypass – Golovec Tunnel, 7 March 1997, photo by Marjan Ciglič

Poster, Ena valuta za eno Evropo, Pot do evra [One Currency for One Europe, The Road to Euro]



Gradis, Construction of an apartment block, 1953

Slovenian tolars – vouchers, the first Slovenian means of payment in the independent Slovenia, Tiskarna Cetis [Cetis Printing House], Celje 1991, photo by Nace Bizilj

Advertisement photo for Tomos Koper, 1965

Modna hiša [Fashion House] (MURA), 1985

Notice on opening a citizen's ownership certificate account

REPUBLIKA SLOVENIJA
MINISTRSTVO ZA EKONOMSKE ODNOSE IN RAZVOJ
61001 LJUBLJANA, GREGORČIČEVA 25

OBVESTILO O ODPRTJU RAČUNA LASTNINSKEGA CERTIFIKATA DRŽAVLJANA

Spoštovana, spoštovani!

V skladu z 31. členom Zakona o lastninskem preoblikovanju podjetij smo za vas pri Službi družbenega knjigovodstva Slovenije odprli račun, na katerega smo vknjižili lastninski certifikat z nominalno vrednostjo, ki vam pripada po zakonu.
Svoj lastninski certifikat lahko v celoti ali po delih uporabite za nakupe delnic podjetij ali investicijskih družb. Številka računa lastninskega certifikata je enaka vaši enotni matični številki (EMŠO).
V priloženih navodilih je podrobneje opisano, kako ravnati z njim in kakšne so možnosti uporabe lastninskega certifikata državljana.

EMŠO – ŠTEVILKA RAČUNA

VREDNOST CERTIFIKATA SIT 350.000 0

FINAL FAREWELL FROM THE SOCIALIST ECONOMY

Demos won the first Slovenian party elections in April 1990, having previously declared itself for an independent and economically autonomous Slovenia. As early as March 1990, Jože Mencinger wrote that "with the demands for the secession of Slovenia, the economy is not much discussed, but if it is, two 'truths' are asserted. According to the first one, after the secession, Slovenia would become 'rich and organized like Switzerland' virtually overnight, while according to the second, the secession would be an 'economic suicide'".[90] The Demos government meant a final farewell from the socialist economy, as the economic parts of Demos' party programmes clearly aimed at the transition to a capitalist economy, primarily emphasizing the final transition to a market economy, privatization and restructuring of the economy, as well as denationalization.[91] With the Demos government, the process of the actual separation of the Slovenian economy from the Yugoslav one finally began in May 1990, lasting until December 1991. This process was divided into three periods by the economic historian Jože Prinčič.[92] The first period lasted from May to December 1990. During this time, the government of Lojze Peterle was not paying special attention to economic questions, did not identify them as priorities or draw up a detailed economic programme, nor did it take measures to increase the independence of the Slovenian economy. Such an attitude to economic questions was the result of a coalition government. Nevertheless, as one of the leading Slovenian economic analysts, Velimir Bole, wrote, the "expansion" of the republic's economic policy indisputably began in the second half of 1990. The latter was largely coerced due to the unfavourable economic conditions created by the federal economic policy; what was crucial was the

90 Mencinger, Slovensko gospodarstvo [Slovenian Economy], pp. 490–495.

91 Babič, Predvolilni gospodarski program koalicije Demos [Pre-Election Economic Programme of the Demos Coalition], p. 186–187.

92 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], p. 594.

lack of financial security of the Slovenian economy, to a greater extent also the exchange rate policy and the increased tax burden. It was made possible by political changes in Slovenia and the disintegration of the legal regulation of management. The government put three goals at the forefront of the reform agenda:

- ensuring "the survival of the economy in the period of systemic transformation",
- establishing a market economy system,
- gradually taking over the economic system and expanding the scope of economic sovereignty.

Jože Mencinger, Deputy Prime Minister of the Demos government, responsible for the economy, presented the policy of economic "survival" as a pragmatic adaptation to political decisions, federal economic policy and events in Yugoslavia and the world. The objective of such a policy was to keep alive as many companies as possible, regardless of their results. In his opinion, this type of policy was the best choice, as the macroeconomic framework in which the Slovenian economy operated at the time was abnormal and the powers of the Slovenian government very limited. The holders of economic policy focused their energy on finding solutions and taking measures for the "survival" of the Slovenian economy. They prevented bankruptcies by postponing the payment of liabilities to the republic budget, and they solved the problem of recapitalization and republic subsidies for net exports by issuing republic bonds. The government bought part of Iraq's debt and raised additional funds to help the unemployed, it controlled wages and enabled direct borrowing by Slovenian companies abroad. It also drafted regulations to limit illiquidity and increase the competitiveness of the Slovenian economy. The government's economic policy received much criticism, however. Not even the home economic profession spared it. The latter accused the government of tackling the problem of insufficient money supply of the economy "in a highly uncontrolled and unsuccessful manner", namely that it was too late with regards to stimulating exports, withholding the federation's revenues and dealing with the public sector spending. The government was also reproached about doing too little to reduce the burden on companies.[93] The economist Aleksander Bajt acknowledged that short-term measures were necessary in view of the situation in which the Slovenian economy had found

93 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 594–613.

itself, but he believed that it would be misguided to imagine that these measures were sufficient and that the economic policy did its share by adopting them.[94] The government also neglected to regulate "standard" areas of the republic's economic policy. No significant changes occurred in 1990 in the area of personal income, contributions of overall spending and taxes to the republican and municipal budgets. The only thing speaking in favour of the government was that they were in a restrictive mood, which was convenient for the long-term establishment of the greater price competitiveness of the Slovenian economy. One of the problems was also that due to the strong attachment of the Slovenian economy to the Yugoslav government, the government further supported Marković's policy for a few more months and, like some political parties, advocated gradual, long-term achieving of economic independence. It was not until August 1990 that the Slovenian government requested a change in the stabilization policy for the remaining months of 1990 with the Memorandum on Economic Policy and informed the federal government that it would begin to take measures to protect its economy.

The end of Yugoslavia as an economic community

In 1990, the liquidity squeeze exceeded even the extreme limits that the economy had already experienced in the 1980s. Although both the liquidity crunch and the corresponding increase in the price of money are well-known phenomena in economies trying to curb very high inflation, a radical decrease in the money supply was unexpectedly painful for the Yugoslav economy, as it had become accustomed to very mild credit and monetary policy in previous years. In 1990, it was almost entirely obvious that the reduction in the cash supply had a direct and strong effect on prices and economic activity. The deviation of economic policy-makers from the set direction in the credit and monetary policy sector significantly contributed to the rapid deterioration of the stabilization programme. The effects of the stabilization programme for 1990 confirmed that despite the strong political loosening of the legal order, i.e. regardless of

94 Bajt, Aleksander. Zdaj bi pa že bil čas, da se kaj stori za gospodarstvo! [It Would Be About Time to Do Something for the Economy!]. *Naši razgledi* [*Our Views*], Vol. 40, No. 17, Institute of Economics, Faculty of Law, 13 September 1991 (Hereinafter: Bajt, Zdaj bi pa že bil čas [It Would Be About Time]), pp. 478–479.

the fact that normal establishment of economic ties and other economic and political instruments was becoming increasingly difficult, economic policy-makers held fairly effective levers of credit and monetary policy.[95] In the time when economic policy-makers became more involved in politics, both in terms of making appropriate economic and political decisions as well as promoting political programmes and parties, economic performance began to deteriorate more and more unequivocally. As Velimir Bole wrote, in the first half of 1991, economic policy-makers could make economic and political moves in the short term (several months) almost independently of the functioning of the economic mechanism and independently of political events. There were two main reasons for this: at the beginning of 1991, the foreign exchange reserves of the National Bank of Yugoslavia were still satisfactorily large, and the issuing profit was also an inviolable source of funding for the federal budget at that time. These two reasons combined enabled the state to have internal and external liquidity, and through the exchange rate also a short-term impact on the market (prices and supply) of factors and thus on the commodity markets.[96] During the economic depression in the early 1990s, the production of industries in Slovenia strengthened, which were increasing the price of their goods, exporting less and being taxed more. In these industries, employment deteriorated the least. They had more highly educated professionals in the structure of employees, and their production was more profitable, as it had a higher income per employee and a faster asset turnover than producers with poorer production results. The restructuring of Slovenian industry therefore took place in conditions of a severely disrupted internal (rising prices) and external (stagnation of exports) balance. In these circumstances, however, more profitable production with better utilization of labour and capital was strengthening relatively.[97]

In the autumn of 1990, Yugoslavia virtually ceased to exist as an economic community. The federal state was no longer able to collect taxes, control the printing of money and prevent both the introduction of "customs" between

95 Bole, Velimir. Denarno povpraševanje in monetarno stiskanje. Izkušnje iz 1990. leta [Money Demand and Monetary Squeezing. Experience from 1990s]. *Gospodarska gibanja* [*Economic Trends*], No. 212, 1990/12, Institute of Economics, Faculty of Law, pp. 23–33.

96 Bole, Velimir. Ekonomskopolitični pogoji v 1991 ali podajanje v neznano [Economic and Political Conditions in 1991 or Venturing into the Unknown]. *Gospodarska gibanja* [*Economic Trends*], No. 214, 1991/2, Institute of Economics, Faculty of Law, pp. 25–39.

97 Križanič, France. O zastoju gospodarske dejavnosti v Sloveniji [On the Stagnation of Economic Activity in Slovenia]. *Gospodarska gibanja* [*Economic Trends*], No. 225, 1992/2, Institute of Economics, Faculty of Law, pp. 23–41.

the republics and the emergence of different economic systems within one economy. At that time, the potential economic advantages of Slovenia's secession began to outweigh its economic and social costs. Independence proved to be an emergency exit and a condition for transforming the economic system. However, at the time, it was still uncertain and unpredictable how this would be achieved.[98] In December 1990, the Government of the Republic of Slovenia, in a hopeless situation, presented a document entitled Slovenia's Independence to the Assembly, which began with a suggestive question: "To risk or agree to a complete economic collapse?" It also provided a short answer: "To risk!" The decision to separate the Slovenian economy from the Yugoslav community had in fact been maturing for several years.[99] December 1990 also marked the beginning of the second and most important period of the withdrawal of the Slovenian economy from the Yugoslav system, which lasted until 25 June 1991. In the first days of December, the government discussed several reports analysing various aspects of Slovenia gaining independence. It presented the common findings in a material entitled Slovenia's Independence. Among other things, the material contained the statement that there were no more reasons to persist in the Yugoslav community and that the government had made the economic independence as their primary objective. The process of gaining actual economic independence began in January 1991, when Slovenia, by introducing its own system of direct taxes and federal budget participation fee, fiscally excluded itself from Yugoslavia and withdrew from the rehabilitation of the banking system at the federal level. With the adoption of constitutional amendments in January and February, it largely excluded itself from the federal legal system. In March, Slovenia introduced a flexible dinar exchange rate and created a temporary "quasi-foreign exchange market" by introducing the so-called registered foreign exchange positions, which were traded on the Ljubljana Stock Exchange. At the end of March, the government also adopted the budget and in April, the government coalition assessed that the preparations for independence should be accelerated, as an amicable secession was out of the question. It founded a project council, which was first headed by Lojze Peterle, then by Igor Bavčar, with Olga Jakhel as the coordinator. By the beginning of May 1991, the council had prepared an integral project of gaining

98 Mencinger, Deset let pozneje [Ten Years After], pp. 27–28.

99 Prinčič, Gospodarski vidiki [Economic Aspects]. In: Perovšek et al. (ed.), *Slovenska osamosvojitev* [*Slovene Independence*], pp. 33–56.

independence, consisting of 14 sub-projects, which was to be implemented in three phases by 26 June. In May, the government introduced an alternative unit of account – SECU to reduce the negative effects of inflation and facilitate the introduction of Slovenia's own currency. By 25 June, the Slovenian National Assembly had adopted new regulations regarding the banking sector, foreign credit operations and the customs service, and had informed the Federal Assembly that it would begin the formal process of separation. The government adopted the Programme Theses for Slovenia's Economic Independence and prepared provisional money, i.e. vouchers, which it intended to introduce immediately after 26 June. However, as the Croatian government announced that it would not recognize them, the government decided to keep the dinars after 26 June and then exchange them with its own currency within a month or two. Mencinger prioritised the policy of "survival", which meant adapting to the situation and finding solutions to everyday problems. The first detailed vision of economic development was presented by the government almost a year after the elections, in March 1991, in a document entitled Development Policy of Slovenia in the Early 1990s. The restructuring of the economy, the acceleration of organizational and technological renewal, the creation of new jobs and the reorganization of the economic structure were set as priorities. The government had enormous difficulties in reshaping the economic life and passing the legislation needed to transition to a market economy. At the beginning of June 1991, two analyses of the economic situation and economic flows showed that 26 June would not be the actual date when Slovenia's dream of economic sovereignty was to come true. Mencinger wrote in an expert article that the path to a full economic independence led through the resolution of economic problems and connections with other parts of Yugoslavia. The event that greatly resonated with the public was the appearance of the new Minister of Finance Dušan Šešok in the Slovenian Assembly on 5 June. He also warned the MPs that on 26 June the independence would only be "normative" and not actual, because all the conditions would not be met yet. As far as the economic field was concerned, Slovenia did not yet have its own money, sufficient foreign exchange reserves, recognition of the central bank abroad, and the division balance could also not be prepared until then. In mid-June 1991, businessmen also did not share optimism with politicians and the majority opinion. There were few who dared to claim that the revival of the Slovenian economy would begin with its independence.

The third and final period began on 26 June 1991, when the federal authorities did not accept the decision of the Slovenian Assembly to secede from Yugoslavia, but declared it a unilateral, illegal and illegitimate act. The dark predictions came true. In addition to the material damage suffered by the Slovenian economy, economic contacts with the Yugoslav republics and foreign countries began to be severed in June 1991, which made it difficult to supply the reproductive materials, reduced foreign exchange inflows and halted production. In the following months, the economic situation worsened. Slovenia faced the accelerated loss of the Yugoslav market, the hostile behaviour of federal institutions and other republics, the hesitation of foreign economic partners and only declarative help from the foreign governments. The reasons why the economic downturn could not be stopped remained the same: reduced demand, poorer supply of reproductive materials, uncompetitive exports and rising prices, excessive tax burden on the economy and economic pessimism. The factors that contributed to the deterioration of financial results multiplied and intensified. Industrial production, investment volume, real wages, trade and links with the Yugoslav republics declined, while unemployment, inflation, the foreign trade balance deficit, the number of blocked giro accounts and bankruptcies increased. An already modest accumulation was further affected by an excessive increase in public spending. Foreign affairs greatly contributed to the fact that the Slovenian economy was drying up and becoming even more desperate in the second half of 1991.

After the Ten-Day War and the already mentioned problems, the Brioni Declaration also had an impact on the economic field, which took more from Slovenia than it brought. Slovenia abandoned the implementation of the Declaration of Independence for three months. It therefore remained within the Yugoslav economic framework.[100] It was written in the *Economic Trends* at the end of 1991 that "everything is not so black, but it is not certain that the government knows what it is doing." In fact, there were some signs of recovery. Trade was satisfactory in 1991, but export competitiveness declined rapidly. The producers' prices were rising faster than retail prices. The state was not in favour of truly tightening public sector spending and stabilizing the economy. It also did not adjust the fiscal burden on the economy to its current performance. In November 1991, industrial production declined for the

100 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 594–613.

twelfth month in a row.[101] In September 1991, Aleksander Bajt wrote an article with the significant title "It Would Be About Time to Do Something for the Economy!" He believed that all production, monetary and similar problems would be attributed only to Slovenia's independence, although in reality, they would be the result of ill-conceived economic policy.[102] Until the end of 1991, the government and especially its prime minister were constantly criticized. Part of the responsibility for the fact that the Slovenian economy was helpless, forgotten in the corner and waiting to undergo an extensive revision was certainly borne by the government and its economic policy.[103] One of the foundations of economic sovereignty is also a country's own money. Towards the end of 1990, the Slovenian government began to seriously consider the introduction of a parallel currency and on 11 January 1991, the Assembly of the Republic of Slovenia adopted a resolution requiring the preparation of regulations to protect the Slovenian economy and population from the consequences of the Yugoslav monetary system.[104] After the end of the three-month moratorium tied to the Brioni Declaration, things finally started to move forward. On the night from 7 to 8 October 1991, the Slovenian Assembly passed the Currency Unit of the Republic of Slovenia Act.[105] With this Act, the seventy-year-old dinar attachment of Slovenia to Yugoslavia came to an end. Slovenia received its own currency, the Slovenian tolar and stotin. The exchange rate between the Slovenian tolar and the dinar was 1:1, and 1:32 between the tolar and the Deutschmark. The exchange of dinars for vouchers began on 10 October 1991. The introduction of Slovenian currency finally turned the Yugoslav markets into foreign ones. This also altered the relationship between the government and the Bank of Slovenia; the latter became a state bank, answering only to the Assembly, and its main task became taking care of the strength of the currency.[106] A system of regulated floating exchange rates was implemented for the new Slovenian currency, but the Bank of Slovenia rarely intervened in the foreign exchange market. This enabled the immediate internal convertibility of the Slovenian

101 *Gospodarska gibanja* [*Economic Trends*], No. 223, 1991/12, Institute of Economics, Faculty of Law, pp. 5–22.

102 Bajt, Zdaj bi pa že bil čas [It Would Be About Time], pp. 478–479.

103 Šušteršič, *Politično gospodarski cikli* [*Political and Economic Cycles*], pp. 222–232.

104 Borak, Neven. *Denarne reforme* [*Monetary Reforms*]. Ljubljana: Cankarjeva založba, 1998, pp. 245–252.

105 UL RS [Official Gazette of the Republic of Slovenia] (Hereinafter: Official Gazette of the Republic of Slovenia), 17I/1991-I.

106 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 611–612.

tolar and thus the elimination of the black market of foreign exchange. In 1995, the Slovenian tolar officially became a convertible currency.[107]

The economist Ivan Ribnikar wrote that "due to the decentralized Yugoslav central banking system, the monetary independence of Slovenia was technically a relatively simple matter". One of the characteristics of the newly formed monetary area was certainly its smallness. At the end of 1993, for example, there were approximately 113 billion Slovenian tolars in circulation in Slovenia, which was slightly less than one billion US dollars in value. This amounted to about 1/1000th of the money circulation of the United States, where 1,058.6 billion dollars were in circulation at the end of 1992, and around 1/25th of the money circulation of Austria, where 292.6 billion shillings were in circulation in September 1993. However, this smallness of the monetary field stems not only from the small number of people who use this money or from the size of the gross domestic product (GDP), which is supposed to express the volume of transactions and thus the amount of money needed for transactional purposes. Austria's GDP was only about 14 times larger and the USA's only 462 times larger than ours. There was more than twice less money in circulation in Slovenia as would follow from the size of GDP compared to the USA and Austria. This was an expression of the well-known fact that in Slovenia, individuals, companies and others had relatively less property in the form of money.[108]

Taking responsibility for our own economic development

With crises as an integral part of economic life, the accumulated economic imbalances are solved and they are like a divide representing either an end or a beginning of a cycle.[109] If a state successfully overcomes all the trials

---

107 Pančur, Andrej. Uvedba slovenske denarne enote [Introduction of the Slovenian currency]. In: Čepič, Zdenko et al. (ed.). *Slovenska novejša zgodovina 2, Od programa Zedinjena Slovenija do mednarodnega priznanja Republike Slovenije 1848–1992* [*Slovenian Contemporary History 2, From the United Slovenia Programme to the International Recognition of the Republic of Slovenia 1848–1992*]. Ljubljana: Mladinska knjiga/Institute of Contemporary History, 2005, pp. 1361–1363.

108 Ribnikar, Ivan. Denar, denarna politika in bančni sistem [Money, Monetary Policy and the Banking System]. In: *Splošni pogoji za gospodarski razvoj* [*General Conditions for Economic Development*]. Ljubljana: Institute of the Republic of Slovenia for Macroeconomic Analysis and Development, 1995, pp. 235–248.

109 Lazarević, *Plasti prostora in časa* [*The Layers of Space and Time*], p. 237.

and predicaments imposed by a crisis, it can emerge as a winner with a more successful economy than before the crisis, which was certainly the aim of the young Slovenian state as well. The "double transition" – from a socialist to a market economy and from a regional to a national economy – was accompanied by a transition from an industrial to a service economy and by the collapse of large and the emergence of smaller companies. Prior to the declaration of independence in 1991, Slovenia was part of the Yugoslav federation with an economic system that was unable to ensure sustainable economic growth. As already mentioned, it began with the boycotts of Slovenian goods and continued with the non-payment of customs duties to the federal budget by Serbia and its intrusion into the monetary system, resulting in national turmoil and the war in Yugoslavia. First, the common Yugoslav market and the League of Communists of Yugoslavia as the only allowed political party disintegrated, followed by the break-up of Yugoslavia as a state.[110] After the disintegration of Yugoslavia, five different monetary areas or five different economic and political areas were created. According to Neven Borak, three phases could be observed in the transition: the phase of disintegration, the phase of consolidation and the phase of rounding off the newly formed economies. As already mentioned, Slovenia was badly hit by the loss of the markets. The last and strongest blow to the Slovenian economy was caused by the narrowing of the former Yugoslav internal market. This blow was the third in a series of losses – the first two were related to the disintegration of the Council for Mutual Economic Assistance (COMECON) and the Gulf War.[111] The decision for independence and the loss of the Yugoslav market was initially a severe shock and a great test for Slovenia, but over time, this turned out to be the necessary and extremely wise decision. As the economic historian Žarko Lazarević wrote, Slovenia "had to first leave Yugoslavia in order to reform and restructure its economy". Over time, however, "the competitively strengthened economy enabled the 're-conquest' of the markets of the former Yugoslav republics", which, like Slovenia, became independent states.[112] In the economic field, the decision for an independent and sovereign state enabled Slovenia to take the economic policy into its own

110 Urad za makroekonomske analize in razvoj – UMAR [Institute of Macroeconomic Analysis and Development – IMAD], Workbook (Hereinafter: IMAD, Workbook), No. 3, Vol. VIII, 1999, p. 3.

111 Borak, *Spočetje ekonomske samostojnosti* [*Conception of Economic Independence*], p. 203.

112 Lazarević, Žarko. Prostor, gospodarstvo in razmerja. Jugoslovanski ekonomski prostor in razmerja [Space, Economy and Relations. Yugoslav Economic Space and Slovenians].

hands together with the responsibility for its own economic development. In contrast to the old planned economic system, it opted for the modern social market economy and economic integration into the European economic area. The economic developments followed a typical transformation pattern – first the predominant negative consequences of the introduction of market reforms, later the positive effects of macroeconomic stabilization, restructuring and reforms at the microeconomic level. During this period, the economy of the newly founded state was under additional pressure of building its institutions and the transition to a market and open national economy.[113] This meant changes in the economic space, the prevailing coordination mechanism and social relations, as well as changes in understanding the role of social policy, market laws and political ideology.[114] The transition to a market and national economy after 1990 triggered profound structural changes, characterized by:

- transition from socially-owned to private property,
- shift from industrial to service economy,
- from large to small companies,
- redirection from the market of the former Yugoslavia to the markets of more demanding countries in terms of price and quality,
- final transition from a supply economy to a demand economy (especially in the labour market).[115]

Slovenia had quite a few advantages in establishing a normal market economy compared to other socialist economies (Eastern European and other parts of the Yugoslav economy). As part of the former communist Yugoslavia, it was the wealthiest and most open socialist republic towards the West. With just under a tenth of the population, it controlled a fifth of Yugoslavia's gross domestic product and a quarter of total exports. The Slovenian gross domestic product was thus closer to that of Greece and Portugal and was almost three times higher

Prispevki za novejšo zgodovino [*Contributions to Contemporary History*], Vol. XLIX, No. 1, p. 291.

113 IMAD, Workbook, No. 3, Vol. VIII, 1999, p. 5.

114 Borak, Neven. Slovenske transformacije: kontinuiteta v spremembah [Slovenian Transformations: The Continuity of Changes]. In: Borak, Neven, Lazarević, Žarko (eds.). *Gospodarske krize in Slovenci* [*Economic Crises and Slovenians*]. Ljubljana: Institute of Contemporary History/Association of Economists of Slovenia, 1999, pp. 261–276.

115 Zavod za makroekonomske analize in razvoj – ZMAR [Institute of Macroeconomic Analysis and Development – IMAD], Workbook (Hereinafter: IMAD, Workbook), No. 6, Vol. III, 1994, p. 2.

than that of Czechoslovakia, Hungary or Poland.[116] The fact that the ideological disintegration in Yugoslavia was not as sudden as in the Eastern Europe and that it was closely connected with economic reforms is highly important. The economy had many market institutes developed, the product prices and, in part, the production factors were more or less market-oriented, economic decision-making was diversified and so on. Due to its greater openness, the technological lag of the Yugoslav economy behind the market economies was also smaller than that of other socialist economies. In foreign trade as well, the Yugoslav economy was less tied to the Eastern Europe, which was crucial at the time of the collapse of the Eastern European market. In Slovenia, however, all the listed advantages over Eastern European countries were even more pronounced than in other parts of Yugoslavia. The second set of advantages that Slovenia had in the transition to a market economy included the size structure of the industry, geographical dispersion and the associated social stability of the Slovenian society, a smaller number of fatally wrong investment decisions and smaller impact of politics on the economy. As Jože Mencinger wrote in the first half of 1991, it was uncertain whether Slovenia would be able to use these advantages and opportunities for a successful transition to a market economy.[117] As for the importance of the establishment of political parties and the first democratic elections, it was also positive that the election results established a fragile balance that forced both the government and the opposition to cooperate and seek compromises. The negative side, as Božo Repe pointed out, became apparent after gaining independence. The parties began to put their interests ahead of the national ones, "resulting in particracy[118] in the 1990s, which (similarly as in Italy) became one of the fundamental characteristics of the Slovenian political scene".[119]

116 Kovač, Obsojeni na uspeh? [Doomed to Success?], p. 34.

117 Mencinger, Jože. Makroekonomske dileme Republike Slovenije [Macroeconomic Dilemmas of the Republic of Slovenia]. *Gospodarska gibanja* [*Economic Trends*], No. 217, 1991, Institute of Economics, Faculty of Law, pp. 25–35.

118 Particracy – a form of social regulation in which the parties have extensive control over the resources and decision-making processes.

119 Repe, *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*], p. 81.

THE PATH TO THE EUROPEAN UNION

Gaining international recognition and joining key economic integrations

The Minister of Foreign Affairs at the time of Slovenia's accession to the EU, Dimitrij Rupel, replied the following when asked how Slovenia's path to the EU began: "In 1991, Slovenia opted for the West, for the European values, for democracy, market economy, the rule of law, human rights … Compared to other former socialist countries, it had an additional task – it had to form its own state. With Milošević's Yugoslavia, the path to the West and the EU was impossible. Slovenia became independent in the context of wider European events. Slovenia's independence and statehood were necessary for Slovenia to acquire the European character and join the European direction. The beginning of Slovenia's path to the EU coincided with other major European upheavals. Slovenia was in line with the European events thanks to the Demos government (1990–1992) and the internal focus of Slovenian politics in general."[120] The fact is that for such a small national economy as the Slovenian one was – which, on top of everything else, seceded from a large home market – focusing on the foreign market was the only way to achieve a stable economic growth and development.[121] The political independence of Slovenia presupposed

120 Rupel, Dimitrij (ed.). *Vzpon med evropske zvezde. Slovenska pot v evropsko unijo* [*Ascent to the European Stars. Slovenia's Path towards the European Union*]. Ljubljana: Ministry of Foreign Affairs, 2004 (Hereinafter: Rupel (ed.), *Vzpon med evropske zvezde* [*Ascent to the European Stars*]), p. 8.

121 Štiblar, Franjo. Strategija Slovenije v ekonomskih odnosih s tujino [Slovenia's Strategy in Economic Relations with Foreign Countries]. *Gospodarska gibanja* [*Economic Trends*], No. 242, 1993/9, Institute of Economics, Faculty of Law, pp. 21–35.

the introduction of its own economic policy in all classical areas, including the system of economic relations with foreign countries. The reactions of other republics and foreign countries to both political independence and economic measures were completely unknown at the time of and after gaining independence. The settlement of relations with other parts of Yugoslavia, that is negotiations on the delimitation of the Yugoslav external debts with other republics and creditors, negotiations on domestic debts and distribution of property, as well as on rights and obligations under international treaties, had only just begun after Slovenia's political independence.[122]

Establishing independent economic contacts with foreign countries, the flow of goods, services, capital and knowledge from Western Europe were institutionally connected with the recognition of Slovenia. Until that happened, Slovenia could not count on foreign money or larger exports. International recognition was thus the ultimate goal of the efforts of Slovenian politics as well as in building its economic sovereignty. This much-anticipated act took place at the end of December 1991 or in January 1992, when Germany was one of the first countries to recognize Slovenia, followed by the European Community.[123] In 1992 and 1993, the most critical reasons for Slovenia's concern regarding the economy and the state disappeared. Two fundamental strategic uncertainties affecting the state and the economy went away. By the end of 1992, Slovenia had been recognized by a hundred countries and it became a member of the United Nations and its specialized organizations. At the end of 1992, it became a member of the European Bank for Reconstruction and Development, in early 1993 a member of the International Monetary Fund, the World Bank and the International Finance Corporation, and in 1994 a member of the GATT (General Agreement on Tariffs and Trade). Slovenia was thus connected with the West and protected from the war that was taking place in parts of the former Yugoslavia. This created the basis for the normalization of economic relations with foreign countries and for the negotiation on the Yugoslav debts abroad. In 1996, Slovenia settled its debt relations with the creditors of the former Yugoslavia, i.e. with the consortium of commercial banks (London Club), and achieved the release of all Slovenian debtors from the international agreement

122 Mencinger, Jože. *Gospodarski sistem in politika Slovenije* [*Slovenian Economic System and Policy*]. Ljubljana: Official Gazette of the Republic of Slovenia, 1995 (Hereinafter: Mencinger, *Gospodarski sistem in politika Slovenije* [*Slovenian Economic System and Policy*]), p. 93.

123 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], p. 612.

between the former National Bank of Yugoslavia and the consortium of foreign commercial banks from 1988 (New Financial Agreement), which provided for a solidarity clause; this meant taking over a debt of $ 812 million and dividing it between the former debtors to foreign countries (Abanka, Nova Ljubljanska banka, Nova Kreditna banka Maribor and Nafta Lendava). Almost $ 655 million of this debt was repaid early and Slovenia began to manage relations with the members of the Paris Club, that is, the countries with which the former Socialist Federal Republic of Yugoslavia had regulated debts through bilateral agreements in the period 1984–1988.[124] Slovenia was characterized by a relatively large trade openness. For instance, in 1997, about 80 percent of Slovenian trade was based on free trade agreements. Following the accession to the GATT in October 1994 and to the WTO (World Trade Organization) in July 1995, an agreement with the EFTA (European Free Trade Association) countries entered into force in July 1995. At the time, this organization included Iceland, Liechtenstein, Norway and Switzerland. Subsequently, in January 1996, Slovenia joined the Central European Free Trade Agreement (CEFTA). The purpose of this agreement was to gradually establish a free trade area for industrial and agricultural products by 2001 in the almost 90 million market of the Czech Republic, Hungary, Poland, Slovakia, Slovenia and Romania. Among the countries in transition, Slovenia still had free trade agreements with Bulgaria, Estonia, Croatia, Latvia, Lithuania and Macedonia, and an agreement on preferential status of goods with Bosnia and Herzegovina.[125] Slovenia became a member of the OECD (Organisation for Economic Co-operation and Development) in 2010, an organization uniting the most economically developed countries in the world.

Realization of the vision

Integration into the European Union had been a priority for Slovenia since gaining independence,[126] although there were also concerns and doubts about the rationality of the integration. The prevailing opinion was that a small country was not economical and it would be best to integrate it into a larger

124 Ibid., pp. 619–620.

125 BS, Letno poročilo za leto 1997 [Bank of Slovenia, Annual Report for 1997] (Hereinafter: Bank of Slovenia, Annual Report for *Year*), pp. 7–15.

126 ARS [Archives of the Republic of Slovenia] (Hereinafter: Archives of the Republic of Slovenia), AS 1994, box 2/98.

economic community as soon as possible. The economist Marjan Senjur believed that by joining the EU, Slovenia would "give up part of its state powers in the field of economy. On the other hand, an independent state is necessary for the preservation of the national essence of the Slovenian nation. The question is whether a country that has lost its economic independence can maintain the national independence. This is not a problem of large countries, but a problem of small ones. That is why in Slovenia we can sometimes hear things like 'as an economist, I am satisfied, but as a Slovenian I am not'. Concerns about Slovenia opening up to the world are often of this sort." However, the fact is that even small countries can develop economically quite successfully. One of the essential conditions for this is the openness of the economy.[127] Due to the close political, economic and cultural cooperation of Slovenia with the European Union, the strategic goal of the Republic of Slovenia was full membership in the EU. Slovenia began negotiations with the European Union in 1992 and concluded the first agreements with it a year later.[128] With the signing of a framework agreement between the Slovenian government and the Commission of the European Union on the implementation of measures regarding financial, technical and other forms of cooperation on 7 October 1992, Slovenia became a recipient of technical assistance under the Phare Programme. In addition to technical assistance, other projects were launched, including the assistance in the purchase of various equipment, cooperation in the field of education, training abroad as well as co-financing of investments and public works.[129] Subsequent ratification of this agreement in October 1993 also enabled the implementation of public procurement under the Phare rules and the realization of projects within the first indicative programmes for Slovenia and in the framework of other programmes structured within the pre-accession strategy for the Central and Eastern European countries with the signed association agreement.[130] Phare represented an initiative of the European Union and provided financial assistance to the countries of Central and Eastern Europe to support the process of economic transformation, while helping them to strengthen their emerging democratic societies. At the European Council

127 Marjan, Senjur. Gospodarska povezovanja z Evropo in s svetom [Economic Connections with Europe and the World]. In: Strgar, Jože (ed.). *Slovenija v novi Evropi* [*Slovenia in the New Europe*]. Celje: Mohorjeva družba, 1996, pp. 14–168.

128 Bank of Slovenia, Annual Report for 1997, p. 7.

129 Archives of the Republic of Slovenia, AS 1994, box 3/232.

130 Archives of the Republic of Slovenia, AS 1994, box 3/173.

meeting in December 1994 in Essen, it was decided that the Phare Programme will become a key instrument in helping the countries of the Central and Eastern Europe to move closer to the European Union. Its role in preparations for the implementation of the pre-accession strategy was emphasized.[131] According to the opinion of the Commission of the European Union from 2000, Slovenia efficiently used the funds from the programme in question and directed a large share of technical assistance to solving specific technical problems related to the policy reform, transition to a market economy, adoption of the acquis and acquisition of technological knowledge. In the framework of the Phare Programme, Slovenia participated in the following three programme sets: National Programme, Cross-Border Cooperation Programmes and Multi-Country Programmes (regional). Within all three programmes, Slovenia received ECU 155 million (the latter was replaced by the euro on 1 January 1999 in a 1:1 ratio) in the period 1992–1997.[132] Through the Phare Programme, Slovenia also cooperated with the neighbouring countries, namely through the so-called Cross-Border Cooperation Programme, which was financed by the Commission of the European Community. The latter allocated large funds to its members devoted to regional development. Within the framework of this Cross-Border Cooperation Programme, Slovenia collaborated with Italy, Hungary and Austria in several areas. Most of the funds were earmarked for economic cooperation, while they were also used for working together in the areas of transport and border infrastructure, the environment, human resources, culture and technical assistance.[133]

In June 1996, Slovenia signed an Association Agreement with the EU, which entered into force after ratification in the parliaments of Slovenia and fifteen EU member states. The National Assembly of the Republic of Slovenia ratified the Association Agreement in July 1997.[134] The Association Agreement between the Republic of Slovenia and the EU was based, among other things, on the principle of equal treatment of citizens of the Republic of Slovenia and the EU. Such treatment was a practical expression of the EU's fundamental principle

131 Archives of the Republic of Slovenia, AS 1994, box 65/830.

132 Slovenija. Doma v Evropi, Vladni portal z informacijami o življenju v Evropski uniji [Slovenia. At Home in Europe, Government portal with information on life in the European Union] (Hereinafter: Slovenia. At Home in Europe, Government portal). URL: http://www.evropa.gov.si/si/vkljucevanje-v-eu/program-phare/ (22 February 2010).

133 Archives of the Republic of Slovenia, AS 1994, box 36/724.

134 Bank of Slovenia, Annual Report for 1997, p. 7.

of non-discrimination.[135] The European Association Agreement between the Republic of Slovenia, of the one part, and the European Communities and their Member States, acting within the European Union, of the other part, was ratified on 15 July by a Final Act (signed in Luxembourg on 10 June 1996) and a Protocol amending the European Agreement establishing an association between the Republic of Slovenia, of the one part, and the European Communities and their Member States, acting within the European Union, of the other part (signed in Brussels on 11 November 1996). Upon the signing of the Association Agreement, the negotiating delegations of Slovenia and the EU initialled an Interim Agreement on Trade and Trade-Related Matters on 19 September 1996, which entered into force in 1997.[136] Upon signing the Agreement on 10 June 1996, Slovenia also applied for membership in the European Union, and the Agreement entered into force in February 1999. The Agreement defined the following objectives of the accession:

- providing a suitable framework for political dialogue to enable the development of close political relations between the parties,
- promoting the expansion of trade and harmonious economic relations between the parties, thus encouraging the dynamic economic development and prosperity in Slovenia,
- gradually developing a free trade area covering virtually all trade between the Community and Slovenia,
- supporting the development of the Slovenian economy and its transition to a market economy,
- ensuring an appropriate framework for Slovenia's accession to the European Union, provided that the necessary conditions are met.[137]

The Government Decree on the provisional application of the Interim Agreement on Trade and Trade-Related Matters between the Republic of Slovenia of the one hand and the European Community, the European Coal and Steel Community and the European Atomic Energy Community of the other was in force until the ratification of the Agreement. The basic subject of the trade part of the Agreement was the reciprocal and asymmetric establishment of a free trade area. The European Union completely liberalized the market of industrial and agricultural products in January 1997, while Slovenia intended to do so gradually,

135 Archives of the Republic of Slovenia, AS 1994, box. 4/260.
136 Archives of the Republic of Slovenia, AS 1994, box 2/98.
137 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 631–633.

by around 2001. In addition to the provisions pertaining to trade, the Agreement contained a number of legal provisions, determining the movement of capital, financial and cultural cooperation, prevention of illegality, etc. On 1 December 1997, a conference entitled EU Enlargement: The Case of Slovenia was held in Brussels, at which the Strategy of the Republic of Slovenia for the Integration into the European Union was presented. The focus was on the economic field, while other aspects of the strategy were also addressed.[138] On 13 December 1997, following a favourable opinion from the European Commission, the EU received a decision to open membership negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia. The candidates were faced with the requirement to enforce the accumulated laws, regulations, rules and standards of the EU called the acquis communautaire.[139] In March 1998, the Intergovernmental Conference on Slovenia's Accession to the European Union began in Brussels, which also included the process of accession negotiations. In 2000, the Treaty of Nice was adopted, which enabled the enlargement of the Union through institutional changes, and in December 2001, the Laeken Council listed ten candidate countries that could conclude negotiations by 2002. Slovenia was among them and, indeed, it finished negotiations with the other nine candidates in December 2002 in Copenhagen. The European Parliament gave its consent to the Accession Treaty in April 2003 and in the same month, the Council of the European Union unanimously adopted a decision on the accession of ten acceding countries to the European Union. In early November 2003, the European Commission presented its latest report on the readiness of the acceding countries before joining the EU. According to the report, Slovenia was the best prepared of all the candidates.[140] Negotiations on the accession to the European Union were therefore taking place from April 1998 to December 2002. On 23 March 2003, the citizens of the Republic of Slovenia voted in a referendum for Slovenia's accession to the European Union with an 89.64% support.[141] Simultaneously, a referendum was also held on Slovenia's accession

---

138 Archives of the Republic of Slovenia, AS 1994, box 6/366.

139 Bank of Slovenia, Annual Report for 1997, p. 7.

140 Govor predsednika Vlade Republike Slovenije mag. Antona Ropa ob ratifikaciji pristopne pogodbe med Slovenijo in EU [Speech by the Prime Minister of the Republic of Slovenia, mag. Anton Rop, upon the ratification of the Accession Treaty between Slovenia and the EU] (URL: http://www.nekdanji-pv.gov.si/2002-2004/index.php?vsebina=govor-28-01-04 (30 November 2007)) (Hereinafter: Speech by the Prime Minister of the Republic of Slovenia, mag. Anton Rop).

141 URL: http://evropa.gov.si/evropomocnik/question/755-91/ (30 November 2007).

to NATO, which also received support on 1 May 2004. A little less than thirteen years after gaining independence, Slovenia became a member of the EU and began the final preparations for fulfilling the so-called Maastricht criteria for joining the Economic and Monetary Union (EMU).[142] It should be emphasized that Slovenia's accession to the EU was the only and, above all, the greatest common strategic goal that the government and opposition structures were able to reach, which was also the aspiration of the majority of the Slovenian economy.[143] We must add that Slovenia's formal accession to the EU in May 2004 did not mark the end of the process of joining the various integrations of the European Community. Two other accessions were particularly important: entering the so-called euro area (adoption of the euro currency) and the common agricultural policy area. Both were achieved by Slovenia in 2007.[144]

One of the most important positive consequences of the accession to the EU was the increase in trade, which greatly contributed to the success of the Slovenian economy, which was growing since 1991. In 1997, the Interim Agreement between Slovenia and the EU entered into force, by which the EU abolished all customs duties and charges with equivalent effect on industrial products of Slovenian origin, in exchange for a complete Slovenian abolition of customs duties on all industrial products of the EU origin by 1 January 2001. By entering the EU, all customs duties and import quotas were abolished, as Slovenia became part of the common European market.[145] One of the great novelties was the adoption of the single currency and the farewell of the Slovenian tolar. However, even before Slovenia adopted the euro as its currency, it had to meet the criteria for participation in ERM II – the European Exchange Rate Mechanism ensuring the stability of exchange rates and the relationship between the euro and the currencies of foreign EU member states. A non-EU

142 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 631–633.

143 Lorenčič, Aleksander: Prva leta gospodarske tranzicije v Sloveniji [The First Years of Economic Transition in Slovenia]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLVIII, No. 2, 2008, p. 164. For more details about the first years of economic transition, see also Lorenčič, Aleksander. Process ekonomičeskogo preobrazovanija v Sloveniji v pervoj polovine 1990–h gg [The Process of Economic Transformation in Slovenia in the First Half of the 1990s]. *Istoričeskij vestnik Universitetov Ljubljany i Permi* [*Historical Journal of the Universities of Ljubljana and Perm*], No. 2, 2008, pp. 114–122.

144 Ferfila, Bogomil, Phillips, Paul Arthur. *Socioeconomic History of Slovenia: From Medieval Roots to European Union*. Ljubljana: Faculty of Social Sciences, 2009, p. 174.

145 Slovenia. At Home in Europe, Government portal.

country cannot join ERM II, while any member wishing to adopt the euro must first operate under this exchange rate mechanism. The programme of accession to ERM II was adopted in November 2003 and Slovenia joined the ERM II on 28 June 2004. On 2 March 2006, the European Commission requested an assessment of its readiness to join the euro area, and in its report of May 2006, it found that all convergence conditions were met. The European Council then adopted a decision on the enlargement of the euro area to Slovenia in June 2006, and in July of the same year, the Council of the EU, composed of finance ministers, provided the legal basis for the adoption of the currency. They set 1 January 2007 as the day of the introduction of the euro and decided on the exchange rate between the Slovenian tolar and the euro. The central exchange rate against the euro was determined in the following ratio: 1 euro = SIT 239.64. In Slovenia, the informative double-labelling began in March 2006. The key date was 1 January 2007, when all scriptural money, also in transaction accounts, was automatically converted into the euro currency. The euro thereby obtained legal tender status in the Republic of Slovenia.[146]

Already in 1993, Mencinger presented the story of the "Slovenian path from Yugoslavia to Europe" in a very picturesque way. He described it as follows: "A farmer, 'the first in the village', decides to become a townsperson, although 'the last in town'. No one in the village wants him any harm, but he concludes that he has no chance for a better life because his fellow villagers are not ready to do what people in the neighbouring villages have been doing for a long time and because they have already started arguing about their grandfathers and their sins. When he leaves, he settles on the edge of town and waits patiently to be allowed behind the walls. He becomes ashamed to be from the village, so he discards the clothes and habits that speak of his origin. To please the townspeople, he tries to do everything the way he thinks they will approve and does not even notice that as long as he is humbled, they do not really care what he does. He enters all societies he is allowed to. He is happiest if they let him pay for a drink or if he is praised. He is most ashamed if his former compatriots are mentioned to him. The townspeople are constantly trying to 'help' him, preferably by lecturing him. He is slowly starting to live a better life than he did when he was living in the village. Many years pass before he realizes that

146 Bergant, Zvonko, Plavec, Bernardka. *Slovenija v evroatlantskih povezavah* [*Slovenia in Euro-Atlantic Integrations*]. Ljubljana: Institute of the Republic of Slovenia for Education, 2008, pp. 47–49.

the rules for moving and even selling to the town are constantly changing, that city officials make a living from the 'help' he receives, and that he does not decide on anything he does. He cannot go back, because the neighbours have burned everything, and not elsewhere, because there is nothing but chaos everywhere."[147] Certainly suggestive and from today's point of view that much closer to the truth. There were also those who, less than a year before joining the EU, thought that Slovenia would not enter it prepared. One of them was the leader of the then opposition and the president of the Slovenian Democratic Party (Slovenska demokratska stranka – SDS), Janez Janša, who expressed his opinion on the economic situation in Slovenia at a press conference in the autumn of 2003. He pointed out that the economic growth of around two percent was catastrophically low for a developing country or a country in transition, and that the negative impact of low economic growth was exacerbated by high inflation and rising debt.[148] According to him, the external factors, such as the difficulties in the EU economies, were not the main reason for low economic growth, but were only in third or fourth place, as the economies of other transition countries also cooperated with the economies of the European Union, where economic growth, with the exception of the Czech Republic, was higher than in Slovenia. Janša added: "The reasons for the poor situation lie in an unfriendly environment for the development of small and medium-sized economy, excessive government spending and unfavourable conditions for foreign investment. The latter reason is not mentioned at all in the analyses of poor economic growth, however. External factors are only in the fourth place. Small and medium-sized economy is the main engine of progress in developed countries. The unfriendly environment for its development is created mainly due to payment indiscipline and poor credit policy of state-owned banks towards this sector. Public spending is increasing on a yearly basis, and there is no good savings programme. With regard to foreign investment, the pressure from various lobbies has created an unfavourable environment for the arrival of healthy foreign capital. Foreign investment is catastrophically low this year. The data on the employment stagnation is also worrying; the structure showing that employment in the state administration is increasing while employment

147 Mencinger, Jože. Začasnost samostojnosti? [Temporariness of Independence?]. *Nova Revija* [*New Magazine*], No. 134/135, June/July 1993 (Hereinafter: Mencinger, Začasnost samostojnosti? [Temporariness of Independence?]), pp. 303–312.

148 Slovenia's debt or its movement is described in continuation.

in the economy is declining is particularly problematic. In such circumstances, it is not possible to expect Slovenia to be ready to join the European Union".[149] Janša's worries proved to be superfluous, Slovenia became a full member of the EU, and its macroeconomic picture improved with the accession.

The first and long-standing Slovenian President Milan Kučan described Slovenia's accession to the European integrations as a fundamental strategic goal of the foreign policy and one of the key points of all decisions for an independent state since the plebiscite. He listed the following factors as the motives and reasons for joining the European integrations: faster economic and social development, greater prosperity and quality of life, acceleration of the country's internal transformation processes or economic, structural, property and political reforms, the recognition that Slovenia is a democratic country respecting the rule of law, human rights and the free market, as well as the recognition that it is a credible partner in international relations. These factors also included Slovenia's active role in discussions on the future of Europe, overcoming the European divisions and supporting its integration, as well as the country's active role in the enlargement of the EU first to Southeast Europe and Central Europe. Approximately a year after Slovenia's accession to the EU, Kučan assessed that the experience of living within the EU was "fundamentally good", but he also emphasized some of the most crucial problems Slovenia had in the negotiations. He mentioned that, according to the criterion of averages, Slovenia had to carry out a number of demanding structural reforms on its own and that its neighbours, Italy and Austria, as EU members, tried to take advantage of their position in the negotiations to repay the alleged injustices regarding the border and property that they, as allies of the Axis powers, supposedly suffered in the peace negotiations after the Second World War, which led to the delay in signing the Association Agreement in 1997. He also mentioned the discriminatory position of not allowing new members (except Malta and Cyprus) free movement of labour for a period of 7 years, although Slovenia was not an "exporter" but an "importer" of labour, and the so-called "Spanish compromise", by which Slovenia had to allow foreigners access to their real estate even before EU membership, which, among other things, required an amendment to the Slovenian Constitution.[150] The President of the Republic of Slovenia at the time of joining the EU, Janez Drnovšek, said the following in

149 SDS website. URL: http://www.sds.si/news/22063 (28 November 2007).
150 Speech by Milan Kučan.

one of the interviews regarding the decision to enter the EU and NATO: "These were key decisions that, of course, affect the future of our country. After the plebiscite, this is undoubtedly the most important decision the Slovenians have made. The membership in the EU and NATO means that our future is outlined in the company of countries with which we share democratic values and goals. I deeply believe that this decision leads us to a freer, more stable world, to a better future."[151] Anton Rop, Slovenian Prime Minister at the time of the accession to the EU, said the following in his speech at the ratification of the Accession Treaty between Slovenia and the EU: "Our citizens will be offered new opportunities for education, cultural and scientific cooperation. By making effective use of all these possibilities and opportunities, we will be able to better and more easily respond to the challenges of globalization and enable citizens to have a higher level of prosperity and social security." He added that the government had prepared the Programme for the Effective Accession to the European Union including measures in the fields of economy, education, regional development, completion of the public sector reform, implementation of the rule of law, foreign policy and cultural identity. He concluded his speech with the words: "Good luck, Slovenia! We are at home in Europe!"[152]

Upon Slovenia's accession to the EU, the late Drnovšek said: "The historical beginning of this new period will not be the end of the nation's history or the end of our identity. This is a real opportunity for the international promotion of our history and our identity. With even greater commitment, determination and responsibility than before, we will have to take care of everything we do not want and do not intend to give up – our language, our culture, our art and our history. Nobody denies us all this, but no one else will do it for us. In the future, it will solely depend on us whether our historical experience and cultural tradition will become a recognizable part of the European heritage and whether our creativity will be clearly visible in the European space." Drnovšek believed that "we can be proud that in thirteen years, we have tread the path from independence to an internationally renowned country with good economic foundations and consolidated democracy".[153] The Prime Minister Anton Rop also shared the opinion that Slovenia had achieved a lot by joining the

151 Možina, »Politika postane manj pomembna« ["Politics Becomes Less Important"], pp. 26–30.

152 Speech by the Prime Minister of the Republic of Slovenia, mag. Anton Rop.

153 Rupel (ed.), *Vzpon med evropske zvezde* [*Ascent to the European Stars*], pp. 4–5.

EU. Shortly before Slovenia's official accession, he wrote the following in the foreword to the book *Vzpon med evropske zvezde* (*Ascent to the European Stars*): "Great work is behind us. The vision of becoming part of modern Europe and transatlantic connections ruled by democracy, safety, prosperity and economic progress has been filling us with optimism since gaining independence and is now becoming a reality."[154] At the end of this chapter, we should mention that six months after joining the European Union, Slovenia was facing a new challenge. Only a few weeks after the parliamentary elections, a decision had to be made as to whether Slovenia should be the first of the new members to take the helm of this union of states and the weight of responsibility of the presidency of the Council of the European Union. Slovenia accepted the challenge and chaired the Council of the European Union in the first half of 2008. Based on the responses of high EU representatives and other Member States it did so successfully.

The idea of a united Europe was once merely a dream of philosophers and visionaries. Victor Hugo, one of the leading European writers of the 19th century, inspired by humanistic ideals, dreamed of a "United States of Europe". Today, the EU is a reality, and Slovenia is a part of it. The European Union is most often described in the following manner: "Dissimilarity and respect for cultural diversity are an essential part of the European Union. After centuries of armed conflicts, lasting peace is guaranteed in Europe among the EU Member States. On the basis of democratic agreements, the general social progress and security of the individual are realized without losing the cultural identity and uniqueness of the European nations."[155] This is all very nicely written, but only time will tell what the fate of this community will be.

154 Rupel (ed.), *Vzpon med evropske zvezde* [*Ascent to the European Stars*], pp. 6–7.

155 Archives of the Republic of Slovenia, AS 1994, box 97/930.

MACROECONOMIC PICTURE OF SLOVENIA

Financial or monetary policy has a vital role in the economy. It is a part of the economic policy and represents the most important part of the state's economic policy besides the fiscal policy under the auspices of the government. In the period under consideration, the monetary policy in Slovenia was managed by the Bank of Slovenia. Therefore, the government and the Bank of Slovenia are the most important instances as far as economic policy is concerned. The success of economic development is in their hands. The Bank of Slovenia was established with an act of 25 June 1991. It started implementing its monetary authority after the threemonth moratorium on the implementation of the independence acts of the Slovenian Parliament, on 8 October 1991, when it also introduced the Slovenian currency – tolar. According to the economist Bogomir Kovač, two examples of "management mechanisms" were of key importance for the Slovenian transition. On one hand, this was the political and economic role of the Bank of Slovenia, while on the other hand the managers were important for crisis management and business changes. According to the German example, the Bank of Slovenia quickly achieved a high level of internal professional autonomy and political sovereignty.[156]

The period after the attainment of the Slovenian independence was critical for the banks especially because of two reasons: due to the loss of the former Yugoslav markets the companies were no longer capable of repaying the loans, and loans were granted to companies incapable of repaying them. Franjo Štiblar, a Slovenian expert in the financial and monetary system, believes that the loss of markets resulted in recession, while the additional monetary crisis led to illiquidity and even insolvency of certain companies. Other factors that

156 Lorenčič, Aleksander. Aspects of the Slovenian Economic Transition and the Role of Banks in the Historical Perspective. *Analele Universitæații din Oradea. Istorie, arheologie.* 2017, Vol. 27, No. 16, pp. 177–192.

contributed to the banking problems included the financial liberalisation with the increased competition of new banks and free formation of interest rates. In 1992, 13 of 26 banks owning more than 70 percent of all of the banking sector deposits suffered losses. Certain smaller old banks were quickly rehabilitated during the rehabilitation of the infrastructure and basic industries (the state intervention with bonds in exchange for their unrecoverable debts to the banks). However, with the largest old banks the amounts involved were too extensive to allow for the same single intervention of the state. Therefore, the preliminary rehabilitation status officially began in the middle of 1992, while the rehabilitation status started in the beginning of 1993 with the rehabilitation of the new bank managements. The legal basis for the rehabilitation of banks was the Preliminary Rehabilitation, Rehabilitation, Bankruptcy and Liquidation of Banks and Savings Banks Act of 1991.[157] Then in the end of 1992, the Agency for the Rehabilitation of Banks and Savings Banks was established, which, at the first stage, took over the bad loans of the banks and in return provided them with government guarantee bonds. At the second stage, the ownership of the recovering banks was transferred to the Agency with the intention of ensuring their ability to operate normally. The rehabilitation of banks started with the decision of the Bank of Slovenia on the rehabilitation of the Ljubljanska banka bank in 1993 and Kreditna banka Maribor and Komercialna banka Nova Gorica banks in 1994. Ljubljanska banka and Kreditna banka Maribor came under the control of the Agency for the Rehabilitation of Banks and Savings Banks in 1993, while the Komercialna banka Nova Gorica was merged with the Kreditna banka Maribor in 1995. In 1993, these three banks owned a Slovenian market share in excess of 50 percent, while more than 40 percent of their loans were bad. Thus, the restructuring of the Slovenian banking sector formally started in 1993, simultaneously with the restructuring of the real sector, and ended in the middle of 1997. At that time, at least the rehabilitation of the largest banks was concluded, while the restructuring of the whole banking system continued. Štiblar believes that "the Slovenian model of banking rehabilitation was unique in terms of extent, since until then there had been no examples in the practice of other countries where the rehabilitation would simultaneously encompass more than 50 percent of the banking sector".[158] The banks also played a vital

157 Official Gazette of the Republic of Slovenia, No. 1, 1991-I, 25 June 1991.

158 Štiblar, Franjo. Sanacija bank v Sloveniji [Bank Rehabilitation in Slovenia]. In: Bančni vestnik [Banking Journal], Vol. 50, No. 5, May 2001, p. 62.

role in the Slovenian accession to the European Union and the introduction of euro, and they also took a pounding after the global crisis broke out.

However, it is definitely clear that the topic of banking will have to be explored in more detail in the future. The book by Franjo Štiblar *Bančništvo kot hrbtenica samostojne Slovenije* (*Banking as the Backbone of the Independent Slovenia*) is very significant: it is the first presentation of banking in Slovenia, and its author underlines the issues which will have to be analysed in greater detail.[159]

According to macroeconomic indicators, the transition period in Slovenia can be divided into 5 sub-periods:

- transformational recession (1990–1993),
- transformational recovery (1993–1995),
- balanced development (1995–1999),
- at the turn of the millennium and beyond (2000–2003),
- achieving the strategic objectives and improving the macroeconomic picture (2004),
- towards new challenges and crises (from 2004 until today).

Transformational recession (1990–1993)

Slovenia's economic picture in 1990 was very bleak. The greatest problem was inflation, which was around 550 percent. It decreased in 1991, but the macroeconomic picture worsened and the depressive situation continued. Economic developments in 1991 were marked by a double transition – to an independent state and a market economy, accompanied by a series of upheavals that even the strongest possible economy could not endure without negative consequences: direct and indirect economic damage due to the Yugoslav Army's ten-day aggression on Slovenia, closing of markets in the countries of the former Yugoslavia, interrupted transport and other infrastructural connections with the south, confiscation of assets of Slovenian companies in Serbia and, last but not least, indiscriminate measures of the European Community and the USA against Yugoslavia, which also applied to Slovenian exports. In addition, the

159 Štiblar, Franjo. *Bančništvo kot hrbtenica samostojne Slovenije* [*Banking as the Backbone of the Independent Slovenia*]. Ljubljana: Založba ZRC SAZU, 2010.

harmony of the balance of payments, left behind by the federal government's anti-inflation programme at the end of 1990, was being eliminated.[160] Slovenia's sales to the former Yugoslav republics, which accounted for about 25 percent of total sales in the previous years, fell to just under 10 percent in the last quarter of 1991, while purchases fell from around 20 percent to just over 10 percent of all purchases. In 1992, the closing of markets continued. With the war situation in Bosnia and Herzegovina and the sanctions by the United Nations against Serbia and Montenegro (these three former Yugoslav republics still accounted for 3.5 percent of all sales of the Slovenian economy in the last quarter of 1991), only the Croatian and Macedonian markets remained accessible. In the short and long terms, Slovenia thus had no other alternative but to focus on real international trade. Rapid decline in economic activity and high inflation were the basic characteristics of economic trends in 1991 as well.[161] After four consecutive years of declining economic activity, the Slovenian economy went into a real depression in 1991. In one year, the number of registered unemployed workers increased by 67.3 percent or 36,000 until November 1991.[162] According to the estimates, the domestic product fell by 12 percent (gross domestic product by 15 percent). The general economic situation was still depressed in 1992, but there were signs of improvement in some economic activities. Between 1991 and mid-1992, the structural reforms and the legal bases for the transition to a market economy came halfway. The fiscal reform was carried out, the banking and foreign exchange systems were set up, the privatization of apartments was almost completed; the laws on denationalization and privatization of cooperatives were adopted as well as the legislation that regulated the operation of social activities and introduced the pluralism of ownership, management and financing. Restrictions on the functioning of the market mechanism were removed in a number of areas. The system of economic relations with foreign countries was liberalized, mainly through the abolition of quantitative import restrictions and the gradual reduction of customs protection.[163] The course of economic developments in Slovenia in 1992 was largely shaped by the consequences of the constant contraction of sales markets and the simultaneous establishment of the macroeconomic stability. The effects of the former are

160 IMAD, Workbook, No. 3, Vol. I, Ljubljana 1992, pp. 3–8.
161 Bank of Slovenia, Annual Report for 1991, p. 3.
162 Ibid., pp. 4–5.
163 IMAD, Workbook, No. 2, Vol. I, Ljubljana 1992, pp. 3–8.

expressed by a 7.5 percent drop in the gross domestic product and an average unemployment rate of around 11 percent, while the consequences of the latter show as a decline in inflation from 247 percent in December 1991 to just over 90 percent in December 1992 and as an increase in foreign exchange reserves from $ 365 million at the end of 1991 to at least $ 1.3 billion at the end of 1992. The central aim of the economic policy in 1992 was macroeconomic stabilization. In the given situation, the only sensible (and as it turned out a relatively successful) approach was a gradual stabilization approach with a restrictive monetary policy and a system of a floating tolar exchange rate. Fiscal policy supported such an orientation by taking care of the global balance between public revenues and expenditures, so there was no danger that public sector deficits would be covered by printing money. In addition, the government pursued a restrictive pricing policy in monopolistic activities and gradually reduced the cost of imports by reducing import duty rates. The monthly inflation rate fell from 21.5 percent in October 1991 to 1.4 percent in August 1992. The stabilization policy had two inevitable consequences, which usually occur during the implementation of any successful stabilization programme – a fall in the real exchange rate of foreign currencies and a rise in market real interest rates, which reached an extremely high level in the critical financial situation of commercial banks and companies, as they also included a high default risk premium. At the end of June 1992, the Bank of Slovenia and the government therefore began to influence the developments in the foreign exchange and money markets through coordinated market-oriented measures; the result after three months was that the real exchange rate of the basket of foreign currencies rose by 11 percent, and the real interest rate on the interbank money market fell from about 30 percent to 18 percent. As an obstacle to the implementation of the stabilization and development policies, a sharp rise in real wages in the economy and consequently in the non-economy occurred in 1992. In the second half of the year, the government managed to maintain wages in the public sector at the same level and in the companies where it directly or indirectly participated in the restructuring.[164] It began the implementation of the existing collective agreements for the economy and individual economic activities, which were known to set minimum rights at a level that was difficult to achieve for the majority of the economy. In the non-economy, there were two collective agreements in force with unrealistically determined wages in relation to the

164 IMAD, Workbook, No. 9, Vol. I, Ljubljana 1992, p. 2.

available funds in the national budget. At the same time, an intervention law was in force which was to regulate wages until the end of March 1992.[165] Another serious problem was the general financial crisis, manifesting itself in high losses of all institutional sectors, non-payment of financial obligations and financial indiscipline. These phenomena were interrelated and partly the result of delays in the privatization of socially-owned companies and, last but not least, a moratorium on bankruptcies. Part of the losses was thus certainly inflated, which, given the large dimension of the problem, did not diminish the weight of the fact that at that time the state was actually living off the sale of its property. In July 1992, the government began implementing the project of restructuring the Slovenian economy, but otherwise there were virtually no laws passed in the economic field that would reduce the already obvious lag behind its own goals. The Agency for the Rehabilitation of Banks began the initial phase of the bank rehabilitation process in mid-1992.[166] Some significant economic developments in the last quarter of 1992 could be understood as first signs of improvement. However, as the economy was just entering a crucial period of transition to a modern market economy, this, of course, could not be a cause for joy, especially because the essential economic and political gaps were widening. What we have in mind are the collective agreements and the relevant law, as they were completely uncoordinated and, above all, calibrated at significantly more favourable economic performance than the actual one, thus preventing the stabilization of a key national economic cost in the short term. The state's conduct was also a problem, as the social part of the public sector became too "inflated", while the "budding" of new funds rapidly reduced the control of economic policy and parliament over revenues and spending of the relevant part of the public sector. The task of economic policy-makers at that time was mainly to significantly tighten the monetary, fiscal and income policies and financially control the public sector operations.[167] At the end of 1992, Dr. Jože Mencinger wrote the following about the work of Drnovšek's government: "The government has little to do with reducing inflation, nothing to do with

165 Štoka Debevec, Meta. Plačna politika od leta 1990 dalje ter razlogi zanjo [Wage Policy since 1990 and the Reasons for It]. In: *Slovenska ekonomska revija* [*Slovenian Economic Journal*], Vol. 48, No. 1/2, 1997/2 (Hereinafter: Štoka Debevec, Plačna politika [Wage Policy]), pp. 166–184.

166 IMAD, Workbook, No. 9, Vol. I, Ljubljana 1992, pp. 1–3.

167 Gospodarska gibanja (GG) [Economic Trends], No. 234, 1992/12, Institute of Economics, Faculty of Law, Ljubljana, pp. 25–43.

stopping production and neither with the export surplus". He also said that "for most of what has been happening in the economy in the past eight months, the economic policy of Drnovšek's government is neither to blame nor deserving a praise". Mencinger also touched on the privatization law, which, according to him, was not something to be proud of, and he believed that it had been adopted "completely unexpectedly by a completely unpredictable parliament".[168] The first period of the independent state or the period of recession demanded a high economic price. Higher than expected by those who had hoped for some miracle effects from the introduction of the market economy and independence from Belgrade, and perhaps somewhat more modest than some experts on the economy feared. Jože Mencinger said about the transition from a socialist to a market economy that it began with the illusion that the introduction of the market would immediately or at least quickly transform the former socialist economies into welfare states. These illusions were shared by new political elites on the one hand and international financial institutions and Western experts on the other. Three years after the beginning of the transformation, the illusions turned out to truly be illusions, and the excessive optimism turned into excessive pessimism and hopelessness.[169]

Transformational recovery (1993–1995)

After the initial phase of the transition to a social market economy, which was characterized by the declining economic growth and standard of living, rapid reduction in investment and employment along with significant macroeconomic instability, the Slovenian economy entered a period of transformational recovery. This period, which began in Slovenia in 1993, was marked by intensive restructuring in production and consumption (primary and final division) and dynamic economic growth. Gross domestic product increased by 1.9 percent in 1993, by 4.9 percent in 1994 and by a further 3.5 percent in 1995. Economic strength reached its pre-independence level. Economic developments in 1994 also confirmed the transition to economic growth. Positive trends in industrial production continued and its annual growth was 6.5 percent. In 1994, there was

168 Mencinger, Jože. Plesala je eno polletje [It Danced for One Midterm]. *Gospodarski vestnik* [*Economic Journal*], No. 50, Vol. XLI, 17 December 1992, pp. 4–5.

169 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], p. 13.

also a revival of construction, which had been declining for a long time. The growth in market services continued. For the first time in two years, we could also observe an increase in agricultural production. Gross domestic product increased by about 5 percent in that year.[170] Undoubtedly, the grey economy also played a certain role in the transition from recession to recovery as an unregistered economic profit-making activity, operating outside the regulations and evading taxes, with some covert activities also taking place within the units of the "official sector". All this was mainly due to poorly developed tax control mechanisms, relatively low fines, inadequate organization and remuneration in companies, which did not particularly restrict grey areas, and the unsatisfactory functioning of the legal system. According to some estimates, the share of the grey economy represented 15 to 20 percent of economic activity in Slovenia.[171] Just as the main cause of the economic depression in 1991–1992 was a dramatic drop in total demand, the onset of economic recovery in mid-1993 was also associated with a strengthening of overall demand. The latter was made possible by the fact that, in the economic sense, Slovenia had completed one of the phases of transformation, namely from a regional to a national economy.[172] The focus of economic policy in 1993 was on institutional and real restructuring of the economy. The decline in production continued in early 1993, while a significant positive turnaround in a number of industries was recorded in the second half of the year. The turning point was achieved with a relentless monetary policy that continued to reduce current inflation, with balanced government finances and without net external borrowing. Production, especially industrial one, continued to adapt to the effects of reduced demand from the markets of the countries of the former Yugoslavia for the most part of 1993. From 1990 to 1993, the sale of goods and services to this area decreased from 31 percent to about 5 percent of all sales of the Slovenian economy. In 1995, the former Yugoslav market was characterized by the fact that the economies and former markets of Yugoslavia achieved only 10 of the 65 percent of the maximum activity already achieved in the past. Peace agreements and their stabilization efforts promised better times.[173] With the initial mistrust, foreign direct investments gradually began to flow more strongly into the young Slovenian economy. The

170 IMAD, Workbook, No. 10, Vol. III, Ljubljana 1994, pp. 2 –5.

171 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], pp. 23–24.

172 IMAD, Workbook, No. 6, Vol. III, Ljubljana 1994, p. 2.

173 Štiblar, Razvoj trgov Ex-Jugoslavije [Development of Markets of Ex-Yugoslavia], pp. 23–43.

total balance of inward direct investments in Slovenia almost doubled between 1993 and 1995 (an increase from 954 to 1,763 million dollars).[174] In 1993, the average net wage after taxes, but before deducting the advance payment of personal income tax, amounted to 46,826 tolars or 414 US dollars (USD).[175] The Agreement on Wage Policy in the Economy for 1994[176] provided that wages were paid in accordance with collective agreements and the terms of the Agreement. With this Agreement, the Economic and Social Council was established, a tripartite body composed of the representatives of employers, employees and the government. The Economic and Social Council was a place where representatives of the social partners discussed the most important economic, social and other issues concerning their common or individual interests. Negotiations for the conclusion of the annual social agreement also took place within the Economic and Social Council. The fact that despite the agreement on wage policy a law was required to implement it was not exactly in favour of the negotiators, but this practice continued in the following years. The Act on the Implementation of the Agreement on Wage Policy in the Economy[177] summarized the provisions of the agreement and additionally limited the payment of wages to managers by employers who paid their workers wages below the level determined in the collective agreement.[178] For the first time in several years, employment was declining faster than production in 1993, which signified an increase in productivity. Nevertheless, the number of the registered unemployed further increased in 1993.[179] In 1994, however, the number of unemployed people, which peaked in December 1993, was declining throughout the year. The growth in the number of job vacancies slowed down, which was to be expected, as it reached the level of the years when the labour force in the Slovenian economy was almost fully employed. In 1994, there were 10 unemployed people per one vacancy, while there were more than 14 in 1993.[180] The phenomenon of unemployment was one of the most extensive and most difficult to solve social problems in Slovenia, as well as in other post-socialist countries. In Slovenia, the unemployment rate rose from 1.4 percent in 1987 to 14.4 percent in 1993. Less than half of those

174 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], pp. 22–23.
175 Bank of Slovenia, Annual Report for 1993, p. 10.
176 Official Gazette of the Republic of Slovenia], No. 23, 6 May 1994.
177 Official Gazette of the Republic of Slovenia, No. 30, 3 June 1994.
178 Štoka Debevec, Plačna politika [Wage Policy].
179 IMAD, Workbook, No. 1, Vol. II, 1993, pp. 1,2.
180 IMAD, Workbook, No. 10, Vol. III, 1994, pp. 2–5.

registered received social assistance. Despite mass unemployment, employers were relatively unsuccessful in finding a suitable workforce, especially if the employment was for a fixed term – particularly in agriculture. Thousands of foreign seasonal workers had to be sought annually in such cases. The domestic unemployed workforce rejected seasonal work due to more difficult conditions, low valuation of agricultural work and poorer earnings.[181] However, the decline in total employment finally stopped in 1994 due to new hiring in the small private and state sectors, while employment in the group of large and medium-sized companies decreased by a further 5.1 percent. The number of the registered unemployed decreased by 1.6 percent; the unemployment rate was 9 percent in May 1994. Labour productivity in industry rose by 13.7 percent.[182] Slovenia thus overcame the lowest point of the economic crisis in 1993. The independence and stabilization phases of the Slovenian transition were successfully carried out and their positive effects gradually began to prevail over short-term costs. The trend of moderating inflation also continued. The growth of retail prices was about 19 percent in 1994. Despite the decline, such a level of inflation did not yet ensure the stable conditions for economic growth, however.[183] With the 1995 budget memorandum, the government committed itself to pursuing a balanced economic policy with the following key objectives:

- significant reduction in the inflation rate compared to 1994,
- 4 to 5 percent growth of gross domestic product based on exports and investments,
- increased labour productivity by 3 to 4 percent,
- increased employment by at least 1 percent,
- growth of gross wages in the framework of labour productivity,
- reduction of the share of general government expenditure in gross domestic product by 0.7 percentage point and general government revenue by 0.4 percentage point.[184]

181 Hribernik, Franc. Socialna varnost brezposelnih [Social Security of the Unemployed]. In: *Socialno delo* [*Social Work*], Vol. 34, No. 2, 1995, pp. 133–142.
182 Bank of Slovenia, Annual Report for 1994, p. 8.
183 IMAD, Workbook, No. 10, Vol. III, Ljubljana 1994, pp. 2–5.
184 IMAD, Workbook, No. 6, Vol. IV, 1995, pp. 2–4.

Balanced development (1995–1999)

The second half of the 1990s was as a period of balanced development. The period 1996–1999 was characterized by moderate inflation with a downward trend in balanced economic growth, which was moving around 4% on average per year. The slowdown in 1995–1996 was due to a slowdown in gross domestic product in the European Union, while the slowdown in 1998 was due to the Russian crisis and the recession in Croatia. In 1999, Slovenia recorded the highest economic growth among all candidates for accession to the European Union.[185] When preparing Slovenia's economic development strategy for the period 1996–2000, entitled "Slovenia's Approach to the EU", the analysts noted that Slovenian exporters should replace at least half of their then export-oriented products. Manufacturing, which had consistently accounted for almost all merchandise exports, achieved below-average export efficiency in the European market in global competition. In the markets of important European partners, the prices of Slovenian exported products were below the average import prices for the same or similar imported products. The structure of Slovenian exports did not change enough and was too concentrated in those product groups where demand was below average. The Slovenian economy was thus sensitive to economic fluctuations in the European markets. In the second half of the 1990s, foreign direct investments in the Slovenian economy were growing in a fluctuating manner year by year. The stock of foreign direct investments rose from about $ 2 billion in 1996 to close to $ 2.8 billion in 2000.[186]

In 1996–1999, Slovenia recorded a downward trend in inflation. In 1998, the consumer price index became an official and internationally comparable general measure of inflation, replacing the related retail price index. Free prices increased by only 5.7 percent in 1998, while controlled prices by 10.1 percent.[187] The growth of personal income during 1996 was even faster than the average growth compared to 1995, which meant that income policy continued to be the central problem of Slovenian macroeconomic regulation. In the past years, a close link between wage and employment trends had been established in Slovenia. In the industry, where wage growth was above average, nominal labour cost growth outpaced large savings from increased productivity. Wage growth

185 IMAD, Workbook, No. 11, Vol. V, 1996, pp. 3–5.

186 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], pp. 29–31.

187 Bank of Slovenia, Annual Report for 1998, pp. 14–15.

in 1996 originated mainly from the public sector (real average wages rose by 5.6 percent in the state administration, by 5.5 percent in education and by 6.3 percent in health care), construction (6 percent) and agriculture (5.7 percent), that is, mostly from the fields the conduct of which was only loosely related to the monetary policy and which were not affected by the constraints dictated by exchange rate movements.[188] The Social Agreement,[189] finally concluded at the end of May 1996, stipulated that wages were paid in accordance with the collective agreement, but that, according to the escalation scale, only starting wages increase by tariff and pay grades, while basic wages grow only by a difference of identified increases in starting wages. Such a solution, which was not supposed to encourage an automatic increase in wages, was advocated by employers in particular. The final decision on the minimum wage, which was a compromise between the demands of the unions and the proposals of the employers, was decisively influenced by the move of the government, which reduced the contributions of employers by 4 percent. At the same time, it introduced a payroll tax, which triggered disapproval among employers.[190] The moderate wage developments of 1997 continued in 1998, which was greatly influenced by the legalized agreement on wage developments.[191] Despite the agreement of the social partners on wage policy for the period 1999–2001, wages were growing much faster in 1999 than in the previous year and at the same time faster than the planned 2% real growth. Real growth in average gross wages was 3.2 percent and almost reached labour productivity growth. Wages in manufacturing rose by 2.8 percent in real terms.[192]

In the second half of the 1990s, major institutional changes occurred in the area of public finances. The Accounting Act[193] was adopted in April, the Value Added Tax Act[194] and the Excise Duty Act[195] entered into force in July, the Public Finance Act[196] was adopted in September, and the Pension and Disability Insurance Act[197] at the end of the year. As expected, the introduction of value

188 Bank of Slovenia, Annual Report for 1996, p. 10.
189 Official Gazette of the Republic of Slovenia, No. 29, 31 May 1996.
190 Štoka Debevec, Plačna politika [Wage Policy].
191 Bank of Slovenia, Annual Report for 1998, p. 13.
192 Bank of Slovenia, Annual Report for 1999, p. 15.
193 Official Gazette of the Republic of Slovenia, No. 23, 8 August 1999.
194 Official Gazette of the Republic of Slovenia, No. 89, 23 December 1998.
195 Official Gazette of the Republic of Slovenia, No. 84, 11 December 1998.
196 Official Gazette of the Republic of Slovenia, No. 79, 30 September 1999.
197 Official Gazette of the Republic of Slovenia, No. 106, 23 December 1999.

added tax had an impact on price growth due to changes in relative price ratios and a higher effective tax rate.[198] In the second half of the 1990s, public finances were one of the most problematic areas of Slovenia's development. During this time, the gradual modernization of the tax system continued and some changes were implemented quite successfully, such as the long-planned introduction of a value added tax to replace the previous sales tax, which was important for adapting to the public finances of the EU.[199] At the end of the 1990s, administrative changes were also implemented in the register of employees. As of January 1999, the persons involved in public works also had the status of employees, while they had been statistically considered unemployed until then. The number of employees increased the most among those employed by entrepreneurs and in independent professions (the number of them decreased, however), while the number of employees in companies and organizations also grew.[200]

At the turn of the millennium (2000–2003)

At the beginning of the new millennium, Slovenia remained one of the few transition countries that exceeded the pre-transition level of economic activity. In 2000, only Poland, Hungary, Slovakia, Albania and Slovenia exceeded the level of real gross domestic product of 1989. Slovenia had been steadily reducing the lag behind the developed European countries. In 1996, it reached 64 percent of gross domestic product per capita in purchasing power standards in the European Union, and in 2001, it reached 70 percent. Already in 1997, Slovenia achieved the level of development of the least developed member of the European Union – Greece, and was nearing that of Portugal. Among the candidates for the accession to the European Union, only Cyprus was more developed than Slovenia, reaching 74% of the average gross domestic product per capita in purchasing power standards in the European Union in 2001. At the turn of the millennium, in 2000, an inflationary shock occurred. Inflation rose to almost 9 percent. The period of moderate inflation with a slow declining trend was interrupted in 1999 with the introduction of value added tax and rising commodity prices on world markets. With increasing fluctuations in monthly

198 Bank of Slovenia, Annual Report for 1999, p. 14.
199 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], pp. 33–34.
200 Bank of Slovenia, Annual Report for 1999, p. 15.

National debt of the Republic of Slovenia in the period 1993–2000

Year	Total debt of the Republic of Slovenia (in SIT million)	Internal debt (in SIT million)	External debt (in SIT million)
1993	303,020	263,765	39,255
1994	342,982	290,966	52,016
1995	418,121	346,009	72,112
1996	580,698	355,499	225,199
1997	673,276	399,620	273,656
1998	771,296	475,532	295,763
1999	893,293	498,476	394,817
2000	1,013,353	505,073	508,280

Source: Ministry of Finance, Public Finance Bulletin, December 2001, p. 93.

price growth rates, their level was increasing until the second half of 2001, after which inflation began to decline and stood at 7% at the end of 2001. Inflation trends in 2002 were strongly characterized by fiscal changes (increase in the rate of value added tax, excise duties and environmental taxes), which, together with controlled prices and petroleum products, halted the downward trend in inflation in early 2002. The downward trend in inflation resumed in the middle of the second quarter, but the inflation at the end of 2002 nevertheless exceeded the inflation at the end of 2001. The gradual rise in prices in 2000 and in the first half of 2001 was largely due to continued rising of oil prices in the global market, which also partly contributed to the slow moderation of price growth in 2001. Among the internal factors that enabled inflation to remain relatively high, it is necessary to point out the comparatively fast rise in regulated prices, frequent changes in the tax area and the focus of monetary policy on regulating exchange rate movements, which, together with increased financial inflows, resulted in increased growth of monetary aggregates. Regarding the inflation problem at that time, the director of the Office for Macroeconomic Analysis and Development said that he "does not understand why the central bank would not at least conditionally define the inflation target, and if it did not achieve it, it could explain exactly which government actions had gotten in the way".[201] In 1996, inflation in Slovenia was the lowest among the countries of the Luxembourg group of candidates for the membership in the European

201 BS lahko naredi več. Intervju z dr. Janezom Šušteršičem: UMAR [The Bank of Slovenia can do more. Interview with Dr. Janez Šušteršič: IMAD]. In: *Gospodarski vestnik* [*Economic Journal*], Vol. 50, No. 28, 12 July 2001, pp. 14–15.

Union, with the exception of the Czech Republic. However, at the end of 2002, inflation was the highest in Slovenia among the mentioned countries and was at the same time about three times higher than the level determined by the Union's convergence criterion on price stability. With high inflation, economic growth fell in 2000 compared to 1999. It declined even further the following year, reaching only 2.3 percent in 2003. With the decrease in economic growth, employment growth also slowed down. In 2002 in particular, employment growth slowed sharply and the decline in unemployment almost came to a halt. Due to retirements and other deletions from unemployment registers, the share of the long-term unemployed decreased slightly in 2001, from 63% in 2000 to 59 %. With a more intensive focus of the employment policy on the problems of the people at a disadvantage in the labour market and the retirement of older people who met the criteria for retirement, the share was also falling in 2002. The problem of employing uneducated unemployed people persisted, as their share remained at about 47 percent.[202]

In 2000, 11.2 percent real growth in exports of goods and 3.6 percent real growth in imports of goods were recorded. The terms of trade had a significant impact on the current account deficit. The lowest shares of consumer goods in exports and imports were recorded thus far. The shares of trade with the countries of the European Union were similar to those before the Russian and Kosovo crises. Trade with the countries of the former Yugoslavia, the former Soviet Union and the CEFTA countries had increased.[203] The terms of trade slightly improved in 2001 after two years of successive deterioration. The market share of Slovenian exporters in the European Union markets increased. Changes also occurred in the regional structure of trade in both exports and imports. Trade with the countries of the former Yugoslavia was also strengthening at an above average rate.[204] The year 2002 was characterized by faster growth in exports of goods than imports. There was a decline in the US dollar on both the import and export side. The market share of Slovenian exporters in the markets of the most important trading partners increased in 2002. On the export side, the

202 Javornik, Jana, Korošec, Valerija (eds.). *Poročilo o človekovem razvoju Slovenija 2002/2003. Človekov razvoj in zdravje* [*Human Development Report Slovenia 2002/2003. Human Development and Health*]. Ljubljana: Institute of Macroeconomic Analysis and Development, 2003 (Hereinafter: Javornik, Korošec (eds.), *Poročilo o človekovem razvoju Slovenija 2002/2003* [*Human Development Report Slovenia 2002/2003*]), pp. 12–32.

203 Bank of Slovenia, Annual Report for 2000, pp. 18–23.

204 Bank of Slovenia, Annual Report for 2001, pp. 14–16.

regional composition of trade changed in favour of the countries of the former Yugoslavia and the CEFTA countries. A large surplus was recorded in trade with the countries of the former Yugoslavia.[205] In 2003, the growth in imports was twice as fast as the growth in exports. Both exports and imports were affected by inter-currency relations. The market share of Slovenian exporters in the EU markets was 0.28 percent. In 2003, the share of exports to the countries of the former Yugoslavia decreased to 17.4 percent compared to 2002. The growth of exports to the CEFTA countries was three times higher than the growth of imports. The growth in trade in services with foreign countries was slower than the growth of commodity exchange.[206]

After eleven years of transition, the reform lags remained especially in the restructuring of the financial sector, the restructuring of the corporate sector and the reform of public administration or the functioning of the public sector. Although the total corporate profits exceeded the total losses in the economy, about a third of the companies were still operating at a loss. The state was still strongly and directly present in the economy – the share of the private sector in gross domestic product increased from 30 percent in 1992 to 65 percent in 2000 with the privatization of socially-owned property, but still lagged behind other transition countries. In 2000, the process of privatization also started in the financial sector, where, after a long discussion on the national interest, the state sold a 39% share of Nova ljubljanska banka bank to foreigners. The implementation of the public administration reform was slow, with public sector operating costs rising mainly due to rapid wage and employment growth in the public sector.[207] In July 2001, the Government of the Republic of Slovenia adopted a strategy of the economic development for the medium term until 2006 entitled "Slovenia in the European Union". The title speaks for itself. It stemmed from the realization that the previous development concept of transition adaptation had been largely exhausted and that it would henceforth take place in a significantly changed environment. It was characterized mainly by globalization, the information society and the knowledge society as a development challenge and the expected integration of Slovenia into the EU.[208]

205 Bank of Slovenia, Annual Report for 2002, pp. 14–17.

206 Bank of Slovenia, Annual Report for 2003, pp. 14–21.

207 Javornik, Korošec (eds.), *Poročilo o človekovem razvoju Slovenija 2002/2003* [*Human Development Report Slovenia 2002/2003*].

208 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], p. 40.

Achieving strategic goals and improving the macroeconomic picture (2004)

In 2004, the macroeconomic picture improved. Economic growth was the highest and inflation the lowest in the new millennium. Economic activity was relatively high in 2004 after several years of rather low growth rates. The average growth rate of gross domestic product was 4.4 percent. Domestic demand also strengthened and industrial production grew by 4.8%. There was a moderate wage growth, mainly due to low wage growth in the public sector. Employment trends were in line with the economic activity, and the number of unemployed was 5% lower than in 2003. The growth in the number of employees in the service sector again outpaced the growth in the industry. The trend of disinflation continued and the average annual inflation rate in 2004 was 3.6 percent. The Bank of Slovenia pursued the goal of achieving price stability. Imports of goods grew faster than exports in 2004. Real growth in exports of goods doubled while real growth in imports increased by half. Slovenia became a member of the European Union on 1 May 2004. Slovenia's accession to the EU and the revival of economic activity in the EU had a favourable effect on trade. On the export side, the exports of reproductive material increased the most, while on the import side, the imports of reproductive material and consumer goods were prevailing. The commodity exchange deficit increased by EUR 337 million. There was also an above-average increase in exports to the countries of the former Soviet Union and Yugoslavia. The share of exports to the countries of the former Yugoslavia rose to 17.9 percent in 2004, and the share of imports to 5.8 percent. Germany, Italy, Austria and France remained the most important trading partners. There was an increase or acceleration of exports to Greece, Belgium, Denmark and Spain. The exports of services increased in general by 13 percent in 2004 and the imports by 10 percent. The revenues from tourism were also growing faster than expenditures. After 1996, transport services were the fastest growing service activity in 2004. The financial outflows of the private sector also increased. The share of investments in foreign securities doubled in the structure of financial outflows. Slovenia's accession to the EU also resulted in higher foreign direct investment. One of the negative consequences, however, was the increased volume of foreign borrowing by the Slovenian banks and companies. The gross external debt also increased. By joining the EU, Slovenia became a member of the Economic and Monetary Union (EMU) with a derogation regarding the introduction of the euro. This means that it did not adopt the euro immediately after joining the EU, but it did so on 1 January 2007. With Slovenia's accession to the EU, the Bank of Slovenia became a member of the European System of Central Banks (ESCB), which consists of the European Central Bank (ECB) and the national central banks of the EU Member States. The representatives of the Bank of Slovenia thus acquired the status of members of the General Council of the ECB, committees and working groups of the ESCB. Due to the planned adoption of the euro, the Bank of Slovenia continued to adjust its monetary policy instruments. The integration into the EU and the planned introduction of the euro also required adjustments in the area of payment systems. In any case, after Slovenia's accession to the EU, the Bank of Slovenia still had to implement quite a few necessary measures and adjustments before the euro was adopted. The Bank of Slovenia therefore played an extremely important role in this regard.[209]

Towards new challenges and crises (from 2004 to the present day)

After 2004, the period of the so-called fat cows began – the time of the boom. In 2006, Slovenia's economic growth amounted to 5.2 percent, while in the second half of the year even to 5.5 percent. Growth during this period was mainly driven by strong exports, tied to the favourable European economy. In the second half of the year, this picture changed somewhat, as higher domestic consumption, especially investments, was the thing that contributed to the high aggregate growth, when a strong new wave in infrastructure joined the already intensive construction of housing. In construction, real value added increased by over 20 percent and employment by almost 10 percent in the last quarter compared to 2005. High economic growth was also significantly influenced by typical "convergence" factors, such as credit expansion based on external borrowing, etc. As pointed out in the annual report by the Bank of Slovenia for 2006, the growth generated in this manner also included risks.[210] The economic growth in 2006 was the highest since 1999. Higher domestic demand crucially contributed to high economic activity, which was accelerating in the last quarter

209 Bank of Slovenia, Annual Report for 2004, pp. 9–26.
210 Bank of Slovenia, Annual Report for 2006, p. 9.

of 2005 and gradually increasing during 2006. In the structure of investments, high investments in residential and non-residential buildings stood out the most, and after a negative growth in 2005, investments in transport equipment also increased sharply. On average, household consumption remained almost unchanged in 2006 compared to the previous year, despite improved labour market conditions, growing consumer optimism and more favourable lending conditions. The spending of private non-profit institutions increased in 2006 after two years of negative growth, while state spending also accelerated by 1 percentage point to 3.2 percent compared to the previous year. The interim growth in exports of goods and services slowed slightly in 2006 compared to the previous two years, while the growth in imports of goods and services somewhat accelerated, contributing, among other things, to the increase in the negative balance of payment position in 2006. In line with the high growth of value added in manufacturing in 2006 (7.1 percent), the growth of industrial production was also high (7.6 percent), which slowed down slightly only at the end of the year.[211]

On 1 January 2007, Slovenia adopted the euro as its national currency. The transition and change of currency went smoothly, but in some cases, prices were "rounded" up, especially in services and catering. The impact of the introduction of the euro on inflation was, according to most estimates, around 0.3 percentage points. The positive effects of Slovenia's accession to the European Union continued in 2007. The favourable European and international economic conditions and the consequent high growth of foreign trade enabled 6.1% aggregate real economic growth, which was the highest growth in the post-independence period. The result of high economic growth was a high increase in total employment by 2.7 percent and a decrease in the unemployment rate to 4.6 percent. In addition to exports, high growth in domestic consumption also contributed to high GDP and employment growth. It was driven by a very high growth of investments, especially investments in construction works. After entering the European Exchange Rate Mechanism (ERM II) in July 2004, the efficiency of the Bank of Slovenia's monetary control gradually began to decline due to the convergence of domestic interest rates to the level of the European ones, which stimulated strong credit growth. As written by Marko Kranjec, the Governor of the Bank of Slovenia, in the editorial of the Annual Report for 2007, the central bank estimated that economic growth in the second half of 2006 and even more

211 Ibid., pp. 12–14.

so in 2007 was above the production potentials that ensure macroeconomic balance. With the accession to the European Union, there was a large increase in imports, which, with increasing domestic consumption, began to outpace exports, leading to a large increase in the external deficit. Imports from the countries of the former Yugoslavia were growing faster than exports since Slovenia's accession to the European Union. Trade with Serbia was growing the fastest in 2007. The deficit of the current account of the balance of payments amounted to 4.9 percent of GDP in 2007, which was already a clear and serious sign of macroeconomic imbalances. Wage growth was also increasing throughout 2007, while inflation slowed somewhat in the first months of 2007 but started rising in the middle and especially towards the end of the year and was well above the euro area average. At the end of the year, the Harmonized Index of Consumer Prices (HICP) increased by 5.7 percent, with the largest part of the increase being caused by external supply shocks, especially increases in food, raw material and energy prices. With the general government surplus, net deleveraging occurred. At the end of 2007, the debt of the Republic of Slovenia amounted to 22 percent of GDP and the net external debt amounted to EUR 6.4 billion. The largest financial inflows came through loans to banks.[212]

The financial crisis that erupted in the United States in 2007 spread throughout the world through national and international banking relations. The first consequences of the crisis were the loss of confidence among banks and the tightening of lending conditions: interbank lending shrank and banks severely curtailed consumer lending. This is how the phenomenon called the credit crunch came about. In many countries, the effects of the credit crunch first manifested in the real estate market, and there were also serious consequences in global banking systems and global economies in general. Richard Sendi believes the financial crisis led to the collapse of large financial institutions and forced governments to take emergency safeguard measures to stop and prevent the worsening of economic recession.[213] The global crisis hit Slovenia at the end of 2008. After high economic growth in 2006 and 2007, the latter still stood at 5.6 percent in the first half of 2008. Economic growth in 2008 was 2.8 percentage points higher than the growth of the euro area. Due to the economic situation

212 Bank of Slovenia, Annual Report for 2007, pp. 9–32.

213 Sendi, Richard. Mehurček ali kreditni krč: kaj se dogaja na slovenskem stanovanjskem trgu? [Housing Bubble Burst or Credit Crunch Effect: Slovenia's Housing Market]. Available at: http://urbani-izziv.uirs.si/Portals/uizziv/papers/urbani-izziv-2010-21-02-003.pdf (18 September 2012), p. 28.

in the industries related to domestic consumption, employment growth was also high. In 2008, it still averaged 2.2 percent, even 12 percent in construction. Already at the end of 2006, high employment growth led to increased wage growth. For most of 2008, the annual growth rate of average gross wages was around 8.5 percent. The majority of problems occurred in companies due to the declining domestic and foreign demand. At the end of the year, the slowdown in economic activity in industry also began to spread to services and construction. The large decrease in investment demand was mainly due to the slowdown in construction activity. In 2008, for instance, the value added in construction accounted for 9 percent of all value added. Industrial companies were the most affected. In the last two months of 2008, the year-on-year growth rate of exports of goods was –14 percent and of the production in manufacturing –16 percent.[214] The financial crisis in 2008, especially its reflection in a mistrust and a sharp decline in lending between banks, greatly affected our banks. The former Governor of the Bank of Slovenia, Marko Kranjec, believes that the reason is not "that they had a significant part of investments in securities whose market value was annihilated or almost annihilated, but that our economy is extremely bank-oriented".[215] "Companies are almost entirely financed by bank loans, while domestic savings, such as that of households, only partly go into banks. Domestic savings cannot be put into companies in any other way than by banks borrowing from other banks and financial markets abroad. Savings that do not go into banks go abroad through non-bank financial intermediaries and then return by foreign bank borrowing. The economy will not change and become less bank-oriented in order for domestic savings to go directly into our companies and not through foreign countries. The banking and financial system must adapt to this characteristic of the economy", Kranjec said.[216] However, given the abundance of cheap money in the world, domestic saving was not the only thing that increased with foreign bank borrowing. Our net external debt also increased. The total gross external debt, which stood at € 15 billion at the end of 2004, that is 56 percent of GDP, rose to 40 billion or 108 percent of GDP in the four years until autumn 2008.[217] It is interesting to look at household borrowing during this period. In 2008, Slovenian households were

214 Bank of Slovenia, Annual Report for 2008, pp. 7–21.
215 Ibid., p. 7.
216 Bank of Slovenia, Annual Report for 2008, p. 7.
217 Ibid., p. 7.

still among the least indebted in the EU, despite relatively fast borrowing in the past years. Between 2001 and 2008, the average indebtedness (measured as a share of liabilities in GDP) of an EU Member State increased significantly (the most in Eastern European countries, where the households of some countries, e.g. Latvia and Slovakia, became the most indebted in the EU). The reasons for Slovenia's relatively lower indebtedness could be found in the lower share of housing loans (the latter was among the lowest in the EU – it was lower only in Romania and Bulgaria; in Slovenia, it amounted to 45.9 percent at the end of 2008, while the average share of EU countries was 66 percent), which were repaid over a longer period of time in higher values. After 2004 (the data have been available since then), we also have not seen such a strong increase in loans (the so-called credit boom) as it occurred in the Baltic States for instance. There, the volume of loans increased from 5 to 8 times from 2004 to 2008, while in Slovenia by more than 2 times. In terms of GDP per capita, these countries also lagged further behind the EU average in terms of purchasing power than Slovenia, so their spending was also related to the acquisition of goods that Slovenian households could already afford before.[218]

The labour market situation began to deteriorate in the last quarter of 2008 under the influence of the crisis. In the period 2000–2008, the number of persons in employment increased and unemployment decreased, which also affected the decline in the number of recipients of unemployment benefits and cash social assistance for the unemployed. The crisis interrupted these favourable trends. The number of employed people decreased and the number of unemployed increased, with the number of recipients of benefits and cash social assistance consequently growing. The state responded to the crisis with two intervention laws to preserve jobs and increase the number of unemployed people included in active employment policy programmes, thus preventing an even greater increase in unemployment.[219] In 2004, the decline in the number of unemployed was accelerated as a result of economic growth and increased employment. Although the number of registered unemployed started to increase in October 2008, the average annual number of registered unemployed in 2008 was 11.4 percent lower than in 2007. Under the influence of the economic

218 Apohal Vučković, Lidija et al. *Socialni razgledi 2009* [*Social Overview 2009*]. Ljubljana: IMAD (Hereinafter: Apohal Vučkovič et al., *Socialni razgledi 2009* [*Social Overview 2009*]), p. 39.
219 Ibid., p. 9.

crisis, the number of registered unemployed began to grow in the last quarter of 2008 and it rose to 95,446 by November 2009, which was 50.6 percent more than in November 2008.[220] As already mentioned, the state responded to the deteriorating situation in the labour market with labour market policy measures. In January 2009, the Partially Subsidizing of Full-Time Work Act was adopted, which provided for subsidies in the event of a reduction in working hours to 36 or 32 hours per week, respectively. At the end of May, the Partial Reimbursement of Payment Compensation Act was adopted, regulating the partial reimbursement of paid compensation to employees "temporarily waiting for work".[221]

The existing and expected demographic changes require systematic action in population, employment and public finance policies. The number of all pensioners in Slovenia is constantly growing faster than the number of insured persons who pay into the pension fund, so in 2008 there were only 1.71 insured persons per one pensioner. In 2008, there were 527,933 recipients of all types of pensions from compulsory insurance (old-age, disability, family and widow's), and 904,667 insured persons. In the period 2000–2008, the number of pensioners grew at an average annual growth rate of 1.5 percent, while the number of insured persons at an average annual growth rate of 1 percent.[222] The development of the pension system in Slovenia was "evolutionary", which means that the legislation and reforms never meant a significant shift in the "philosophy" of the system itself, which, however, retained the characteristics of the Bismarck system in terms of its basic features. One of the fundamental objectives of the pension reform, which came into force in 2000, was to halt the negative trends that were reflected in the increase in the pension "burden" on employees.[223] This is also evidenced by the fact that the number of old-age pensioners increased by 62 percent from 1991 to 2010 or by an average of 2.6 percent each year.[224] Aware of the need for a reform, the government of Borut Pahor prepared a proposal for the Pension and Disability Insurance Act, but

220 Apohal Vučkovič et al., *Socialni razgledi 2009* [*Social Overview 2009*], p. 20.

221 Ibid., pp. 25–26.

222 Ibid., p. 34.

223 Majcen, Boris et al. *Ekonomske posledice spreminjanja demografske strukture slovenskega prebivalstva* [*Economic Consequences of Changing Demographic Structure of the Slovenian Population*]. Ljubljana: Institute for Economic Research, 2005, p. 16.

224 Hren, Karmen (ed.). *Sloveniji za 20. rojstni dan: slovenski statistiki* [*To Slovenia for Its 20th Birthday: Slovenian Statisticians*]. Ljubljana: Statistical Office of the Republic of Slovenia, 2011, p. 23.

on 5 June 2011, the citizens rejected it in a referendum with more than 70 percent.[225] Social cohesion in Slovenia is relatively high, judging by the so-called Laeken indicators. Based on these, we ranked among the very top of the EU countries before or at the beginning of the crisis. Thus, in 2008 we had the lowest income inequality, the lowest share of households with children with no employed persons and the lowest share of young people who dropped out of school. The relatively efficient system of social transfers made a significant contribution to reducing income inequality, as poverty would have been almost twice as high without this assistance from the welfare state.[226] As mentioned, the ongoing crisis is worsening the situation year by year. In addition to the economic and financial crisis, we are also witnessing a social, psychological, moral and political crisis.

GDP fell by 7.8 percent in 2009. After a short strengthening in 2010 and 2011, there was another decline in 2012 and 2013, after which we recorded a recovery of a few percentage points on the annual basis, as well as a strong connection between our economy and foreign markets. High economic growth continued in 2018, which affected the consolidation of public finances, and we also witnessed record employment and continuation of positive trends in construction, etc. In 2019, Slovenia also recorded 3.2% real GDP growth. However, like a bolt from the blue, Covid-19 struck. The structure of the economy has changed dramatically since 1991. The share of value added from agricultural activities in total value added of GDP decreased by more than half: from 5.7 percent (1991) to 2.2

225 The main feature of the pension reform was that it provided for stricter retirement conditions in terms of the parameters that have the greatest impact on public finances. The key proposed changes were raising the retirement age, extending the number of years on the basis of which the pension base is calculated, and a new way of aligning pension growth with wage and inflation growth. Among other things, the Act thus provided for raising the retirement conditions for normal retirement to 65 years of age and 15 years of insurance period for both genders or 60 years of age and 43 years of pensionable service without purchased periods for men or 58 years of age and 41 years of pensionable service without purchased periods for women. Early retirement with penalties would be possible at the age of 60 and with 40 years of pensionable service for men and 38 years for women. For more details, see Lorenčič, Aleksander. (Samo)odgovornost in solidarnost na primeru slovenskega pokojninskega sistema (1990–2004) [(Self)responsibility and Solidarity on the Case of the Slovenian Pension system (1990–2004)]. In: Studen, Andrej (ed.). *Pomisli na jutri. O zgodovini (samo)odgovornosti* [*Think of Tomorrow. About the History of (Self-) Responsibility*]. Ljubljana: Institute of Contemporary History (Vpogledi 6 [Insights 6]), 2012, pp. 247–266.

226 Apohal Vučkovič et al., *Socialni razgledi 2009* [*Social Overview 2009*], p. 10.

percent (2018). The share of value added from industry and construction also fell sharply: from 44 percent (1991) to 33.2 percent (2018). However, the share of value added from services increased significantly: from 50.3 percent (1991) to 64.6 percent (2018).[227]

From 2016 onwards, Slovenia was again reducing the lag in the economic development behind the EU average, the social inclusion of the population remained relatively high, and the efficiency of resource and energy use slightly improved. These were the key findings of the Development Report 2019, prepared by the Institute of the Republic of Slovenia for Macroeconomic Analysis and Development (IMAD).[228]

The Institute also stated the development policy recommendations, namely:

- accelerating productivity growth for economic progress and raising the standard of living of the population;
- adapting to demographic changes to ensure a dignified life for all;
- the transition to a low-carbon circular economy in order to reduce the burden on the environment and increase the competitiveness of the economy;
- strengthening the development role of the state and its institutions.[229]

The IMAD forecast, which is also the basis of Slovenia's fiscal policy, states that GDP will fall by 6.7 percent in 2020. The main reason for the negative economic growth, as in the rest of the world, is, of course, the pandemic of the new coronavirus, which, according to the International Monetary Fund (IMF), will put at least 90 million people in severe crisis. Unfortunately, Slovenia will not be an exception, which is already evident at this moment.

GDP per capita in a broader international perspective

According to the data of the European Statistical Office for 2007, there were large deviations within the EU in terms of GDP per capita. In Luxembourg, the latter was 2.5 times higher, while in Bulgaria it was more than 60 percent lower

227 Kaj se je v Sloveniji spremenilo od osamosvojitve do danes? [What Has Changed in Slovenia since Independence until Today?]. Statistični urad Republike Slovenije (SURS) [Statistical Office of the Republic of Slovenia (SORS)]. Accessible at: https://www.stat.si/statweb/News/Index/8094 (30 June 2019).

228 Kmet Zupančič, Rotija (ed.): Poročilo o razvoju 2019 [Development Report 2019], Ljubljana: IMAD, 2019.

229 Ibid.

than the average. In Slovenia, GDP per capita was eleven percent below the EU average. Luxembourg, which was well above the EU average in terms of GDP per capita (167 percent), was followed by Ireland and the Netherlands with 50 and 30 percent above the average, respectively. Austria, Sweden, Denmark, the United Kingdom, Belgium, Finland and Germany exceeded the EU average by 15 to 25 percent, while France, Spain and Italy by up to ten percent. Greece and Cyprus were up to ten percent above average, while Slovenia, along with the Czech Republic, Malta and Portugal, was in a group with GDP per capita 10 to 25 percent lower than the EU average. Half of the new members – Estonia, Slovakia, Hungary, Lithuania, Latvia and Poland – were 30 to 50 percent below the average, with the lowest GDP per capita recorded in Romania at 59 percent and Bulgaria at 63 percent below the average of the union of 27 countries.[230] According to the Eurostat data for 2006, the richest European region was inner London, which reached as much as 336 percent of the European average, followed by Luxembourg with 267 percent of the EU average and Brussels with 233 percent with regards to GDP per capita in terms of purchasing power. Surprisingly high, twelfth among the richest regions, was Prague with 162 percent of the EU average, while Bratislava was in the nineteenth place with 149 percent of the EU average. Their GDP per capita in terms of purchasing power in 2006 was 38,400 euros (Prague) and 35,100 euros (Bratislava). Let us add that in terms of purchasing power, GDP in the Central Slovenia Statistical Region, home to more than a quarter the Slovenian population, reached 28,069 euros in 2005, while the Slovenian average was 19,462 euros. In 2005, the Coastal-Karst Statistical Region also had an above-average GDP relative to the total GDP with EUR 20,141. The remaining ten statistical regions were below average. The poorest are the Central Sava and the Mura Statistical Regions with 13,736 euros and 12,944 euros of GDP, respectively.[231] In November 2009, twenty years after the fall of the Iron Curtain, *The Economist* also touched on GDP per capita in the countries of the former Yugoslavia. According to this criterion, Croatia ($ 13,220) was behind Slovenia, the Czech Republic, Slovakia and Estonia, and ahead of Serbia, Montenegro and Bosnia and Herzegovina. In Slovenia, GDP

230 In all former socialist countries except Ukraine, GDP in 2007 was higher than in 1990. In 1990, Slovenia had 60.8 percent lower GDP, and in 2000, its GDP was 34 percent lower than in 2007.

231 Eurostat; http://epp.eurostat.ec.europa.eu (April 2009), SURS (Statistični urad Republike Slovenije) [Statistical Office of the Republic of Slovenia (SORS)] (Hereinafter: SORS): http://www.stat.si (March 2009).

per capita was \$ 24,180, in the Czech Republic and Slovakia \$ 16,000, and in Estonia \$ 14,000. Montenegro produced \$ 6,510 GDP per capita, Serbia 5,480 and Bosnia and Herzegovina around 4,080 dollars. In Bulgaria and Romania, which were already members of the EU at the time, GDP per capita was about \$ 5,000. The commentator emphasized that the reasons for poor development in this area were connected with the war, while in Croatia it was problematic that the cause of poor development was attributed only to the war and not so much to the state politics, which also had a great impact on the economy.[232]

As far as this indicator is concerned, according to the Eurostat data, there were no major changes in 2019 either. In the Member States, GDP per capita ranged from 53% to 261% of the EU average. In 2019, among 37 European countries, the value of this indicator was the highest in Luxembourg (161 percent above the EU average), followed by Ireland (+91 percent), Switzerland (+53 percent), Norway (+44 percent) and Iceland (+30 percent). Albania (69 percent below the EU average) and Bosnia and Herzegovina (–68 percent) had the lowest GDP per capita. In Slovenia, GDP per capita is increasing. In 2019, it reached 88 percent of the EU average, which is one percentage point more than in 2018. This was the fourth annual increase in a row. According to the value of this indicator, Cyprus (89 percent of the EU average) and Spain (91 percent) were the closest to our country.[233]

Some statistical data and comparisons[234]

- Since Slovenia gained independence until today, gross domestic product (GDP) has increased by 91.4 percent in real terms and amounted to EUR 46.3 billion in 2020.
- According to the Statistical Office of the Republic of Slovenia (SORS), prices were rising more slowly than wages, and the inflation rate in the period from January 1991 to January 2020 amounted to 2,437.2 percent.

232 24ur.com; http://m.24ur.com/bin/mobile/index.php?article_id=3189548 (8 November 2009).

233 Eurostat; https://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_per_capita,_consumption_per_capita_and_price_level_indices (June 2020).

234 Source: SORS.

- In the years following independence, with the exception of 2018 and 2019, the state was creating a current account deficit. Immediately after independence, the public debt began to grow and the gross debt of the general government sector at the end of 2020 amounted to 80.8% of GDP.
- In 2018 in Slovenia, one had to work almost a third less time for a kilogram of bread than in 1991, three times less for a kilogram of sugar and four times less for a kilogram of coffee, according to national statistics.
- The structure of the economy has changed significantly since 1991, according to SORS. The share of value added from agricultural activities in the total value added of GDP decreased by more than half, from 5.7 percent (1991) to 2.2 percent (2018).
- The share of value added from industry and construction also fell sharply, from 44 percent (1991) to 33.2 percent (2018). However, the share of value added from services increased significantly, from 50.3 percent (1991) to 64.6 percent (2018).
- In terms of GDP per capita in 2018, Slovenia ranked 16th among the 28 countries of the European Union. Luxembourg had the highest GDP (€ 96,700) and Bulgaria the lowest (€ 7,800).
- Slovenia's most important trading partner was Germany.
- In trade with other EU members, Slovenia's trade with Austria increased the most.
- In the years after gaining independence, Slovenia's exports to the Russian Federation increased slightly, while in the years after the economic and financial crisis, exports to this country increased the most. Trade with China strengthened significantly and imports from China increased markedly. Imports from this country amounted to 0.3 percent in 1992 and in 2018 to 3.3 percent of Slovenia's total imports.
- In 1991, there were less than 400,000 pensioners in Slovenia (the latter include those who were receiving old-age, disability, family or widow's pension); in 2018, there were 617,000. In 1991, the ratio between the number of pensioners and insured persons was 2.0, while in 2018, it was 1.52.
- In 1991, we counted 1.4 million tourist arrivals in Slovenia, and they spent the night in Slovenia 3.4 times on average. In 2018, almost 5.7 million tourists visited Slovenia, and they spent an average of 2.6 nights in Slovenia.

GDP per capita
1991: € 5,000
2019: € 23,165
Working time required to buy 1l of oil
1991: 46 minutes
2019: 13 minutes
Number of vehicles in Slovenia
1992: 784,550
2019: 1,607,854

PRIVATIZATION OF THE ECONOMY

The first condition for economic transformation

Privatization[235] was the process that had the greatest impact on the citizens. According to Jože Mencinger, privatization is essentially "an arranged and legal transfer of property rights from the 'people' – the state and other public institutions to persons of civil law – individuals and companies". Private property was supposed to "improve economic efficiency, ensure justice in the distribution of wealth and prosperity and serve to abolish the one-party system".[236] Indeed, the transformation of the previous ownership system into one that corresponded to a market economy mechanism and aimed at achieving the determined economic, social and political objectives proved to be the greatest problem of transition. That private property is a condition for efficiency is self-evident, as private property rights are the basis for saving, investing, finding new products, optimal use of capacities and risk. However, it is also a fact that the

235 We know privatization not only in the transition from socialist to market economies, but also in capitalist economies. In the latter, privatization occurs for a variety of reasons: for the state to obtain financial resources by selling the state property, for the state to get rid of loss-making state-owned companies, etc., all of which are linked to the realization that the pursuit of economic activities based on private property is more efficient. The capitalist economies are also familiar with the process of nationalization. This is often linked to political change (Great Britain after the Second World War), but often the state wants to ensure its key role in the economy through the nationalization of individual industries (most often the nationalization of companies that formally generate a small share of social product and industries that are crucial in economic infrastructure (transport)). More in: Mencinger, *Gospodarski sistem in politika Slovenije* [*Slovenian Economic System and Policy*], p. 50.

236 Mencinger, Deset let pozneje [Ten Years After], p. 29.

rightful owners who would ensure the efficient use of funds could not be created by decrees and administrative transfer of property rights. It is certainly true that private property and market economy are the foundations of a stable political democracy, yet the political and economic elite saw privatization primarily as an opportunity to rapidly increase their political legitimacy and wealth, "and so the 'real' privatization was the one whose result was a redistribution of wealth and power that suited them, similarly as the 'real' privatization is the one that allows foreign investors to buy companies at low prices and make large profits".[237] Privatization was dual in nature. It was important from both economic and political perspectives. Replacing the dominant state ownership and control of the means of production with dispersed and diversified private property was an essential act in the abolition of the previous economic system. The dispersion of economic power also meant the dispersal of political power and the establishment of democratic institutions.[238] Privatization involved the "sale of state capital in nationalized industries or other companies to private investors", with the state losing (or not) its control in them. When the transition actually began, privatization was defined as "any transfer of wealth from the state or the public sector to the private sector".[239] According to Alenka Žnidaršič Kranjc, ownership transformation of companies meant "the transformation of a company with socially-owned capital into a company with known owners on the entire equity capital of the transformed company".[240] The economist Ivan Ribnikar even thinks that the term privatization is inappropriate and prefers to talk about the ownership transformation of companies.[241] In addition to all the definitions and explanations, one more thing has to be pointed out, namely the fact that "privatization was a precondition for Slovenia's economic

237 Ibid., pp. 29–30.

238 Eatwell, John et al., Brglez, Milan (trans.). *Iz tranzicije v evropsko povezovanje, Oblikovanje prihodnosti srednje in vzhodne Evrope* [*Transformation and Integration: Shaping the Future of Central and Eastern Europe*]. Ljubljana: Sophia Collection, Science and Journalism Centre, 1996, p. 176.

239 Bannock, Graham et al. *Dictionary of Economics*. London: The Economist: Profile Books, 2003.

240 Žnidaršič Kranjc, Alenka. *Investicijski skladi v Sloveniji – (ne)uspeh in za koga* [*Investment Funds in Slovenia – (Un)Success and for Whom*]. Postojna: Dej, 1999 (Hereinafter: Žnidaršič Kranjc, *Investicijski skladi v Sloveniji* [*Investment Funds in Slovenia*]), p. 44.

241 Ribnikar, Ivan. Odprava družbene lastnine podjetij, privatizacija … [Abolition of Socially-Owned Property of Companies, Privatization …]. *Bančni vestnik* [*Banking Journal*], Vol. 47, No. 1/2, Jan.–Feb. 1998, pp. 60–62.

transformation and its integration into Europe".[242] Legally, the privatization of the economy took place in a few steps. First, in the autumn of 1991, two acts were passed: the Housing Privatization Act[243] and the Denationalization Act.[244] As already mentioned, the Ownership Transformation of Companies Act (ZLPP)[245] was adopted only in November 1992. This Act will be the main focus in the continuation of this chapter.

Housing and Denationalization Acts

The aim of the acts on the privatization of housing and denationalization was to clearly define ownership and redress injustices, but the latter, in the form in which they were adopted, often caused new injustices. Regarding the manner of privatization of socially-owned housing, many still feel deprived today, and the same applies to the denationalization process, which has been one of the largest, most expensive and, above all, the longest-running projects since Slovenia's independence. According to some analysts, the acts that were supposed to regulate property relations displayed a complete misunderstanding of the private-law structure of property rights, which regulate the acquisition and use of goods and services in the market economy as its necessary consequence.[246]

Prior to 1991, a housing fund existed to which all active residents contributed about six percent of their monthly gross income. Residents benefited from the said fund, as some opted for a loan and others for the acquisition of housing rights to social housing. As most of the apartments were dilapidated, housing right holders often renovated them with their own funds. Some even invested so much money that they could buy a new apartment at the prices of the time. In early October 1991, the Assembly passed a new housing act. It was prepared by the Ministry of Environmental Protection and Urban Planning, headed by Miha Jazbinšek, which is why it is often called the Jazbinšek Act (Jazbinškov

242 *Agens*, No. 1, September 1993, p. 1.
243 Official Gazette of the Republic of Slovenia, 18/1991.
244 Official Gazette of the Republic of Slovenia, 27/1991.
245 Official Gazette of the Republic of Slovenia, 55/1992.
246 Bajt, Aleksander. Zakon o denacionalizaciji kot zanikanje zasebne lastnine [Denationalization Act as a Denial of Private Property]. *Gospodarska gibanja* [*Economic Trends*], No. 223, Institute of Economics, Faculty of Law, 1991/12 (Hereinafter: Bajt, Zakon o denacionalizaciji [Denationalization Act]), pp. 25–34.

zakon).[247] The Housing Fund of the Republic of Slovenia, municipal housing funds and non-profit housing organizations were designated for the implementation of national housing programmes, while the Republic of Slovenia, municipalities, companies and the pension fund became the owners of social housing. The Act enabled the sale of apartments to former tenants or holders of housing rights. The distribution of the money collected in this manner was as follows: the sellers of the apartments received 70 percent, while 20 percent of the purchase price went to the Housing Fund of the Republic of Slovenia and 10 percent to the Slovenian Compensation Fund.[248] According to the data, there were about 225,000 social housing units, about 113,000 of which were to be included in the sale (municipal, confiscated, undersized, etc. units were excluded).[249] The Act determined new rental and property relations and the privatization of socially-owned apartments and apartment buildings. According to the provisions of this Act, the holders of housing rights were offered the opportunity to buy "their" apartments at a favourable price from companies or municipalities whose tenants they had been until then. The basic principle of the privatization of apartments and apartment buildings was the equalization of the right to purchase an apartment for all those citizens who were the holders of housing rights on the day the Housing Act came into force. There was another important condition under the Housing Act, namely that the tenant[250] had a pre-emption right on the apartment that was leased to them for an indefinite period, if the pre-emption right was not exercised by the co-owner or the municipality in instances determined by the Act.[251] Under the Act, the holders of housing rights could transfer the right to purchase to their

247 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*]. Delo/Novice (since 1998, Delo d. d. and Slovenske novice d. d.). Ljubljana, 1991–2000 (Hereinafter: *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*]), pp. 120–122.

248 Gorenčič, Dušan. *Financiranje stanovanjske gradnje z vidika nacionalne stanovanjske varčevalne sheme in evropske izkušnje s pogodbenim varčevanjem. Magistrsko delo* [*Financing of the Housing Construction from the Point of View of the National Savings Scheme for Housing and the European Experience with Contractual Savings. Master's Thesis*]. Ljubljana: Faculty of Economics, 2005 (Hereinafter: Gorenčič, *Financiranje stanovanjske gradnje* [*Financing of the Housing Construction*]), p. 13.

249 Mencinger, *Gospodarski sistem in politika Slovenije* [*Slovenian Economic System and Policy*], p. 55.

250 In the 1990s, the rental market was developing in two directions: non-profit rental housing and market rental housing.

251 Housing Act, Official Gazette of the Republic of Slovenia, 18/1991, Pre-Emption Right – Article 18.

immediate family member with a special written statement. The spouse of the holder of the housing right or the person with whom the holder lived in a long-term living community, their children or adoptees, parents and adoptive parents and persons whom they were obliged to support by law were considered immediate family members.[252] Article 117 of the Housing Act thus stipulated that the right to purchase was held by the holder of the housing right, who had this right upon the implementation of the Act. However, the holder of the housing right was able to transfer this right to a close family member with a written statement.[253] To determine the value of the apartments that were privatized, the following was taken into account: the number of points, value of points, usable area of the apartment and the correction factor for the adjustment of the final value of the apartment due to the impact of the apartment. The value of a point was calculated by the Ministry of Environmental Protection and Urban Planning, and the results were published monthly in the Official Gazette of the Republic of Slovenia for two years after the adoption of the Act.[254] In practice, issues with scoring often occurred. The problem was mainly the rigid use of the scoring system to determine the value.[255] The owners of the apartments had to conclude a purchase agreement no later than 30 days after submitting the request for purchase from the previous holder of the housing right. The latter were entitled to a discount of 30 percent of the value of the apartment, reduced for their own participation and for their own investments, which were reflected in the increased value of the apartment. The buyer had to pay 10 percent of the contract value of the apartment calculated in such a manner within 60 days of concluding the agreement, and the remaining purchase price within 20 years, whereby the monthly instalments had to maintain the value of the same share of the apartment throughout the repayment period or were adjusted to the inflation rate. The Act also provided for a discount if the buyer paid in a lump sum or early. Those holders of housing rights who did not decide to buy the apartment concluded a lease agreement with the owners for an indefinite

252 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*], pp. 120–122.

253 Tekavc, Janez. Tujci in privatizacija stanovanj [Foreigners and Housing Privatization]. URL: http://www.iusinfo.si/ (23 March 2010) (Hereinafter: Tekavc, Tujci in privatizacija stanovanj [Foreigners and Housing Privatization]), pp. 42–43.

254 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*], p. 120.

255 Neffat, Branka. Privatizacija po stanovanjskem zakonu – ugotavljanje vrednosti stanovanja [Privatization under the Housing Act – Determining the Value of Housing]. URL: http://www.iusinfo.si/ (23 March 2010), p. 7.

period (in exceptional cases for a definite period), which they were obliged to do no later than 6 months after the Act entered into force.[256] The fundamental dilemma in the process of privatization of socially-owned housing was therefore a fair redistribution of housing wealth. If we wanted to privatize social housing in a fair manner from an economic point of view, we would have to calculate the contributions of individuals, the state, companies and other institutions to the common social housing fund and issue securities for the full value and thus establish a mechanism for the privatization of housing for the correct price, which, according to Aleksander Bajt, would not be impossible, as the necessary data were available.[257] Alenka Žnidaršič Kranjc wondered "why the parliament did not opt for economic justice (and efficiency) in privatization of socially-owned housing, but for full socialization of the housing economy through the legalization of housing purchases by the housing right holders for extremely low purchase prices".[258] Among other things, the Housing Act changed the housing relations between workers and companies. Prior to this Act, a worker was granted a housing right, with which the company solved the worker's housing problem, while the apartment was virtually lost to the company. Under the new Act, the company became the owner, while the worker had to pay rent and expenses. With regards to lease agreements, it should be noted that the sustainability of the lease agreement was transferred even after the death of the signatory, namely to the spouse, cohabiting partner or a family member specified in the lease. In the case of divorce, the lease agreement could also be transferred to the (former) spouse upon agreement of the spouses or a court decision. The new Act also brought about changes in the management of apartment buildings. Homeowners had to enter into a management agreement, thus regulating the mutual relations regarding the management of the building and the functional land and ensuring the normal functioning of the building. The decisive role in the management of an apartment building was played by those owners who owned more than 50 percent of the apartments in

256 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*], pp. 120–122.

257 Bajt, Aleksander. Gospodarski vidiki zasebljanja stanovanj [Economic Aspects of Housing Privatization]. *Gospodarska gibanja* [*Economic Trends*], No. 224, Institute of Economics, Faculty of Law, 1992, p. 28.

258 Žnidaršič Kranjc, Alenka. *Privatizacija ali zakonita kraja. Divja privatizacija, načrtovana kraja, neznanje ali slovenska nevoščljivost?* [*Privatization or Legal Theft. Wild Privatization, Planned Theft, Ignorance or Slovenian Envy?*]. Postojna: DEJ d.o.o., 1994 (Hereinafter: Žnidaršič Kranjc, *Privatizacija ali zakonita kraja* [*Privatization or Legal Theft*]), p. 52.

an individual apartment building. If there were more than 10 apartments and 2 owners in an apartment building, an administrator had to be appointed. The novelty of the Housing Act was, as already mentioned, the Housing Fund of the Republic of Slovenia, whose aim was to finance the national housing programme or promote housing construction, renovation and maintenance of apartments and apartment buildings.[259] In the field of real estate, many companies did not legally and formally settle their matters. The disorder was reflected in out-of-date cadastral records in land registers, spatial plans and elsewhere. The transfer of real estate was complicated and time-consuming, and some companies deliberately delayed the transfer of land or the signing of a transfer agreement, as the National Farm Land and Forest Fund Act did not provide for sanctions. One of the reasons for the lengthy processes and exclusion of land by companies were also the unfinished denationalization proceedings.[260] The provision of the Housing Act was fairly simple and did not present major problems as long as the holder of the housing right was a citizen of the Republic of Slovenia. In the event that the holder was not a citizen of the Republic of Slovenia, the question of the legal nature of the right to purchase arose. The solution to this problem provided an answer to the question of who was allowed to purchase an apartment. Was is the holder of the housing right who was a foreigner, or perhaps their family member who was a Slovenian citizen? Was it impossible to buy an apartment at all in such cases? All of these issues posed major legal dilemmas and problems.[261] Before the privatization of social housing, 67 percent of apartments in Slovenia were owned, while after the privatization of apartments, this percentage increased to 88.[262] Judging by the numbers, we could conclude that the Housing Act was successful, but this was far from being the case. The so-called Jazbinšek Act divided the holders of housing rights into two groups – the majority, which could buy social

259 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*], pp. 121–122.

260 *Lastninsko preoblikovanje slovenskih podjetij, Poročilo o delu Agencije RS za prestrukturiranje in privatizacijo* [*Ownership Transformation of Slovenian Companies, Report on the Work of the Agency of the Republic of Slovenia for Restructuring and Privatization*]. Ljubljana: Agency of the Republic of Slovenia for Restructuring and Privatization, 1999 (Hereinafter: *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*]), pp. 114–115.

261 Tekavc, Tujci in privatizacija stanovanj [Foreigners and Housing Privatization], pp. 42–43

262 Cirman, Andreja. Lastna nepremičnina – najpogostejša naložba v Sloveniji [Own Real Estate – The Most Common Investment in Slovenia]. *Moje Finance* [*My Finances*], Vol 2, No. 2, 2002, p. 4.

housing, and the minority, which did not have the right to purchase. The first group bought the apartments at favourable prices, as, for example, the price for a 114-square-metre apartment in the centre of Ljubljana was approximately 16,000 Deutschmarks at the time.[263] The second group did not have the right to purchase, as the Housing Act prohibited the purchase of those apartments that had passed into social ownership through nationalization. A new blow was dealt by the Denationalization Act, which provided for the return of apartments in kind, even if they were occupied by housing right holders. This was a unique case in Europe, as no other former socialist country returned housing occupied by people. Slovenia traded with people despite the advice of the Parliamentary Assembly of the Council of Europe that nationalized property should be returned to its original owners if this was possible without violating the rights of current owners or tenants who acquired or leased the property in good faith and without compromising the progress of democratic reforms; in cases where this was not possible, only material compensation should be granted. Holders of housing rights were thus forced to become regular tenants of individuals for an indefinite period of time.[264]

In 1994, the Housing Act was amended to introduce "alternative privatization" of housing. If the tenants who were not able to buy their apartments under the favourable conditions of the Housing Act of 1991 decided to buy the apartment in which they lived (in agreement with the owner) or decided to buy another apartment or build a house, they were entitled to "alternative privatization". This meant that the state provided them with part of the funds to buy or build. They were entitled to compensation in the amount of 36 percent of the value of the apartment in cash and 25 percent of the value of the apartment in the bonds of the Slovenian Restitution Company. Under the Housing Act of 2003, they were entitled to a further 13 percent of the value of the apartment,

263 According to the Housing Act of 1991, the valuation of apartments throughout Slovenia took place in the same way (scoring, etc.). As we know, however, the prices of apartments (m^2) have been rising differently in different places in Slovenia since 1991 (a large difference, for instance, between Ljubljana and other places), which was to be expected given the characteristics of the market. This apparently did not come to mind to the drafters of the 1991 Act.

264 Matos, Urša. Žrtve tranzicije. Novi Stanovanjski zakon bo še poslabšal položaj najemnikov v denacionaliziranih stanovanjih [Victims of Transition. The New Housing Act Will Further Worsen the Position of Tenants in Denationalized Housing]. *Tednik Mladina* [*Mladina Newspaper*], No. 11, 17 March 2003 (Hereinafter: Matos, Žrtve tranzicije [Victims of Transition]), pp. 30–31.

which they received in cash and no longer in securities. The tenants were thus entitled to 74 percent compensation from the value of the apartment and were able to continue to claim "alternative privatization" within five years of the final decision on denationalization.[265] According to Urša Matos, only 1,700 tenants opted for the two models, i.e. either an agreement with the owner to buy the apartment or to move out. Most owners were not interested in selling the apartments at below-market prices, while the tenants did not want to leave the apartments for an extremely low compensation offered by the state, as they would only get around 15,000 Deutschmarks for 100 square meters. The Act guaranteed them the right to a favourable loan in the event of leaving the apartment, but most of the tenants were over 70 years of age and preferred to stay in the rented apartment. There was also a problem in the area of rent payment, as some landlords set it up to ten times higher than allowed by law, while others rejected it to get an argument for a lawsuit.[266] The new Housing Act (SZ-1)[267] in mid-2003 tried to correct the irregularities. It was drafted at the Ministry of the Environment, Spatial Planning and Energy, which was then headed by Janez Kopač. One of the most important novelties of the Act was the obligation of apartment owners to pay monthly contributions into the reserve fund managed by the administrator. The Act also provided for the construction and sale of new apartments, protection of the buyer in the sale of new apartments, competencies and tasks of municipalities and the state in the field of housing, the establishment of the housing chamber, the state housing council, etc.[268] The Association of Tenants of Slovenia, which was founded in 1991, was pointing at the injustices throughout the 1990s and even later on. For the most part they were unsuccessful, which was also confirmed by the aforementioned new Housing Act (SZ-1), which caused further unfairness and confusion. In 2003, in the article published in the newspaper *Mladina* entitled "Victims of Transition" ("Žrtve tranzicije"), Urša Matos described the fate of an unfortunate family of four who lived in a 90-square-metre apartment in the old part of Ljubljana for three generations. After denationalization, the owners sold the house and the family was forced to move out. In return, the owner offered them only a two-room apartment in Žužemberk, with which

265 Gorenčič, *Financiranje stanovanjske gradnje* [*Financing of the Housing Construction*], p. 15.
266 Matos, Žrtve tranzicije [Victims of Transition], pp. 30–31.
267 Official Gazette of the Republic of Slovenia, 69/2003.
268 Gorenčič, *Financiranje stanovanjske gradnje* [*Financing of the Housing Construction*], p. 18.

they did not agree. The next offer was a two-bedroom dark apartment under the Ljubljana Castle, without a bathroom and with a toilet in the common hallway. After severe pressure, they decided to find an apartment on the open market and buy it. The funds they invested in the renovation of the original home were not reimbursed, they had to pay for the relocation themselves, and the owner charged 100 Deutschmarks per day after the date by which they had to move out. The new Act provided a solution for tenants who wanted to avoid similar situations: in the event of arbitrary eviction from the apartment, they were entitled to compensation, which was, of course, again extremely low.[269]

A few words about the Housing Fund of the Republic of Slovenia. As the economist Stanislav Kovač wrote in his book, the Fund was supposed to help solve the distress of the housing seekers. The task of the Fund's leadership was to distribute the money raised through the sale of social housing among housing seekers in the form of soft loans. In reality, the Fund began to turn over part of the funds on the financial market, lending them to the economy, banks, public companies, etc. (in 1993, the Fund supposedly lent the economy as much as 828 million Slovenian tolars of financial surpluses from housing purchases and illegal construction). It was with this borrowed money that the Fund enabled numerous companies to conduct business with it for a few days, either on the stock exchange or by lending it at a higher interest rate, thus earning large profits with public money.[270] The story ended without an epilogue. The Parliamentary Committee did order a criminal investigation, which ended without detecting any signs of crime. The fact is, unfortunately, that the described case is nothing of the ordinary, as many other scandals ended in a similar way (without a court epilogue or criminal prosecution at all).[271] The following quote rather vividly describes not only the mentioned cases, but the attitude of citizens towards the legislation and legal system in general: "Many Slovenians wanted a state with a soul; today they believe that we do not even have a state governed by the rule of law."[272]

269 Matos, Žrtve tranzicije [Victims of Transition], pp. 30–31.

270 Kovač, Stanislav. *Zamolčane zgodbe slovenske tranzicije* [*The Untold Stories of the Slovenian Transition*], Ljubljana: Mladinska knjiga, 1997, pp. 145–157. In the case in question, Kovač also states the specific names and details of the "scandal".

271 Ibid.

272 Boncelj, Jože. *Bankrotirana družba, Izmišljeni lastniki* [*Bankrupt Society, Fictitious Owners*]. Ljubljana: SAN-PRO, 1999 (Hereinafter: Boncelj, *Bankrotirana družba* [*Bankrupt Society*]), p. 5.

Enormous friction was also caused by the Denationalization Act. As an introduction to the subsequent denationalization, the Assembly of the Republic of Slovenia adopted the Temporary Prohibition of Felling in Socially Owned Forests and Temporary Prohibition of Trade in Socially Owned Real Estate Act [273] on 2 July 1990, which stipulated that, in order to protect the rights of the previous owners of agricultural land and forests, logging in those forests and trade in agricultural land and socially-owned forests be prohibited until 31 December 1990.[274] In the following years, the legislation, which was inconsistent with regulations and institutes of denationalization, or, better said, incorrectly understood in practice, had a negative impact on the field of forest management. According to the Denationalization Act, the return of forests was obstructed by the legal successors of forest holdings (which eventually became privately owned companies), while the compensation for non-use was supposed to be paid by the fund as an entity liable for the return. The legal successors of forest holdings also demanded a return of investments, although it is known that forest roads were also built with the funds of self-governing interest communities, municipalities and the state. Following the adoption of the Denationalization Act, responses varied. The expropriated were rejoicing and saying: "It was a great day for us." Others "neither applauded nor cursed." There were about 200,000 expropriated owners and about 60,000 denationalization proceedings. Calculations showed that denationalization would privatize about a tenth of socially-owned property.[275]

Demos strongly supported denationalization, that is, returning the property nationalized after the Second World War in various ways and on the basis of various legal provisions. Due to the efforts to return the property to the expropriated owners or their heirs "in kind", the method of privatization and denationalization was the seed for the disintegration of Demos. The ambitions of the Prime Minister Lojze Peterle and the method of ownership transformation were particularly criticised by the Slovenian Democratic Union. The Denationalization Act divided the assembly into two blocs, the Demos bloc and the opposition bloc. The opposition MPs warned that redressing the injustices caused by expropriations after the Second World War would lead to new

273 Official Gazette of the Republic of Slovenia, 26/1990.

274 Žužek, Aleš. *Prehod iz samoupravnega v tržno gospodarstvo. Magistrska naloga* [*Transition from a Self-Governing to a Market Economy. Master's Thesis*]. Ljubljana: University of Ljubljana, Faculty of Arts, 2006, p. 172.

275 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*], p. 117.

injustices through denationalization. In the first debate, 170 amendments were submitted to the legislative proposal on denationalization. At the time of the adoption of this Act, the "Demos voting machine" was still functioning in the assembly, resulting in the adoption of the Act on 20 November 1991. The Act legalized the return of property that had been nationalized after the Second World War under the Agrarian Reform Act, the Nationalization Act and the Confiscation Act. The property was returned to the former owners or their heirs "in kind", and if this was not possible, with compensation. However, the return of property "in kind" caused a lot of hot blood already upon the passing of the Act, and later even more in practice. Although the proponents argued that the Act and its implementation would not cause problems and injustices to people who had at their disposal the property intended for denationalization, such as the apartments in which they had lived for numerous years or the land they had obtained from the land fund of the agrarian reform.[276] The Demos government therefore decided that its priority in redressing the injustices would be to return the property to the injured parties in kind. It is interesting that none of the other transition countries decided to do so, as they mostly intervened in the form of payment of monetary compensation, mainly because activities of public interest (schools, libraries, etc.) frequently took place on nationalized land and buildings.[277] Given that real estate prices were rising on a yearly basis

276 Čepič, Zdenko. Privatizacija gospodarstva [Privatization of the Economy]. In: Čepič, Zdenko et al. (ed.). *Slovenska novejša zgodovina 2, Od programa Zedinjena Slovenija do mednarodnega priznanja Republike Slovenije 1848–1992* [*Slovenian Contemporary History 2, From the United Slovenia Programme to the International Recognition of the Republic of Slovenia 1848–1992*]. Ljubljana: Mladinska knjiga/Institute of Contemporary History, 2005 (Hereinafter: Čepič, Privatizacija gospodarstva [Privatization of the Economy]. In: Čepič et al. (ed.), *Slovenska novejša zgodovina 2* [*Slovenian Contemporary History 2*]), pp. 1304–1306.

277 Cultural monuments and other real estate in Slovenia were, in principle, returned in kind. Exceptionally, real estate in respect of which there were obstacles provided for in Article 19 of the Denationalization Act was not returned. The latter read: "Real estate cannot be returned: 1. if it is used for the performance of activities of state bodies or for activities in the field of health, education, culture or other public services and if this would significantly reduce the possibility of performing these activities because it cannot be replaced by other real estate or the replacement would be associated with disproportionate costs; 2. if it is an inseparable component of the network, facilities, devices or other assets of public companies in the field of energy, utilities, transport and communications, which are exempt from privatization by law; 3. if it is exempt from legal transactions or it is not possible to acquire property rights on it; 4. if the spatial complexity or the purpose of the use of space and real estate would be significantly reduced; 5. in other cases provided by this Act. The provision of point 4 of the previous paragraph and Article 20 of this Act shall not apply to forests,

since the adoption of the Act, it is clear that Slovenia opted for an extremely generous move in favour of denationalization beneficiaries. The Demos government was criticized by many for choosing to favour the return of property in kind primarily due to its close ties to the Roman Catholic Church (RCC). In fact, the RCC was the largest denationalization beneficiary. By the end of October 2007, the RCC had been granted claims totalling € 209 million, which means that it had been 96.9% successful thus far: out of 1,191 claims for the return of agricultural land, forests, housing units, business premises and building land, 1,006 were completed.[278] The request of the Archdiocese of Ljubljana for the return of the Savica Waterfall, part of the shore of Lake Bohinj and the area of the Triglav Lakes Valley still resonates today.

According to Aleksander Bajt, both the Housing and Denationalization Acts displayed a deep misunderstanding of the essence and structure of private law property rights, which regulated the acquisition and use of goods and services in a market economy as their economic successor. Moreover, Bajt described the Denationalization Act as decidedly unconstitutional in its very concept and not only in its individual provisions.[279] Either way, the fundamental principle adopted was the return of nationalized property in kind. When the return in kind was not possible, the beneficiaries were compensated in the form of replacement property or in bonds of the Slovenian Compensation Fund.[280] Article 16/1 was particularly controversial, which simply assumed that the size of the property was something obvious, indisputable. Among other things, the Denationalization Act "did not take into account non-property rights and the

---

and the provisions of Article 27 of this Act shall apply to the return of agricultural land from functional complexes." Let us also mention Article 20 of the Denationalization Act, which read: "The real estate cannot be returned to ownership and possession if the return of the real estate would significantly impair the economic or technological functionality of the complexes." Despite later amendments to the Act, in practice there were unfortunately major problems and lengthy court proceedings in this area. Some are still unfinished today. However, we can safely say that mainly to the detriment of real estate, which is crumbling.

278 Pirc, Vanja. Hitra rešitev s specialnimi efekti [Fast Solution with Special Effects]. *Mladina*, No. 10, 2008 (Hereinafter: Pirc, Hitra rešitev s specialnimi efekti [Fast Solution with Special Effects]), pp. 26–27.

279 Bajt, Aleksander. Problemi denacionalizacije [Problems of Denationalization]. In: Bohinc, Rado, Milkovič, Nina (eds.). *Privatizacija na Slovenskem 1990–1992* [*Privatization in Slovenia 1990–1992*]. Ljubljana: Slovenski inštitut za management Ljubljana d.d., DZS, d. d., 1993, pp. 189–230.

280 *Slovenski almanah '92–2001* [*Slovenian Almanac '92–2001*], p. 118.

market value of property".[281] The Denationalization Act provided for the completion of procedures for the return of nationalized property within one year. This prediction was more than optimistic and unrealistic, as the administrative authorities and, to a lesser extent, the courts (according to the division of competences into the predominant administrative competence) were to return the property transferred first to the state and then to the social property on the basis of 29 regulations under the Denationalization Act and also in relation to other regulations within one year after the submission of complete claims. In the process of adopting the Act, the legislator certainly did not sufficiently confront the different interests of the beneficiaries of denationalization and the liable parties for the return of nationalized property or the groups interested in denationalization and the ones that were negatively affected by it. These conflicting interests were thus confronted only later, when the holders of different interests organized and began to persistently and relentlessly assert their interests: on the one hand, the beneficiaries of denationalization and on the other hand, the liable parties – in that time still social legal entities – and especially the tenants of the apartments in denationalized apartment buildings, who could not buy their apartments as holders of housing rights in social housing, as well as tenants of business premises. The interest groups also repeatedly proposed amendments to the legislation. During the implementation of the Denationalization Act, a number of amendments were made, and the Constitutional Court, by its decisions or by repealing two individual provisions of the Denationalization Act, essentially created a situation where the amendment was necessary or it significantly influenced the substantive decision-making of competent bodies in the denationalization proceedings. Under the Denationalization Act, the beneficiaries of the return of property were all those who were Yugoslav citizens at the time when their property was nationalized and whose citizenship[282] was recognised by law or an international treaty after 9 May 1945. If the property was nationalized as a result of the cessation of citizenship by deprivation, it was

281 Bajt, Zakon o denacionalizaciji [Denationalization Act], pp. 25–34.

282 During the process, citizenship or proving it posed a major problem. Some people also sought justice at the European Court of Human Rights. There are known cases of heirs who fought for real estate and proved the citizenship of their ancestors, whose real estate (located on the territory of present-day Slovenia) was expropriated by the Yugoslav authorities in September 1945. The problem often arose if the ancestors were citizens of the former Kingdom of Yugoslavia on 6 April 1941, but because they left the territory of the present-day Slovenia in 1945, the Yugoslav authorities treated them as persons of German nationality, that is to say, as persons whose mother tongue is German.

considered to had been nationalized to a Yugoslav citizen. Persons who had permanent residence in the territory of the present-day Republic of Slovenia and whose Yugoslav citizenship was recognized after 15 September 1947 by law or an international treaty were also considered beneficiaries. If the beneficiaries of denationalization were deceased or declared deceased, their legal heirs were entitled to exercise the rights under this Act. The beneficiaries of the return of the property of personal and capital companies were shareholders or partners. The right of return of the property was also granted to churches and other religious communities that operated in the territory of the Republic of Slovenia when the Act came into force.[283] Since its entry into force on 7 December 1991, in parallel with other legislation, the Denationalization Act underwent a number of interventions, amendments and additions to it, of which particularly the temporary suspension of the implementation of certain provisions of the Act, the process of ownership transformation, the establishment of the Slovenian Compensation Fund, the Agricultural Land and Forests Fund of the Republic of Slovenia, the development of local self-government and the process of integration into the European Union significantly influenced the dynamics of the denationalisation process. When the Denationalization Act was adopted as a legal basis for the return of previously nationalized property to former owners, it was not possible to foresee all the issues that actually accompanied the implementation of the denationalization process. It was initially believed that the process would be completed in one year, but the deadlines were extended multiple times. The Constitutional Court of the Republic of Slovenia, which was often asked by the National Assembly of the Republic of Slovenia to extend the deadlines, also warned that the process should be carried out faster. One of the requests for the extension of the deadline, submitted in April 1997, cited differing views and perspectives on amending the Denationalization Act, a call for a legislative referendum under the motto "Let's Preserve Our Wealth" and difficulties in forming a government. The Constitutional Court extended the deadline, but in doing so it drew special attention to some areas that had to be regulated by the legislator. The Constitutional Court emphasized the issue of returning large estates of feudal origin[284] and called on the legislator to settle this

283 Denationalization Act, Official Gazette of the Republic of Slovenia, 27/1991, Chapter II (Articles 9–15).

284 The Denationalization Act defined the property of feudal origin in Article 27a, which read: "Property of feudal origin is not subject to denationalization, except insofar as it relates to cases in which the denationalization beneficiaries are churches and other religious communities,

issue within the postponement period, as upon the expiration of the deadline, the denationalization proceedings in which individual beneficiaries demand the return of more than 200 ha of agricultural land and forests would have to continue and the return ban on the extent of the land claimed would no longer exist. This would also mean that there would no longer be any obstacles to the possible return of large estates of feudal origin if the beneficiary also met other legal conditions for return.[285]

Denationalization proceedings have been objectively the most difficult proceedings for administrative units so far, as they contained elements that are more similar in their content to civil litigation. The Denationalization Act encroached on several areas of work. Administrative units in the first instance decided on the requests related to the return of agricultural land, forests and agricultural holdings, apartment buildings, apartments, office buildings, business premises and building land. Appeals against decisions of administrative units were decided in the second instance by the competent ministries according to the area of work in which the specific case belonged. The Ministry of Finance decided in the first instance on the requests for the denationalization of the property of banks, insurance companies and other financial organizations nationalized in accordance with the regulations referred to in Articles 3 and 4 of the Denationalization Act. The Ministry of Culture decided in the first instance on the denationalization of property protected under the regulations on the protection of cultural heritage. The Ministry responsible for the environment and space decided in the first instance on the denationalisation of property protected under nature conservation regulations. In accordance with the Denationalisation Act, in addition to administrative bodies, denationalisation claims were also decided by district courts in non-contentious proceedings in cases when the property passed from private into state ownership on the basis of a legal transaction concluded due to threat, force or deceit by a state body or a representative of the authorities. By 30 June 2001, a total of 38,414 requests

their institutions or orders. Property of feudal origin under the preceding paragraph shall be deemed to be property donated by the monarch which was not subsequently the subject of a legal transaction for consideration." In the denationalization process, property of feudal origin was thus returned only to religious communities, with the Roman Catholic Church being the greatest beneficiary.

285 Resolution by which, on the proposal of the National Assembly, the deadline set in point 4 of the decision of the Constitutional Court No. U-I-107/96 of 5 December 1996 was extended until 31 July 1997, p. 3798, Official Gazette of the Republic of Slovenia, 41/1997.

had been filed with administrative bodies, ministries in the first instance and the courts. The number of decisions issued by administrative bodies, ministries in the first instance and courts totalled 38,823, granting requests in 23,981 cases, partially granting them in 1,891 cases, dismissing requests in 7,410 cases, rejecting them in 3,172 cases, while in 2,366 cases the proceedings were stayed. Of the 38,823 decisions issued, 34,902 were final. The number of decisions issued by administrative bodies and ministries in the first instance totalled 37,074, granting the requests in 23,618 cases, partially granting them in 1,891 cases, dismissing them in 7,095 cases, rejecting them in 2,466 cases, while in 2,001 cases the proceedings were stayed. Of the 37,074 decisions issued, 3,540 were final. 5,750 appeals were filed against the decisions issued in the first instance, and 603 appeals were filed with the courts (a total of 6,353 appeals). There were a total of 23,224 cases closed with administrative bodies and ministries in the first instance and 1,749 with the courts, amounting to a total of 24,973 closed cases. Of these, 20,917 or 1,362 cases were final, thus a total of 22,279 cases. In the period from the enactment of the Denationalization Act to the end of June 2001, a total of 35,880 requests were filed with administrative bodies and competent ministries deciding on cases in the first instance, of which 23,224 cases were fully closed or resolved, which accounted for 65 percent in the relative share of the overall structure of filed requests. By this time, 35 percent of cases remained unresolved.[286] Denationalization was also one of the biggest inhibitory moments in the process of ownership transformation. In cases where the denationalization process had not yet been completed, the denationalization beneficiaries often objected to the ownership transformation of companies in advance, but this was not a sufficient argument for the ownership transformation. The latter was a time-limited process tied to several legal deadlines. The Act therefore allowed a company to temporarily reserve the property and proceed with the ownership transformation.[287] In the process of ownership transformation, 95 companies transferred part of the social capital in the form of shares or stakes in the amount of 9.13 billion Slovenian tolars to the Slovenian

286 16. poročilo o uresničevanju Zakona o denacionalizaciji za obdobje od 30. 06. 2000 do 30. 06. 2001 [16th Report on the implementation of the Denationalization Act for the period from 30 June 2000 to 30 June 2001], Ministry of Justice / July 2001, pp. 4–6. URL: http://www.mp.gov.si/fileadmin/mp.gov.si/pageuploads/2005/PDF/porocila/poroc_zden_16.pdf (9 November 2009).

287 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], p. 25.

Development Corporation as a reservation for denationalization beneficiaries. The basis for the transfer of these shares to the Development Corporation was a final interim injunction. The Slovenian Development Corporation concluded agreements with denationalization beneficiaries on the transfer of shares or stakes. In some cases, the value of the reservation for return was too high with regards to the final decision and part of the shares became the property of the Development Corporation.[288]

The implementation of denationalization was frequently the subject of controversy and various accusations, mainly by expropriated parties, organized in the Slovenian Association of Owners of Expropriated Property (Združenje lastnikov razlaščenega premoženja Slovenije – ZLRP). According to the expropriated, the return of nationalized property was too slow. They constantly reminded the Government of the Republic of Slovenia as well as the relevant institutions of the European Community of this. On 12 December 2003, a "Public Debate on Unfinished Denationalization" took place in Ljubljana, where the expropriated unanimously determined that the state's attitude towards expropriated parties was irresponsible and that the state adopted various amendments to the Denationalization Act with a tendency to delay the return of property or to return it to as few expropriated persons as possible. The culmination of such efforts was seen by the expropriated parties in 1998, when the Act Amending the Denationalization Act[289] or the "Bavčar Act", as it was called, was adopted, which, in their opinion, significantly changed the conditions for return to the detriment of expropriated persons after seven years of validity of the original Act.[290] "The Denationalization Act repaired the injustices suffered by one group of people and caused new injustices to tenants. We hoped that the Parliament would now grant certain amendments, but the parliamentary majority chose to ignore them. I do not understand why one should be given everything and the other nothing", Tanja Šarec, the president of the tenants' association, said in 2008.[291] The Office of the Ombudsman of the Republic of Slovenia also mentioned in its annual reports that the return of property to the expropriated was too slow. In the annual report for 2001, they thus wrote: "The Association of Owners of Expropriated Property warns of the inadmissibility of amending the

288 Ibid., p. 123.
289 Official Gazette of the Republic of Slovenia, 65/1998.
290 Združenje lastnikov razlaščenega premoženja Slovenije [Slovenian Association of Owners of Expropriated Property].
291 Pirc, Hitra rešitev s specialnimi efekti [Fast Solution with Special Effects], pp. 26–27.

Denationalization Act during its implementation, about the deterioration of the position of owners due to some other acts, unjustified restriction of property of some beneficiaries (owners of denationalized apartments, business premises and forests), the fact that the state has not yet taken over the guarantee for bonds received by the owners for the property not returned in kind, a change in the return of building land taken from the owners' use after 1963, moral disqualification of beneficiaries, controversial determination of citizenship of some beneficiaries, other misconduct of administrative and judicial bodies and non-transparency of government reports on the implementation of the Act, expressing a desire or calling on international institutions to establish direct control over the implementation of denationalization".[292] The length of the proceedings was also the result of frequent substantive disagreements with the legislative solutions. Already at the time of the enactment of the Act, some pointed out that its main shortcoming was that it did not sufficiently connect denationalization with ownership transformation. These disagreements regarding the content led to the fact that administrative bodies and courts (the Administrative Court of the Republic of Slovenia and the Supreme Court of the Republic of Slovenia in administrative dispute[293]) often adopted positions that were not in favour of denationalization. The press release referring to

292 Annual Report for 2001, Office of the Ombudsman of the Republic of Slovenia.

293 For example, in 2003 the Constitutional Court ruled that the right to housing had not been violated to the tenants of denationalized apartments and that they had not been discriminated against, as former holders of housing rights could stay in the apartments for an indefinite period and with non-profit rent. In 2005, the Supreme Court then amended the applicable case law recognizing the right of a spouse or close family members to remain in a non-profit tenancy after the tenant's death. The Supreme Court ruled that after the death of the contract owner, the owners were no longer obliged to rent out the apartments for non-profit rent to their family. This was followed by new proceedings before the Constitutional Court, which ruled at the end of 2009 that in case of the tenant's death, the non-profit rent belonged only to the spouse, but not to their close family members. Feantsa, the European Federation of National Organizations Working with the Homeless, filed a collective complaint with the European Court of Justice in August 2008 after learning in detail about the situation of tenants in denationalized housing in Slovenia and the numerous complaints from them. The European Committee of Social Rights at the Council of Europe found that Slovenia's housing policy reforms put the tenants of the apartments returned to the former private owners in a precarious position, contrary to the Revised European Social Charter. The right to housing, the right to family protection and the prohibition of discrimination were violated. (Matjaž Albreht wrote in more detail about this issue in an article entitled "Slovenija krši evropsko socialno listino" ["Slovenia Violates the European Social Charter"], which was published in the Saturday supplement of Delo on 6 February 2010.)

the resolutions adopted by the Government of the Republic of Slovenia at its 63rd session on 2 March 2006 and issued by the Government Communication Office read: "At today's session, the Government of the Republic of Slovenia got acquainted with the course of resolving denationalization in the Republic of Slovenia and adopted resolutions to speed up denationalization proceedings." In order to speed up the resolution of denationalisation claims, the government adopted the following decision: "The Government of the Republic of Slovenia imposes on all participating bodies (administrative units, ministries dealing with denationalization proceedings in the first and second instances, the Surveying and Mapping Authority of the Republic of Slovenia, the Agricultural Land and Forest Fund of the Republic of Slovenia, the State Attorney's Office, the Slovenian Compensation Company) to speed up the work on denationalization and to address denationalization proceedings as a matter of priority." This communication confirms the fact that the denationalization process was too slow and that it dragged on for a long time after the formal completion of transition.[294] This was also evidenced by an interview in July 2007 with the then Minister of Justice. With regards to the state of denationalization, Lovro Šturm answered that on 31 March 2007, 94.9 percent of denationalization cases had been finalized since the enactment of the Denationalization Act, while 1,105 claims remained unresolved at administrative units.[295] According to the Minister, in accordance with the Denationalization Act, in addition to administrative units, district courts also decided on denationalization claims in non-contentious proceedings in those cases when the property passed into state ownership on the basis of a legal transaction concluded due to threat, force or deceit by a state body or a representative of the authorities, as provided for in Article 5 of the Denationalization Act. Šturm also stated that a total of 2,804

294 Government Communication Office. Press release on the resolutions adopted by the Government of the Republic of Slovenia at its 63rd session, on 2 March 2006.

295 The Denationalization Act foresaw that all claims and proceedings in the first instance would be completed within one year. When the Denationalization Act was passed in 1991, it was also planned that the property in the value of four billion Deutschmarks or two billion euros would be returned, while according to the data from the beginning of 2007, it was already clear that the costs would be much higher, perhaps even twice as high. According to the data of the Ministry of Justice, 1 billion 881 million euros worth of land, forests, buildings and movables had been returned in kind by the end of March 2007. Where return was not possible in kind, the beneficiaries were entitled to compensation in the form of bonds and 6% interest. The Slovenian Compensation Company paid out more than 400 million euros by spring 2007, and is expected to pay out another 1.3 billion euros by the end of the procedure.

cases had been filed with the district courts since the Act came into force on 30 September 2006. 2,334 cases had already been finalized, which represented a 92.3% share of the submitted claims. 147 cases remained unresolved in the district courts, and non- contentious proceedings on the return of property confiscated by a criminal conviction were decided on the basis of the Enforcement of Criminal Sanctions Act. "All our activities are aimed at completing the denationalization as soon as possible", Šturm added.[296] The government led by Janez Janša in the period 2004–2008 made special efforts to complete the denationalization process as soon as possible. Thus, at its 36th regular session on 26 February 2008, the National Assembly of the Republic of Slovenia adopted a new Act on the Completion of Proceedings for the Return of Nationalized Property,[297] but the National Council of the Republic of Slovenia imposed a suspensive veto on the Act in early March 2008. The national councillors were convinced that the Act would "force decision-makers to make quick and therefore poor-quality decisions". In their opinion, the Act would create new rights, expand the circle of beneficiaries from abroad and introduce new legal means for extraordinary renewal of already completed proceedings.[298] Following the veto, the SDS (Slovenian Democratic Party), NSi (New Slovenia – Christian Democrats) and SLS (Slovenian People's Party) expressed disagreement with the councillors, while the then opposition parties and DeSUS (Democratic Party of Pensioners of Slovenia) welcomed the veto.

In addition to personal injustices, the prolonged proceedings caused damage to the economy itself. The material damage occurred for several reasons. The property that was the subject of denationalization proceedings was not properly managed by anyone. It was not maintained as it should have been. Even in economic sense, the real estate could not be used for its economic purpose (for example, to carry out an economic activity), as it was not allowed to be modernized. Legal transactions with this real estate were also not possible, as they were explicitly prohibited by Article 88 of the Denationalization Act.

296 Vlada je dolžna nadzorovati tajno službo – Intervju z ministrom Lovrom Šturmom [The Government is Obliged to Control the Secret Service – Interview with Minister Lovro Šturm], Spletna Demokracija. URL: www.mp.gov.si/…/2007_07_12_intervju_ministra_Demokracija.pdf (15 July 2007).

297 Ministry of Justice. URL: http://www.mp.gov.si/nc/si/splosno/cns/novica/article/11999/5696/ (10 September 2010).

298 National Council of the Republic of Slovenia. URL: http://www.ds-rs.si/?q=node/411 (10 September 2010).

Furthermore, in order to accelerate denationalization, the case law prevailed recognizing compensation to the denationalization beneficiaries for the inability to use nationalized property from the enactment of the Denationalization Act to the final return of nationalized property. Another legal and political issue is worth pointing out, namely when the property of the former companies was being returned, as well as in cases of forest return procedures, the liable parties or forest tenants tried to prove a conflict of interests between the individual interests of denationalization beneficiaries and the public interest of providing conditions for the operation of companies that employ and give bread to many workers. In reality, it was a conflict with the interests of the new owners of companies, who wanted to keep as much property as possible, the return of which was demanded by the beneficiaries of denationalization, and they tried to shift the burden of compensation for unreturned property in kind to the Compensation Fund and therefore to the entire society.[299]

The method of ownership transformation of companies

The contradictions between the supporters of "shock therapy" and the proponents of gradualism came to the fore precisely on the issue of ownership transformation or privatization of companies. Discussions on privatization between the two concepts – the concept of gradual, decentralized and repayable privatization and the concept of rapid, centralized and distributive privatization – led to delays in the adoption of privatization legislation. The debate on the method of privatization virtually "blocked" the operation of the assembly. Demos' proposal was opposed by a group from the Slovenian Democratic Union (Slovenska demokratična zveza). In addition to the government proposal, the Chamber of Associated Labour (Zbor združenega dela) also submitted the proposal by the MP from the Party of Democratic Renewal (Stranka demokratične prenove) and the president of the "shadow government" Emil Milan Pintar as well as Mencinger's bill on privatization. Peterle described the move as "a disservice to the detriment of Slovenia", but he later had to defend

299 Predlog zakona o zaključku postopkov vračanja podržavljenega premoženja [Bill on the Completion of Procedures for the Return of Nationalized Property] – 26 March 2007, Ministry of Justice, Ljubljana. URL: http://www.mp.gov.si/fileadmin/mp.gov.si/pageuploads/2005/PDF/zakonodaja/2007_04_18_predlog_zakona_zakljucek_vracanja_premozenja.pdf (20 January 2010).

himself before the Chamber of Associated Labour because of this statement. In the end, the Assembly, in which Demos did not have a majority, did not accept any of the proposals, and the complications in the Chamber of Associated Labour continued and "blocked" the work of the Assembly to a great extent.[300] The Deputy Prime Minister, Jože Mencinger, responsible for the economy in the Demos government, set the transformation of the economy from a socialist to a capitalist one as well as privatization in a rather social and economical manner. He believed that privatization should not be an end in itself and that it should not be understood merely as a political act, but that the economy should become more efficient with its help. According to him, the burden of the transition from one economic system to the other should be borne by the wealthier. However, many members of Demos did not agree with this. Mencinger therefore submitted the first proposal for a privatization model to the Assembly in June 1990. Based on this proposal, a company would be run by those who would buy a tenth of its value, while at the same time Mencinger opposed the free distribution of property. He continued to entrust the management of the companies to the then directors, which led to criticism, especially in the ranks of Demos, for protecting the so-called "red directors" and for not showing enough enthusiasm over independence with his views on the economic part of transition and gaining independence.[301] The Slovenian government adopted the draft of the Privatization of Companies Act on 18 October 1990. According to the then government, the Privatization of Companies Act was to enable the transition from social property owned by "everyone and no one" to ownership forms known by modern market economies, in ways that would prevent the collapse of companies and limit the "sale" of common property of the Slovenian citizens.[302] In January 1991, the Act was slightly amended by the so-called Mencinger group, but its fundamental emphases remained. The draft was called Mencinger's model of employee or management buyout. Its essence was that the holders of privatization in companies were the employees and individuals in leading management positions. It was left to them to choose the most

300 Čepič, Privatizacija gospodarstva [Privatization of the Economy]. In: Čepič et al. (ed.), *Slovenska novejša zgodovina 2* [*Slovenian Contemporary History 2*], pp. 1304–1306.

301 Ibid., pp. 1305–1306.

302 Archives of the Republic of Slovenia, AS 233, box 4872, 29th Session of the Executive Council of the Republic of Slovenia, 24 October 1990 (Assessment of the situation in the economy of the Republic of Slovenia with proposals for measures for regulation in individual areas, p. 10).

favourable way of privatization. Mencinger's model envisaged four forms of transformation: the sale of a company or its part to domestic or foreign buyers at a real market price, but with a certain discount for employees, recapitalization or investment of additional capital in the company, conversion of receivables into capital shares and transfer of shares to funds. On 19 March 1991, upon the presentation of the bill to the assembly, Mencinger pointed out that nationalization would not be entirely avoidable because there was not enough money in private ownership. In addition, large companies existed that no one would want to buy.[303] Prime Minister Lojze Peterle did not agree with Mencinger, believing that the economy would thus remain in the hands of former, so-called communist directors or managers. Peterle was therefore looking for another way of privatization, especially one that would remove the previous directors. According to him, privatization was a way to eliminate the so-called directorial socialism, which was introduced by Marković with the reform of companies and according to which many individuals established companies without the necessary capital to operate them and often became directors to themselves.[304] Relations deteriorated even further when the government hired an American economist, Harvard professor Jeffrey Sachs, to act as an economic adviser, who became involved in drafting privatization legislation in March 1991. Among other things, he was also an advisor to Ante Marković. As a result, relations in the coalition deteriorated, while Deputy Prime Minister Jože Mencinger and Finance Minister Marko Kranjec even resigned. The coalition was facing a clash of two completely different economic and political concepts, on the outside embodied by Mencinger and Sachs.[305] The latter came into contact with the Slovenian government with Janez Drnovšek's intervention at the end of 1990. In fact, Sachs was keen to prove the success of his model in at least one country, as he experienced failures in other post-socialist countries. As a small and relatively developed country, Slovenia was much more manageable and therefore suitable for the "experiment". Sachs' team even waived the fee, but his work nevertheless cost the Slovenian government several hundred thousand dollars.[306] The essence of the dispute between the two different concepts was that the first side saw the fundamental problem of the Slovenian economy in the

303 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 594–613.

304 Čepič, Privatizacija gospodarstva [Privatization of the Economy]. In: Čepič et al. (ed.), *Slovenska novejša zgodovina 2* [*Slovenian Contemporary History 2*], pp. 1304–1306.

305 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 594–613.

306 Repe, *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*], pp. 76–80.

macroeconomic field, gave priority to the gradual transformation of the economic system, opposed the immediate introduction of Slovenian currency and the break-up of the Ljubljanska banka bank. The other side, which was not burdened by the mortgage of the Yugoslav economic system, proposed a rapid leap into capitalism with the simultaneous implementation of the most important economic measures, namely the change of currency, economic reconstruction, banking system rehabilitation, privatization and financial recovery of companies. This side saw the fundamental problem in socially-owned companies and was in favour of the break-up of the Ljubljanska banka bank. Sachs, together with another foreign economic expert, David Lipton, drafted a programme of economic independence and restructuring of the Slovenian economy for the government. The authors advocated two manners of privatization: in smaller companies, about 60 percent of social property would pass into the ownership of one owner or a smaller group of owners, while about 40 percent would be owned by the state, which could sell that share after privatization was concluded. Large companies were to be transformed through investment funds, and in the case of denationalization, the authors advised against the return in kind. The preparation of a new privatization proposal was taken over by a group at the Republic Secretariat for Social Planning under the leadership of Minister Igor Umek.[307] In the end, after a number of compromises and amendments to the Act, a sort of intermediate model between Mencinger's and Sachs's prevailed in privatization. Partly because Sachs' idea of an immediate instead of gradual privatization could not be realized and because the process of gaining independence could not be carried out according to the imagined ideal model.[308] The government was severely criticized: it was accused of subordinating the process of gaining independence to political interests and of neglecting the domestic experts. The most direct and unforgiving critics were the leading Slovenian economists. Alexander Bajt resented the government for engaging in "painstaking processes of imposing privatization and denationalization" instead of overcoming the problems in capital management and its formation. In his opinion, this proved that the government considered private ownership to be the most important factor of production, thus "fooling itself and trying to prove to the world how advanced and radical it is", while at the same "wilfully burying its head in the sand" with regards to the problems

307 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 594–613.
308 Repe, *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*], pp. 76–80.

the solution of which was much more important for the efficiency of management. A younger generation of economic experts, such as Ivan Ribnikar, reproached the government of continuing to neglect the domestic experts. According to him, the previous government attracted second- and third-class economists as well as "self-taught" economists who "were experts in everything" and explained "something that could not be understood", while the new government recruited foreign economists who were selling and "telling things" to Ljubljana and Belgrade that could be found in the textbook for the first year of the Faculty of Economics in Ljubljana.[309] Some argued that the strong politicization of the ownership transformation issue was the consequence of two factors: the first was the lack of coordination in the government in drafting its first privatization proposal, which the government even withdrew by itself, while the second factor was the fact that the transition to the new system was sought to be implemented by using the framework of the old system.[310] The acts pertaining to companies and socially-owned capital adopted by the last Yugoslav government thus enabled spontaneous privatization. After winning the elections, the Slovenian political opposition temporarily suspended the ownership transformation under this legislation with a constitutional law. The first government proposal envisaged decentralized privatization on the grounds that the existing managers were capable of successfully running the companies. The more politically conservative and anti-communist part of the government did not agree with the proposal, which resulted in a split and a new proposal, which provided for centralized privatization with certificates. The adoption of this proposal was prevented by the Chamber of Associated Labour, in which the representatives of the companies had a majority. In the end, a group of MPs from all parties reached a compromise, which, through employee discounts, enabled the dominance of internal owners and at the same time assigned an important role to investment funds.[311]

Jože Mencinger's perspective on the disputes over privatization and on the first Prime Minister Peterle is interesting. In an interview with the newspaper *Mladina* in 2006, he said: "When I resigned because of the conflicts connected to privatization, I was angry with him, but now I look at things

309 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 594–613.

310 Ovin, Rasto. Komentar k privatizacijskim razpravam o privatizaciji [Commentary on Privatization Discussions on Privatization]. *Bilten EDP* [*EDP Bulletin*]. Institute for Economic Diagnosis and Prognosis, Vol. 14, No. 4, 1992, pp. 17–25.

311 Šušteršič, *Politično gospodarski cikli* [*Political and Economic Cycles*], pp. 211–222.

differently. By resigning, I did the only thing possible. I could not start claiming that something was green, if I believed it was blue, and the times were not right for quarrels. Everything that could be done for independence at the macroeconomic level was done by April, mostly thanks to Marko Kranjec, and in operational matters, my successor Ocvirk was much better. Otherwise, I have good memories of the government at the time, which Peterle led very democratically. We were a group of political amateurs trying to do something without knowing exactly what and how, and we were completely independent of the parties. For example, I was a member of the current Janša's party, which was Tomšič's party at the time, but it never occurred to me to ask anyone in the party what to do. However, it is true that the parties did not know exactly what to do with the authority either."[312] With the planned rapid privatization of the Slovenian economy, a number of concerns arose, even when privatization in certain segments had already begun. All this was due to the fact that the government or parliament did not formulate the concept of privatization in time. "The most fatal mistake had been made before gaining independence, namely the abandonment of the concept of decentralized, gradual, repayable and controlled privatization, which took into account the state and characteristics of the Slovenian economy. With it, we would maintain the advantages, carry out privatization and re-privatization without turmoil and quickly find responsible owners despite the lack of capital. Without the foolish attempt to replace this concept with centralized and distributive privatization, the situation in the Slovenian economy would be much better than it is now, regardless of this or that economic policy", Mencinger said in mid-1993.[313] Controversy and problems over the adopted privatization legislation continued even after the adoption of the Act. As pointed out in an interview in September 1993, the then director of the Agency of the Republic of Slovenia for Privatization and Restructuring, Mira Puc, saw the biggest problem that was hindering the course of privatization in "the constant desire to amend the Act, which has an inhibitory effect on the implementation of privatization".[314]

In addition to the above-mentioned privatization proposals, other proposals also sprung up that were not taken seriously or were not the subject of

312 Repovž, Grega. Intervju z dr. Jožetom Mencingerjem [Interview with Dr. Jože Mencinger]. *Mladina*, No. 46, 10 November 2006, pp. 36–40.

313 Mencinger, Začasnost samostojnosti? [Temporariness of Independence?], pp. 303–312.

314 *Agens*, No. 1, September 1993, p. 2.

government decision-making at all. Even before deciding on which type of privatization to use, Aleksander Bajt also spoke out. He proposed the establishment of such a system, according to which a wide variety of companies would compete on the market – from state, private, shareholder and self-governing companies. The market would then show what sort of companies would thrive best. This proposal, of course, fell on deaf ears.[315] Bajt's opinion was clear with regards to privatization. "Slovenian economic policy has become entangled in painful processes of forced privatization and denationalization", he said in September 1991. He argued that "the form of ownership is not the most important thing for production, as it is possible to produce also without private property" and that it would be much more useful if, instead of becoming exhausted by ownership transformation, "social companies became completely independent and be left to themselves, to workers and managers". "If they will need owners, they will get them and get rid of the managers if they will not be capable. This will encourage the development of entrepreneurial and managerial skills. On the contrary, the intended nationalization of companies will push management and thus the efficiency well below the current level", Bajt added, who also wondered "if we should extend the long-standing system of redistribution to capital as well". If this were to happen, after resale, we would "get financial capitalists, speculators at best not entrepreneurs; we need the latter the most, however".[316] The economist Ivan Ribnikar also seriously considered how to carry out the privatization of companies. He defended the thesis that the state should not distribute the property, as savings and investments can only be increased by saving and creating new value.[317] Ribnikar's proposal aimed primarily at ensuring an increase in the equity capital of companies, the emergence of a capital market and a sufficiently rapid takeover of control in companies by the rightful owners. A new owner of socially-owned property should not be considered dangerous to take control of the company, but should be similar to the owners of companies known to market economies and should be aware that socially-owned property belongs to all citizens and take

315 Nežmah, Bernard. Doba sindikatov [The Age of Unions]. *Mladina*, 16 April 2009.

316 Popit, Ilija. Prof. Aleksander Bajt o slovenski gospodarski politiki (2). Napačna pot privatizacije [Prof. Aleksander Bajt on Slovenian Economic Policy (2). The Wrong Path of Privatization]. *Delo*, Vol. 33, No. 207, 4 September 1991, p. 2.

317 Mekina, Borut. Rojstvo podalpskih oligarhov [The Birth of Subalpine Oligarchs]. Mladina.si/Tednik. URL: http://www.mladina.si/tednik/200732/clanek/slo-tema--borut_mekina/ (29 May 2009).

into account national economic goals.[318] Ribnikar believed the Pension Fund to be such an owner. In his opinion, socially-owned property should therefore be transferred to the Pension Fund, which would ensure the stability of the pension system in the long run. The adopted Ownership Transformation of Companies Act (ZLPP) was very different from Ribnikar's proposal. Only 10 percent of socially-owned property was transferred to the Capital Fund for Pension and Disability Insurance (Ribnikar suggested that all property be transferred to it) and a large part of the property was distributed among citizens through ownership certificates, which Ribnikar also opposed. He also came forward with the proposal at the end of the ownership transformation process, when two problems emerged. The authorized investment companies (PIDs), in which the majority of the certificates were invested, could not exchange them for real assets. The so-called problem of investment gap arose. On the other hand, the reform of the pension system was becoming increasingly urgent. Ribnikar tried to connect the resolution of both issues. His proposal was to transfer the property in the hands of the authorized investment companies to the newly established pension fund, which would be part of the second pension pillar. The owners of the transferred property (shareholders of the authorized investment companies) would be entitled to receive a pension annuity after a certain period. The state would then allocate additional property to the pension fund, which would correspond to the value of the certificates that had not yet been exchanged. Subsequently, another pension fund would be set up to collect supplementary insurance premiums, on the basis of which the policyholders would be entitled to a supplementary pension. Unlike the first fund, this one would not have initial assets, but would grow only on the basis of current payments by the policyholders.[319] In conclusion, we can say that Ribnikar's privatization proposal fell on deaf ears in the early 1990s. The proposal, according to which the masses would not get their hands on anything tangible, was in fact not to the liking of politicians or the general public. The second proposal at the end of the ownership transformation was only partially taken into account in the First Pension Fund of the Republic of Slovenia and

318 Ribnikar, Ivan. Družbena lastnina in narobe poskusi njene odprave: od leta 1989 do dandanes [Socially-Owned Property and the Wrong Attempts to Abolish It: From 1989 to the Present Day]. *Teorija in praksa* [*Theory and Practice*], Vol. 29, No. 9–10, 1992, pp. 877–890.

319 Ivan Ribnikar. Drugi (in tretji) steber pokojninskega sistema in trg kapitala [The Second (and Third) Pillar of the Pension System and the Capital Market.]. *Bančni vestnik* [*Banking Journal*], Vol. 47, No. 5, May 1998, pp. 49–51.

Transformation of Authorized Investment Corporations Act.[320] The greatest departure from Ribnikar's proposal was transferring property from authorized investment companies to the First Pension Fund. Ribnikar proposed that all or at least most of the property, both real and certificates, be transferred to it, but the Act only provided for the possibility of transferring the certificates. This, of course, greatly reduced the Fund's assets.

The Ownership Transformation of Companies Act (ZLPP) as a result of a compromise

The Ownership Transformation of Companies Act was adopted by the National Assembly of the Republic of Slovenia as late as 11 November 1992, after more than two years of coordination and after numerous discussions at professional, political, theoretical and other levels.[321] The Act represented a compromise between different professional concepts and political interests, and it was adopted on the basis of an amended bill by a special committee of three MPs, Janko Deželak, Emil Milan Pintar and Mile Šetinc, whose task was to draft a compromise proposal between different political interests in the most economically and socially acceptable way possible.[322] The Act provided for three basic procedures: nationalization (agricultural land and forests used by socially-owned companies), restitution or return to the original state and privatization. Restitution could be realized in three ways, namely in kind, with compensation through the Compensation Fund and in the form of capital shares in companies. The Act provided that claims for property restitution filed by the injured parties with the municipal administrative units be resolved individually.[323]

320 Official Gazette of the Republic of Slovenia, 50/1999.

321 Bohinc, Rado. Ureditev privatizacije po veljavni slovenski zakonodaji [Regulation of Privatization According to the Valid Slovenian Legislation]. In: Bohinc, Rado, Milkovič, Nina (eds.). *Privatizacija na Slovenskem 1990–1992* [*Privatization in Slovenia 1990–1992*]. Ljubljana: Slovenski inštitut za management Ljubljana d.d., DZS, d. d., 1993, p. 7.

322 Žnidaršič Kranjc, *Privatizacija ali zakonita kraja* [*Privatization or Legal Theft*], p. 33.

323 Gregorec, Zdravko (ed.). *OECD Gospodarski pregledi 1996–1997: Slovenija, Organizacija za ekonomsko sodelovanje in razvoj* [*OECD Economic Reviews 1996–1997: Slovenia, Organization for Economic Co-operation and Development*], Ljubljana: Centre for Co-Operation with Economies in Transition/Ministry of Foreign Affairs/Office for European Affairs, 1997 (Hereinafter: Gregorec (ed.), *OECD Gospodarski pregledi 1996–1997: Slovenija* [*OECD Economic Reviews 1996–1997: Slovenia*]), pp. 91–92.

The Ownership Transformation of Companies Act also determined the share of socially-owned property or capital that companies had to transfer to a fund and granted citizens the so-called ownership certificates based on their age, which were issued to their name, were non-transferable and could be exchanged for shares in privatized companies.[324] The adopted Act was intended to improve what was most criticized in the first two proposals as successfully as possible. It thus sought to prevent "wild privatizations" by company managers and excessive state ownership, which the state could achieve through the privatization fund or through state investment funds. The Act also designated a greater role to employees and other citizens in the privatization process.[325] The said Act was, in fact, a logical continuation of the economic reform started in 1988, which was prepared by the "Mikulić Commission". At that time, it was not yet clear that this was not one of the classic reforms of the socialist economy, which was supposed to increase its efficiency without changing its socialist nature. It was only when the reformers "began to talk about the capital and labour market and socially-owned property that it became clear that there was much more to it".[326] The main objective of the Ownership Transformation of Companies Act was to transform all socially-owned companies into companies with well-defined ownership rights in the form of joint-stock companies and limited liability companies. The Act combined elements of two different approaches:

- decentralized approach where most initiatives and decisions come from companies,
- mass privatization of part of the company's shares by distributing them to citizens in exchange for certificates.

The first condition for the ownership transformation of a company was the preparation of the opening balance sheet of the existing socially-owned company and determination of the nominal value of shares and their number, while adjusting the previous bookkeeping to contemporary international standards. The programme submitted by a company had to include organizational and financial restructuring plans before privatization, selected transformation methods or their combinations, and the proposed privatization methods. The

324 Čepič, Privatizacija gospodarstva [Privatization of the Economy]. In: Čepič et al. (ed.), *Slovenska novejša zgodovina 2* [*Slovenian Contemporary History 2*], pp. 1304–1306.

325 Štiblar, Franjo. Privatization in Slovenia. In: Senjur, Marjan (ed.). *Slovenia – A Small Country in the Global Economy*. Ljubljana: Centre for International Cooperation and Development – CICD, 1993, pp. 181–191.

326 Žnidaršič Kranjc, *Privatizacija ali zakonita kraja* [*Privatization or Legal Theft*], p. 9.

Ownership Transformation of Companies Act provided for seven methods, which were a combination of free distribution and commercial privatization methods:

1. Free transfer of shares to funds:
   - 10 percent of ordinary shares were transferred to the Slovenian Compensation Fund
   - 10 percent were transferred to the Capital Fund for Pension and Disability Insurance
   - 20 percent were transferred to the Development Fund for later sale to the authorized investment companies in exchange for ownership certificates
2. Internal distribution
3. Internal buyout
4. Sale of company shares (public sale of shares, public collection of bids, public auction)
5. Sale of all company assets with the dissolution of the company
6. Increasing the company's equity
7. Transfer of remaining shares to the Development Fund.[327]

If we simplify the above-mentioned, the basic model of privatization under the Ownership Transformation of Companies Act provided for a system of "20% + 20% + 20% + 40%", which meant that 20 percent of shares were transferred to the parastatal pension and compensation funds, 20 percent to authorized investment companies (the latter had to be privately owned[328]), which collected the ownership certificates from citizens by themselves, 20% were exchanged under favourable conditions for ownership certificates of internal owners (managers, employees and former employees), while 40% could alternatively be used for the buyout by internal owners under favourable conditions, for exchange with ownership certificates of citizens through public sale of shares, for exchange with ownership certificates collected in authorized investment companies or for a buyout by strategic partners.[329] Before the start of privatization, the value of

327 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*]. Ljubljana: Agency of the Republic of Slovenia for Restructuring and Privatization, 1997 (Hereinafter: *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*]), pp. 14–27.

328 Gregorec (ed.), *OECD Gospodarski pregledi 1996–1997: Slovenija* [*OECD Economic Reviews 1996–1997: Slovenia*], p. 92.

329 Simoneti, Marko et al. *Spremembe v strukturi in koncentraciji lastništva ter poslovanje podjetij po razdelitveni privatizaciji v Sloveniji v razdobju 1995–99. Empirična in institucionalna*

each individual company had to be assessed. This was performed by appraisers working within a special commission. "Our commission is frequently accused of not being liberal enough, but the fact is that the appraisal of companies involves huge sums of money, millions of Deutschmarks. Appraisals must be appropriate, which means that the responsibility of the appraiser is huge. Our commission wants to make sure that an appraiser is really good at their work, so that the companies would not suffer damage by their lack of knowledge", Dušan Mramor said, a member of the commission for licensing appraisers who were assessing the value of companies in the process of ownership transformation.[330]

The main state and other legal entities involved in the privatization process were the Agency of the Republic of Slovenia for Restructuring and Privatization, the Development Fund of the Republic of Slovenia (later Slovenian Development Company – SRD), the Slovenian Compensation Fund, the Capital Fund for Pension and Disability Insurance, the National Farm Land and Forest Fund of the Republic of Slovenia, authorized investment companies (PIDs), the Ministry of Economic Relations and Development, the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies, the Securities Market Agency, the Central Securities Clearing Corporation (KDD) and the Ljubljana Stock Exchange.[331] The Ownership Transformation of Companies Act did not apply to all companies. It was not used for companies performing activities of special social importance or public utility services, for companies engaged in the organization of games of chance, banks and insurance companies, companies that were transformed under the Cooperatives Act or the Act on Forests, and for companies in bankruptcy proceedings from the final decision on the commencement of bankruptcy proceedings. If a special law so provided, the Ownership Transformation of Companies Act also applied to the aforementioned companies.[332] The following Acts applied to companies and institutions

analiza [*Changes in the Structure and Concentration of Ownership and the Operation of Companies after Distributive Privatization in Slovenia in the Period 1995–99. Empirical and Institutional Analysis*]. Ljubljana: CEEPN Research, 2001 (Hereinafter: Simoneti et al., *Spremembe v strukturi in koncentraciji lastništva* [*Changes in the Structure and Concentration of Ownership*]), p. 6.

330 Jakomin L., Alenka. Intervju z Dušanom Mramorjem [Interview with Dušan Mramor]. *Agens*, No. 8, April 1994, pp. 2–3.

331 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*], pp. 14–27.

332 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], pp. 22–27.

that were not transformed under the Ownership Transformation of Companies Act: the Services of General Economic Interest Act,[333] the Cooperatives Act,[334] the Act on Forests,[335] the Exercising of the Public Interest in Culture Act,[336] the Veterinary Practice Act,[337] the National Farm Land and Forest Fund Act,[338] the Ownership Transformation of Companies (with Socially-Owned Capital) Engaged in Tourist Activity whose Real Estate is Located on the Territory of the Triglav National Park Act,[339] the Act Regulating the Privatization of Socially Owned Monuments and Sites of Special Interest,[340] the Denationalization in the Procedures of Ownership Transformation of Companies (the Denationalization Act[341]) and the Ownership Transformation of Legal Entities with Socially-Owned Capital Organizing Special Games of Chance.[342]

In practice, five methods of ownership transformation were used, since only one company opted for the method of selling all assets, which it ultimately did not carry out. There was a total of 1,371 companies and they most frequently opted for the transfer of shares to funds, internal distribution and internal buyout. The transfer of shares to funds was a mandatory method of the Ownership Transformation of Companies Act, but about 3 percent of companies did not transfer their shares to funds because they made use of the purchase price instead of shares. Furthermore, there were a few companies that were transformed under the Cooperatives Act,[343] also without a mandatory transfer of shares to funds. The companies transferred them only if they did not take advantage of the transformation of 40% of the capital through a public sale of shares. Internal distribution and internal buyout methods were used in most companies. 96.57 percent of companies used the method of internal distribution, while 91.39 percent used the internal buyout. These two methods were most frequently chosen because the beneficiaries of the internal distribution and

333 Official Gazette of the Republic of Slovenia, 32/1993.
334 Official Gazette of the Republic of Slovenia, 13/1992.
335 Official Gazette of the Republic of Slovenia, 30/1993.
336 Official Gazette of the Republic of Slovenia, 75/1994.
337 Official Gazette of the Republic of Slovenia, 82/1994.
338 Official Gazette of the Republic of Slovenia, 10/1993.
339 Official Gazette of the Republic of Slovenia, 24/1996.
340 Official Gazette of the Republic of Slovenia, 16/1996.
341 Official Gazette of the Republic of Slovenia, 27/1991.
342 Official Gazette of the Republic of Slovenia, 40/1997.
343 Official Gazette of the Republic of Slovenia, 13/1992.

internal buyout were able to buy the shares with a 50% discount, thus avoiding the entry of external owners.[344]

The Ownership Transformation of Companies Act thus combined repayable privatization with the free distribution of part of the socially-owned capital to workers and Slovenian citizens. In June 1993, the National Assembly passed the Act Amending the Ownership Transformation of Companies Act.[345] This shifted the original concept in favour of the so-called "redistributive" privatization, while the repayable privatization, which had been in the forefront until then, had to recede into the background. The changes brought a number of reliefs and benefits to internal buyouts, which were intended to enable the employees greater participation in ownership. The companies were allowed to determine the value of socially-owned capital by choosing the most favourable valuation. The original provisions only allowed a choice between values according to the opening balance sheet and values according to the net asset value method, where certified appraisers would participate.[346] In Slovenia, the so-called distributive privatization was thus carried out. The latter included internal distributions and buyouts by employees and mandatory transfers to funds. The proponents of distributive privatization argued that its main advantages for transition countries were the speed of the transfer of a large part of the economy to the private sector and the revival of the capital market. Distributive privatization in Slovenia directly covered a large part of the non-financial sector and indirectly affected virtually the entire economy. Privatization was in principle decentralized on the supply and demand sides, but in reality, the decision-making was limited on both sides. In the generally independent preparation of privatization plans, companies were fairly limited by legal provisions, and the opportunities for investing certificates depended on their plans. Although the law provided for a whole range of privatization options, of the more than 1,300 companies directly involved in distributive privatization, very few were listed at the stock exchange. These were only the largest and best-performing companies, which conducted a public offering of shares for certificates. Investments of certificates

344 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], pp. 88, 138.

345 Official Gazette of the Republic of Slovenia, 31/1993.

346 Prinčič, Jože. *Tovarna vijakov Plamen Kropa: od konca druge svetovne vojne do stečaja in novega začetka (1945–1997)* [*The Plamen Kropa Screw Factory: From the End of the Second World War to Bankruptcy and a New Beginning (1945–1997)*]. Radovljica: Gazette of the Blacksmith Museum in Kropa, Museums of the Municipality of Radovljica, 2007, p. 158.

for the shares of these companies were exceeded in all cases, in some by several times. Most citizens invested their certificates in the internal privatization of companies as employees and former employees, as well as in privatization funds that were listed on the stock exchange. The pharmaceutical company Lek was the first in Slovenia to decide on a combined privatization, which also included the public sale of shares. The director of Lek, Metod Dragonja, said in February 1994: "We estimate that dispersed ownership will have a more favourable effect on Lek's position in the future than if this ownership would largely be state ownership".[347]

In practice, the choice on the method of privatization was decisively influenced by the legal principle of autonomy, which gave managers and employees in companies the right to choose a combination of privatization methods. The first feature of this choice was that in the context of privatization under the Ownership Transformation of Companies Act, companies practically did not opt for selling shares to strategic partners. This is also one of the basic characteristics of the Slovenian distributive privatization in comparison with similar countries in transition. Namely, the Slovenian distributive privatization did not directly enable the entry of strategic owners and especially not foreign strategic owners into the companies that were the subject of privatization. This only occurred to a few dozen companies. Another feature of the selection in the framework of the distributive model was that managers and employees generally exercised their pre-emption right for the purchase of 40 percent of the shares under favourable conditions up to the upper limit allowed by their financial capacity. In all Slovenian companies, distributive privatization was carried out as a combination of internal, external and in some companies public privatization. In addition to internal privatization, external and public privatization gained importance mainly in larger and more capital-intensive companies. External privatization involved the distribution through funds, while public privatization involved the public offering of shares to citizens in exchange for certificates. Based on the share of these three forms of distribution in companies, three typical groups of companies were formed in Slovenia:

- public companies (listed on the stock exchange, as the distribution to internal owners and funds was also combined with public distribution; there were only about 100 of such companies),

347 Čeh, Silva. Intervju z Metodom Dragonjo [Interview with Metod Dragonja]. *Agens*, No. 6, February 1994, pp. 2–3.

- internal non-public companies (not listed on the stock exchange; internal owners acquired a majority share),
- external non-public companies (not listed on the stock exchange; internal owners did not acquire a majority share).[348]

Despite the long-term process of adopting the Ownership Transformation of Companies Act, the latter retained its shortcomings even after its adoption. In one of her articles relating to the said Act, Anica Popovič quoted Miran Mihelčič, who was, like many others, very critical of the lengthy adoption of this Act. Mihelčič wrote: "While many were wise about the possible paths of ownership transformation, others put into practice the realization of the connection between distribution and privatization or privatization and distribution and divided amongst themselves (with a shift from the creative to the consumer sector) a considerable piece of social wealth".[349] Many complications in practice were related to the legal regulation, which, according to the deadlines from Article 20 of the Ownership Transformation of Companies Act, regulated the procedures of ownership transformation from 1 January 1995 onwards.[350] One of the problems was certainly the completely misguided legal deadlines contained in the Ownership Transformation of Companies Act, which, among other things, again triggered the unnecessary "legalization" of "wild privatization" after 1 January 1993. Another issue was also the non-uniform information system, which in itself increased the non-transparency and autonomy of the operation of individual institutions instead of improving their coordination in terms of content and time.[351] In 1997, the Social Attorney of the Republic of Slovenia, in cooperation with the Agency of the Republic of Slovenia for Restructuring and Privatization, had to prepare a report for the Commission for Monitoring of the Ownership Transformation and Privatization of the National Assembly of the Republic of Slovenia (in the first convocation of the National Assembly, it was called the Commission for Monitoring and

348 Simoneti et al., *Spremembe v strukturi in koncentraciji lastništva* [*Changes in the Structure and Concentration of Ownership*], pp. 5–10.

349 Popovič, Anica: Zakon o lastninskem preoblikovanju podjetij [Ownership Transformation of Companies Act]. *Podjetje in delo* [*Company and Work*], No. 2, 10 May 1993 (Hereinafter: Popovič, Zakon o lastninskem preoblikovanju podjetij [Ownership Transformation of Companies Act]), p. 85. URL: http://www.ius-software.si (18 January 2010).

350 Archives of the Republic of Slovenia, AS 1272 (Social Attorney of the Republic of Slovenia), box 412, R 3/2000 R (Report following the decision of the Rejc Commission).

351 Archives of the Republic of Slovenia, AS 1272, box 412, R 3/2000 R (Report following the decision of the Rejc Commission).

Control of the Ownership Transformation of Socially-Owned Property, both of which were chaired by Izidor Rejc), stating that a lot of ambiguity was brought about by the legislator's assumptions, which restricted audits to a three-year period from 1990 to 1992, assuming that the pre-privatization audit procedures would be completed by the end of 1994. Auditing after 1 January 1993 was not legally allowed, which triggered a second wave of "wild privatization" transactions and a host of problems with regards to the regulation pertaining to the preparation of opening balance sheets on 1 January 1993.[352] The subsequent introduction of the so-called "second audit" in mid-1996 in cases where the ownership transformation had not yet been completed led to proceedings where all damages were attempted to be remedied before the privatization was completed, especially in cases where the damages identified in the first audit only continued.[353] In the period from 1 July 1993 to 31 March 2001, the Social Attorney of the Republic of Slovenia received 1,151 audit reports and filed a lawsuit on the basis of 293 or 323 audit reports respectively (the reason for two different data is the fact that one or more actions could be filed for an individual audit report or only one action could be filled for several audit reports).[354] In the period from 31 March 2001 to 30 June 2004, the Social Attorney received an additional 97 audit reports.[355]

The responses to the Ownership Transformation of Companies Act varied, both among the experts and the general public. Aleksander Bajt argued that the legalized system of ownership transformation was unconstitutional. Among other things, the Act determined which circumstances justified privatization and which prevented it. Namely, the Act turned the personal circumstances of people, which were supposed to be excluded according to the Constitution, into the basic criteria of privatization. In addition, the legislator adopted rules that were contrary to the already established ones, thus creating an internally contradictory system. Due to the reckless introduction of

352 Archives of the Republic of Slovenia, AS 1272, box 412, R 3/2000 R (Report following the decision of the Rejc Commission).

353 Archives of the Republic of Slovenia, AS 1272, box 412, R 3/2000 R (Report following the decision of the Rejc Commission).

354 Archives of the Republic of Slovenia, AS 1272, box 417, R 1/01R (Activities of the Social Attorney of the Republic of Slovenia in relation to audit reports of 1 July 1993–31 March 2001).

355 Archives of the Republic of Slovenia, AS 1272, box 412, R 1/04R (Overview of the activities of the Social Attorney of the Republic of Slovenia from 1 January 2004 to 30 June 2004 and from 1 July 2004 to 31 December 2004).

an ill-conceived privatization system, wild privatization occurred, among other things, again caused by the legislator.[356] Shortly after the adoption of the Ownership Transformation of Companies Act, the economist Jože Damijan also expressed his view on the latter – from today's perspective, in a truly visionary manner. He wrote in December 1992: "After the adoption of the Ownership Transformation of Companies Act, which we have all been waiting impatiently for at least two years, it is increasingly doubtful that foreign capital will even be able to penetrate Slovenia. The Act clearly gives priority to Slovenian investors, and even here especially to employees in companies who will already receive ownership certificates through privatization … However, make no mistake, although the Act says that employees can buy a share, it is highly doubtful that the company will be bought out by the workers as they will exchange their ownership certificates for liquidity financial forms as soon as possible due to their miserable wages. All together, of course, with a certain discount of up to 50%. It is already quite clear who will buy these certificates – especially the current management structure, which is the only one, thanks to sophisticated financial machinations in the past, able to raise enough money to buy a majority share in the company and manage it." In Damijan's opinion it was also "idiotic" to talk about any sort of social justice when it came to ownership relations, and it was right that capable managers were given ownership control in companies. "It is also foolish to expect that foreign capital will be ready to venture into Slovenia, when the best companies are already reserved in advance for current managers", he wrote.[357]

Ownership certificates and authorized investment companies

In October 1993, based on the Ownership Transformation of Companies Act (excluding public companies, companies with forests, cooperatives, banks, insurance companies, casinos and bankrupt companies), SIT 567 billion of

356 Bajt, Aleksander. Protiustavnost uzakonjenega sistema lastninjenja [Unconstitutionality of the Legalized System of Ownership Transformation]. *Gospodarska gibanja* [*Economic Trends*], No. 246, Institute of Economics, Faculty of Law, 1994/1, pp. 19–38.

357 Damijan, Jože. Slovenska privatizacijska burka [Slovenian Privatization Comedy]. *Gospodarski vestnik* [*Economic Journal*], No. 51, Vol. XLI, 24 December 1992, pp. 14–15.

free ownership certificates were issued to the population. These expired in July 1997, leaving 67 billion Slovenian tolars unused. In the first half of 1993, the Social Accounting Service (SDK) opened 2,000,900 certificate accounts for all citizens of Slovenia.[358] According to the Ownership Transformation of Companies Act, it was initially envisaged that ownership certificates would be distributed according to length of service. This was later changed in the Act Amending the Ownership Transformation of Companies Act in 1993, and ownership certificates were distributed among the population based on their age on 5 December 1992 in the following nominal value:

- in the amount of SIT 100,000 to persons under the age of 18,
- in the amount of SIT 200,000 to persons aged from 18 to (but not including) 23,
- in the amount of SIT 250,000 to persons aged from 23 to (but not including) 28,
- in the amount of SIT 300,000 to persons aged from 28 to (but not including) 38,
- in the amount of SIT 350,000 to persons aged from 38 to (but not including) 48,
- in the amount of SIT 400,000 to persons aged 48 and over.[359]

Citizens thus received non-transferable ownership certificates, which they could then exchange for shares. Some managed to invest in successful companies, while most certificates ended up in the so-called investment companies with no major value. The amount of the certificate value was determined by age categories.[360] Due to various forms of damage, the entirety of the socially-owned property decreased, resulting in the lower value of invested certificates, while a certain percentage of certificates could not be invested anywhere because the property ran out.[361] 58 percent of ownership certificates were invested in authorized investment companies, 32 percent in companies, while

358 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*], p. 14.

359 Act Amending the Ownership Transformation of Companies Act – Article 18. Official Gazette of the Republic of Slovenia, 31/1993.

360 Repe, Božo, Nečak, Dušan. *Oris sodobne obče in slovenske zgodovine: učbenik za študente 4. letnika* [*Outline of Contemporary General and Slovenian History: A Textbook for 4th Year Students*]. Ljubljana: Department of History, Faculty of Arts, University of Ljubljana, 2003.

361 Aplenc, Andrej. *Prodaja Slovenije* [*The Sale of Slovenia*]. Ljubljana: Mladinska knjiga, 1997, p. 160.

some remained unused. Because the purchase of certain company shares was dependent on the employment in this company, the possibilities to purchase company shares were limited. The possibility of using the certificates in public sales by companies was also limited due to the insufficient number of companies. The majority of the certificates were therefore used for the purchase of shares of authorized investment companies.[362]

The use of issued ownership certificates by type of use

Invested in:	SIT billion	%
Authorized investment companies	329	58
Companies	181	32
Unused certificates	57	10
Total certificates issued	567	100

Source: Berdnik, Prihaja leto koncentracije [The Year of Concentration is Coming], pp. 11–12.

There was a lot of talk about certificates and their value at that time. Some believed they were just worthless pieces of paper, while others disagreed. One of them was the then State Secretary at the Ministry of Economic Relations and Development, Anton Rop, who said the following about the certificates: "Given that we are just starting an intensive campaign regarding the ownership certificates, it is very positive that people's expectations are not too high and that they have a realistic and sober attitude towards them. People need to be told that certificates do have a certain value, but that their real value or the market value of listed shares will become apparent only in time."[363] In 1992, Franc Zagožen, who was already a member of the first National Assembly of the Republic of Slovenia, described the story of ownership certificates in a very interesting way. He pointed out that at that time both the economists and politicians were telling people that ownership certificates or shares they owned were worthless, and the result was that people were gladly selling them (Dimitrij Rupel, for instance, sold them to the Red Cross[364]). This, of course, was taken

362 Berdnik, Mojca. Prihaja leto koncentracije [The Year of Concentration is Coming]. *Gospodarski vestnik* [*Economic Journal*], No. 50, 1998 (Hereinafter: Berdnik, Prihaja leto koncentracije [The Year of Concentration is Coming]), pp. 11–12.

363 Jakomin L., Alenka. Intervju z Antonom Ropom [Interview with Anton Rop]. *Agens*, No. 2, October 1993 (Hereinafter: Jakomin L., Intervju z Antonom Ropom [Interview with Anton Rop]), pp. 2–3.

364 Izjava dr. Dimitrija Rupla [Statement by Dr. Dimitrij Rupel]. Informativna oddaja Omizje (Ko se decembra zgosti čas…) [Omizje News Programme (When Time Thickens

advantage of by those who were aware that ownership certificates or shares had their value. According to Zagožen, the thing was, that "either the economy is going to hell or the value of those shares will increase".[365] Even before the certificates were even distributed, Anton Rop described their role in the following words: "Those who say that certificates mean pulling the wool over the citizens' eyes are at the same time in favour of changing the Citizenship Act, preparing a referendum on it and thus preventing the issuance of ownership certificates so that they would not be obtained by citizens of other republics. They believe that this would mean an unfair distribution of Slovenian property. I do not know why they 'fret' so much about them if they think they have no value. I believe we should not pay too much attention to such opinions, as this is typical politicization. My position is that we need to finish the project and have a positive attitude towards it. In fact, the ownership certificate is an instrument of distribution of socially-owned capital, which definitely has some value. The future will show how much this is actually worth, but it depends on numerous factors".[366] At the time, it was good to know what people could do with the certificates. "They can invest them in their own company or in companies that will sell the shares at public sales. The third option is funds. It is also possible that the certificate is not used. For those who do not believe in them, this can be an interesting option. There will be no average Slovenian profitability in the funds, as we hope that they will not be all the same, but that they will be specialized and each with their own orientation", Marko Simoneti pointed out, who was the head of the Agency of the Republic of Slovenia for Restructuring and Privatization until May 1993 and then took over the reins of the C.E.E.P.N., an international organization based in Ljubljana, which brought together the ministries of the Agency for Privatization and the markets.[367]

in December…)]. TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008) (Hereinafter: Statement by Dr. Dimitrij Rupel).

365 Izjava dr. Franca Zagožna [Statement by Dr. Franc Zagožen]. Informativna oddaja Omizje (Ko se decembra zgosti čas…) [Omizje News Programme (When Time Thickens in December…)]. TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).

366 Jakomin L., Intervju z Antonom Ropom [Interview with Anton Rop], p. 2.

367 Čeh, Silva. Intervju z Markom Simonetijem [Interview with Marko Simoneti]. *Agens*, No. 3, November 1993 (Hereinafter: Čeh, Intervju z Markom Simonetijem [Interview with Marko Simoneti]), pp. 2–3.

In June 1994, the GRAL Marketing agency conducted a survey among the Slovenian population, in which people were asked how satisfied they were with the course of privatization. The results showed that people at the time generally supported privatization, as they believed that the transition from socially-owned to private property was urgently needed for faster economic development. However, they doubted the correctness of the chosen method. They were only familiar with the outlines or individual components of the Slovenian model of privatization, but they were not able to connect them into a whole. People had negative attitudes related to the vagueness of the model, allowing wild privatization, slow pace of privatization and too slow resolution of denationalization procedures. They had the feeling that everything had been agreed in advance and that those people who had more information would pick up the "cream" of the crop, while the rest would be "cheated". People were reacting very emotionally in general and had a constant feeling that they will be tricked. The attitude towards the certificates was negative in most people. They were treated as worthless pieces of paper and many wanted to sell them as quickly as possible. Most would sell them for half the nominal value, while certain individuals even for only 10 percent of the value. The most common reason for this was the lack of money for everyday things. Frequently, people's ignorance of the operation of the stock exchange, stock trading and stock companies was also in the background and some did not know how to get a stockbroker. Of course, there were also those who viewed the certificate as an investment and who expected a profit in a few years. The decision to invest the certificate was most strongly influenced by family and acquaintances. Most employees said they would invest their certificates in their companies, but the motive for this was not profit, but rather job retention, loyalty, help to the company and the possibility of purchase with a 50% discount. People were highly unfamiliar with the institutions that carried out the process of ownership transformation, they were also not acquainted with the operation of the privatization office and the brochure called *From Certificate to Share* (*Od certifikata do delnice*). The survey thus showed that people were extremely unfamiliar with the privatization process, and the attitude towards it was rather sceptical and reserved.[368] The population therefore largely sold out the ownership certificates, thinking that they had no value anyway. Some experts and politicians were

368 Strniša, Maja. Slovenci o lastninjenju [Slovenians on Privatization]. *Agens*, No. 15, October 1994, p. 14.

of the same opinion. We need to be aware that at that time, neither politics nor the profession knew what will actually happen and how things will turn out. If most people were selling their certificates, there were also individuals who were buying them, taking many risks on the one hand, while creating a fortune on the other. These were individuals who mainly bought the certificates through their companies. In this manner, the following people succeeded, for instance: Darko Horvat with Aktiva, Igor Lah with Divida, Stane Valant with Nacionalna finančna družba (National Financial Company) and Matjaž Gantar with Kmečka družba.[369]

"It seems it is not entirely clear what we expect from the funds in Slovenia. The goals are different for different people. One of them is making sure that insiders do not get everything, but that something is left for outsiders as well. The second aim is that part of the property is distributed among the citizens. It is only now that the difference between active and passive owners has begun to be considered", Marko Simoneti said in November 1993 on the investment privatization funds, which were provided for by the investment funds act at the time.[370] In November 1993, Roman Androjna wrote in *Agens* that "in developed western economies, investment funds have long been an established form of financial intermediaries performing the role of forwarding savings in investments" and for this reason "investment funds are of great importance for the national economy, for citizens and companies as well as in the development of the capital and securities market".[371] The importance of investment funds, which can be roughly divided into open-end and closed-end funds, is mainly the following:

- ▹ from a national economic point of view, they provide an additional mechanism for the flow of capital from economic operators with financial surpluses to operators with financial deficits,
- ▹ they represent an alternative to bank savings for the population,
- ▹ for companies, the sale of securities to investment funds means an alternative to bank loans or a new possibility of obtaining long-term sources of funds,

369 Kako je potekala tajkunizacija v Sloveniji? [How Did Tycoonization Take Place in Slovenia?]. Odmevi, RTV SLO 1, 24 April 2009. URL: http://www.rtvslo.si/play/kako-je-potekala-tajkunizacija/ava2.33130690/ (25 April 2009).

370 Čeh, Intervju z Markom Simonetijem [Interview with Marko Simoneti], p. 2.

371 Androjna, Roman. Investicijski skladi [Investment Funds]. *Agens*, No. 3, November 1993, pp. 4–5.

- they play an important role in the development of the capital and securities market.

An authorized investment company is a special form of investment company established for the purpose of collecting ownership certificates and buying shares issued in accordance with the regulations on the ownership transformation of companies.[372] Within the institutions that emerged from privatization itself, privatization investment funds or authorized investment companies, as they are officially called, were certainly important institutions and were the subject of various critics since their inception. The course and development of the Slovenian economy was surely influenced by the Investment Funds and Management Companies Act,[373] adopted in 1994, which was later amended several times, most recently in 2002, when the ZISDU-1 version[374] was adopted. Until the end of 1997, there was no real investment company that would be managed in accordance with the legislation.[375] As the director of Nacionalna finančna družba (NFD) d. o. o. (National Financial Company), Stanislav Valant, said in an interview in September 2003, authorized investment companies started collecting ownership certificates in July 1994 and the Slovenian experience with them is certainly the most positive among all the experiences of mass privatization. Valant believed that in Slovenia there were much less excesses than in the Czech Republic, Poland and Russia. However, he admitted that they did also occur in Slovenia and that, unfortunately, "the period of transition is also a period of excesses". Privatization funds were almost completely unknown to most at the beginning of Slovenian privatization. Valant added the following about the role of authorized investment companies: "The funds have caused a new phenomenon in the Slovenian society, namely the phenomenon of distribution and new division of influence in companies. Until the initiation of the privatization process, politics was accustomed to controlling the economy, and in fact it had no competition. With the advent of funds, it acquired it, however, as a result, many assessments of the image and operation of investment funds are of course politically motivated. Decision-making methods began to emerge that differed from those that the politics was accustomed to in the previous period. This is the part that is not much discussed, although it is a fact

372 Ibid.

373 Official Gazette of the Republic of Slovenia, 6/1994.

374 Official Gazette of the Republic of Slovenia, 110/2002.

375 Žnidaršič Kranjc, *Investicijski skladi v Sloveniji* [*Investment Funds in Slovenia*], pp. 58–65.

in all countries in transition".[376] In any case, authorized investment companies were a novelty and a competition to politics, which is a good thing. The funds also played a positive role in introducing new decision-making systems, where they could play an even greater role with better professional competence. The problem was mainly the lack of education in this field. At the time of the establishment of investment funds, there was a significant shortage of people with minimum knowledge of what investments funds are, what their role is, how to run management companies or how to manage portfolio investments. At this point we stumble at the negative role of privatization investment funds. Due to general ignorance, the connoisseurs were able to greatly improve their financial position. Among other things, irregularities in the form of concentration of ownership and similar ones could occur. It should be noted that more than a million people invested their certificates in authorized investment companies. Somehow, the belief prevailed that investing the certificates in them was the safest. Later on, people justifiably feared that they would not get an adequate share of the once common property.

Funds in Slovenia on 31 December 1997

Type of company	Number	Capital in SIT
Mutual funds	15	2,817,490,000.00
Authorized investment companies	69	526,430,490,000.00
Total	84	529,247,980,000.00

Source: Žnidaršič Kranjc, *Investicijski skladi v Sloveniji* [*Investment Funds in Slovenia*], p. 59.

Slovenian legislation defines three types of investment funds:

- ▹ mutual funds (open-end funds that are not legal entities),
- ▹ investment companies/funds (closed-end funds that are legal entities; a public limited company established exclusively for the public collection of funds and investment of thus collected funds in transferable securities according to the principle of risk limitation and diversification),
- ▹ authorized investment companies (a special form of investment company that was adapted to the situation in Slovenia at the time – to the process

376 Polanc, Mateja. Ekstremno ravnanje ne daje optimalnih rezultatov. Intervju s Stanislavom Valantom 2003 [Extreme Behaviour Does Not Give Optimal Results. Interview with Stanislav Valant 2003]. Published on SOCIUS' pages (Corporate Performance and Governance Network). URL: http://www.socius.si/file/3985/file.html (17 June 2008).

of transforming socially-owned property and restructuring of economic entities into more efficient and flexible systems).

Nearly 60 percent of ownership certificates were invested in authorized investment companies. According to the known data, the latter collected certificates worth 130 to 140 billion Slovenian tolars (estimated at 158.1 billion[377] in December 1999) more than they managed to obtain assets, i.e. shares of the companies that were transformed in terms of ownership.[378] This "privatization gap" was supposed to be closed by privatizing state property. For this purpose, in addition to 100.1 billion tolars of its assets, the government approved a part of the state share in both state-owned banks, insurance companies and ironworks, and it still had to provide around 18 billion Slovenian tolars of state assets.[379] Just before the May Day holidays in 2001, the then government allocated more than 35 billion tolars of additional assets to fill the 84 billion tolars of privatization deficit. It allocated the shares of the companies of the Slovenian Development Corporation, shares and stocks of companies transferred to the state by the Slovenian Compensation Company and the Capital Fund for Pension and Disability Insurance in exchange for bank shares, part of assets in Šoštanj, Brestanica and Trbovlje Thermal Power Plants and shares of the companies intended for authorized investment companies under property laws. Majda Zupan, one of the then members of the National Assembly, addressed the then Prime Minister Janez Drnovšek at one of the sessions and asked him the following question: "What does this mean for the shareholders of authorized investment companies?" She added that "the property of the shareholders of authorized investment companies will be worth very little and because this is the largest part of the participants in the ownership transformation, it means that they will be defrauded of what was promised to them". Drnovšek replied that the government was trying to "complete the process of acquiring or transferring state property to authorized investment companies and legally fill the so-called privatization gaps". The words with which Drnovšek continued are suggestive: "I heard about the complaints of authorized investment companies, they also wrote a letter to me, saying that they were not satisfied with the quality of the property. Well, of course, property can be a little better or a little worse, it is just of different types. Authorized investment companies also have to come

377 Bank of Slovenia, Annual Report for 1999, p. 14.
378 Bank of Slovenia, Annual Report for 1997, p. 10.
379 Bank of Slovenia, Annual Report for 1999, p. 14.

to terms with the fact that they just get some average property. So, sometimes – a little better in some places, a little worse in others, relatively speaking."[380] These words certainly did not bring joy to more than a million of those who had invested their certificates in authorized investment companies. On the last day of 2003, the deadline by which authorized investment companies had to be transformed expired. This was determined by the Investment Funds and Management Companies Act, the First Pension Fund of the Republic of Slovenia and the Transformation of Authorized Investment Corporations Act (ZPS PID)[381] and some other regulations. For those authorized investment companies that did not obtain the approval of the Securities Market Agency for transformation, the Agency prepared a plan for the transfer of management to another management company. A management company would have lost its management license if the transformation of an authorized investment company had not been carried out in time. However, most of the already transformed companies decided to transform into a regular joint stock company or the so-called financial holding company. In exceptional cases, they were transformed into a mutual fund. According to the legislation, management companies had to harmonize their operations by 1 January 2004. After that, there was a long-standing controversy over how to regulate the status of the successors of authorized investment companies. This was finally regulated by the Legal Successors of Authorized Investment Companies Act (ZPN PID),[382] which was adopted as late as 2007.

Devaluation, sale and theft of socially-owned property in the period 1990–1992

In the period from 1990 until the adoption of the Ownership Transformation Act at the end of 1992, numerous companies were transformed, recapitalized or reorganized on the basis of the then Yugoslav legislation (the Enterprises

380 6th regular session of the National Assembly of the Republic of Slovenia, 22 May 2001.
381 Official Gazette of the Republic of Slovenia, 50/1999.
382 Official Gazette of the Republic of Slovenia, 68/2007.

Act[383] and the Traffic and Disposal of Social Capital Act[384]). Since the state did not yet have a fully established institute of control over the status and property-capital transformation of companies with socially-owned capital there was, of course, a great possibility of abuse. This period was thus a fertile ground for the so-called "wild privatization". In accordance with the provisions of the Ownership Transformation of Companies Act, audits took place both in companies that had undergone ownership transformation before the adoption as well as in those companies that were transformed after the adoption of the Act. The audit bodies included the Social Accounting Service of the Republic of Slovenia, the Agency of the Republic of Slovenia for Payment Transactions, Supervision and Information and the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies.[385] While individual theorists and the government considered whether it would be more wise to simply distribute the shares in factories to workers or to allow the latter to buy them with long-term loans, Alenka Žnidaršič Kranjc believed that socially-owned property was being devalued, sold, looted or even stolen – the holder of the property right was becoming known. Žnidaršič Kranjc divides harmful phenomena related to the privatization of socially-owned property into three groups:

- sale and distribution of socially-owned property below its value (to domestic and foreign legal and natural persons),
- intentional debilitation of socially-owned property and consequent reduction of its value,
- deliberate bankruptcies of companies.

Observing the forms of criminal, immoral, unethical and unconstitutional acts against socially-owned property, a cause for concern was the fact that the "small thieves" of socially-owned property, who were improving their family budget with afternoon earnings, with the opportunities provided by the employment in socially-owned companies (appropriation of spare parts, reproductive material, etc.), were joined by representatives of the so-called white-collar workers, business or structural crime, more obviously than in

383 UL SFRJ – Uradni list Socialistične Federativne Republike Jugoslavije [Official Gazette of the Socialist Federal Republic of Yugoslavia] (Hereinafter: Official Gazette of the Socialist Federal Republic of Yugoslavia), 77/1988.

384 Official Gazette of the Socialist Federal Republic of Yugoslavia, 84/1989.

385 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], pp. 100–101.

the past. The majority of forms of transformation of socially-owned property into private, at least in the first period, took place at the levels of company management, with the participation of intellectuals and with the participation or knowledge of local and other authorities. It was only later that we could observe the development of forms that tried to legitimize these events by involving all employees. Although representatives of the general public as well as individual members of the authorities and various levels of social control had always known that these phenomena occur, there had been no serious incentives to prevent them. By abandoning the resolution of individual cases or by the impossibility of proving them, it occasionally even seemed that the spread of these phenomena was even encouraged.[386]

The Ownership Transformation of Companies Act, adopted at the end of 1992, tackled the issue of wild privatization in Article 48, which read: "Prior to the commencement of the transformation, a financial, accounting and legal review and verification of the legality and regularity of the business (hereinafter: the audit procedure) is carried out in the companies or their subsidiaries or affiliates which were in the period from 1 January 1990 to the entry into force of this Act, that is, on 5 December 1992, in any way transformed, reorganized, or they transferred social capital free of charge or established and invested in new companies, or transferred individual business functions to other companies if there is a reasonable suspicion that damage to socially-owned property has been incurred".[387] In 1995, the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies (hereinafter referred to as the Agency for the Audit) was established on the basis of the Act Amending the Law on the Agency of the Republic of Slovenia for Payment Transactions, Supervision and Information.[388] The Agency for the Audit came to life after numerous complications with the division of the former Agency of the Republic of Slovenia for Payment Transactions, Supervision and Information (APPNI) and was primarily expected to complete the work of the latter. The first director became Alenka Kovač Arh, who started her work as late as 7 August 1996.[389] The Agency for the Audit could only review the ownership transformation in companies whose ownership transformation process had not yet been com-

386 Žnidaršič Kranjc, *Privatizacija ali zakonita kraja* [*Privatization or Legal Theft*], p. 133.
387 Official Gazette of the Republic of Slovenia, 55/1992, Article 48, p. 3123.
388 Official Gazette of the Republic of Slovenia, 58/1995.
389 Petrov, Sabina. Intervju z Alenko Kovač Arh [Interview with Alenka Kovač Arh]. *Agens*, No. 41, December 1996, pp. 2–4.

pleted, or in those companies that had not yet been entered in the court register. The audit had to be carried out at the proposal of the bodies of internal affairs, the State Prosecutor, the State Attorney, the Social Attorney, the Agency of the Republic of Slovenia for Restructuring and Privatization, the Slovenian Development Company, the Slovenian Compensation Fund, the Capital Fund for Pension and Disability Insurance, the beneficiaries under the regulations on the return of property, the National Assembly of the Republic of Slovenia and local community bodies, or it could initiate the audit procedure *ex officio*. The Agency for the Audit issued an audit report on the findings, which it had to serve on the audited entity, the Agency of the Republic of Slovenia for Restructuring and Privatization, the Social Attorney, the competent state prosecutor, the competent internal affairs body and the other eligible applicants requesting the audit.[390] The Agency operated until 1 August 2004, when it ceased to exist under the Act abolishing the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies.[391] During this time, the State Attorney's Office of the Republic of Slovenia entered into unfinished lawsuits and administrative disputes instead of the Agency for the Audit and continued its work. Important information that sheds light on the causes for damaging the socially-owned property is also contained in the material of the Social Attorney of the Republic of Slovenia (details of the establishment are presented in the methodological introduction). The institution of the Social Attorney was "drastically reduced" already at the time of Slovenia's first independence activities. According to the Deputy Social Attorney of the Republic of Slovenia, Janez Krnc, this is also one of the reasons why wild privatization was flourishing in the early 1990s or why these were questionable transactions under the legislation at the time. Like many, Krnc also believed that the lion's share of the controversial privatizations could be attributed to the "incredible delay in the adoption of the Ownership Transformation Act". The latter also wrote in 1997: "Today, we often hear that wild privatization took place according to the so-called Marković acts. If that were true, it certainly would not be

390 Agencija Republike Slovenije za revidiranje lastninskega preoblikovanja podjetij [Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies]. Archive page. URL: http://www.arlpp.gov.si7Revizija_LP_.htm (20 January 2010).

391 Official Gazette of the Republic of Slovenia, 80/2004.

controversial, illegal. In fact, it only referred to Marković's legally vague idea of privatization."[392]

When the Ownership Transformation of Companies Act also enacted audits of pre-privatization at the beginning of 1993, the majority of the disputed transactions had already been completed. The legislator then divided the various forms of damage into two groups. The first group was presented in Article 48, where ten indents described various such alleged damages, and the second was represented in Article 48a, which listed ten cases and provided quantitative criteria for each damage incurred. With them, it was possible to precisely determine the value of damages and legally order the audited legal entity to execute all the necessary adjustments for the proper attestation of socially-owned capital. In terms of content, procedures and jurisdiction, these were two groups of completely incomparable damages, which created a great deal of ambiguity in practice. The first group (Article 48) was under the jurisdiction of the Social Attorney, while the second (Article 48a) was under the jurisdiction of the Agency for the Audit.[393] The Social Attorney's jurisdiction therefore included only damages under Article 48, where the Act provided for the filing of lawsuits for their elimination if the audited company did not voluntarily eliminate the alleged damages within 30 days. According to Janez Krnc, such lawsuits were a major obstacle, as they stopped privatization and could ultimately mean the transfer of socially-owned capital to the ownership and management of the Development Fund of the Republic of Slovenia, which also meant the loss of the right to autonomous privatization.[394] By the end of 1996, the Social Attorney had reviewed 990 audit reports and estimated that the presumption of damages under Article 48 was substantiated in 39 percent of audit reports. It would be wrong to assume that in the remaining 61 percent there were no damages, as these were damages which were not within the jurisdiction of the Social Attorney. A special feature of the audits were the cases of so-called parallel or by-pass companies.[395] Anica Popovič, the Social Attorney of the Republic of

392 Krnc, Janez. Revizije predhodnega lastninjenja [Audits of Pre-Privatization]. *Gospodarska gibanja* [*Economic Trends*], No. 20, 22 May 1997 (Hereinafter: Krnc, Revizije predhodnega lastninjenja [Audits of Pre-Privatization]), pp. 71–74.

393 Amendments and changes to Article 48 of the Ownership Transformation of Companies Act were made in Articles 24, 25 and 27 of the Act Amending the Ownership Transformation of Companies Act. Official Gazette of the Republic of Slovenia, 7/1993.

394 Krnc, Revizije predhodnega lastninjenja [Audits of Pre-Privatization], pp. 71–74.

395 Ibid.

Slovenia, described the establishment and operation of by-pass companies as a "higher form" of damage to socially-owned property. In her opinion, this was a well-known and widespread phenomenon of privately owned companies established by employees of a socially-owned company with the same or a similar subject of business for which the socially-owned company was registered. Most of the time, both companies (socially-owned and private) were operating in the same business premises, they had the same telephone numbers and the same managers or authorized employees, while no one was usually employed in the private company. The two companies concluded business cooperation agreements, according to which the private company concluded transactions on its own behalf, which were then performed by the socially-owned company or the founders of the private company, who were also employed by the socially-owned company. The private company then issued invoices, collected margins and more. In this way, the private company began to oust the socially-owned company from the market, take over its operations and thus abolish it or in other words, socially-owned property was transformed into a sort of property fund, which served to fill the giro account of the private company and the pockets of the founders until its annihilation. Since the private company or owners thus obtained profits at the expense of socially-owned property by a prohibited diversion of business and financial flows from the socially-owned company to itself, this was a clear case of "wild privatization".[396] By the end of 1996, a total of 215 by-pass companies were identified, or an average of two by-pass companies for every audited company in which they opted for this form of pre-privatization. Given the data on the number of by-pass companies, the mere assumption of organizing a by-pass company does not tell a lot. The actual damages in these cases ranged from the cases of by-pass companies where there was only a possibility of damages to the other extreme when virtually all business functions and associated effects were transferred to by-pass companies with different questionable transactions. In these cases, the parent company was usually left with only the right to dispose with a greater or lesser value of socially-owned capital, usually with the value of real estate. Audit reports of the Social Attorney of the Republic of Slovenia pointed out that many

396 Popovič, Anica. Primer oškodovanja družbene lastnine oziroma divje privatizacije [An Example of Damage to Socially-Owned Property or Wild Privatization]. *Podjetje in delo* [*Company and Work*], No. 7, 9 November 1992 (Hereinafter: Popovič, Primer oškodovanja družbene lastnine [An Example of Damage to Socially-Owned Property]), pp. 756–760.

derivatives of various ideas or models of pre-privatization were established in practice between the two extremes, which differed mainly in the actual volume of "wild" privatization. According to Krnc, the latter continued with the organization of by-pass companies even after 31 December 1992, as sometimes even decisive wild privatization transactions were carried out after this deadline. However, based on the legislation contained in the Ownership Transformation of Companies Act, until the establishment of the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies in 1996, i.e. after a period of almost three years, it was not possible to implement an appropriate audit of pre-privatization, nor to act in accordance with the Ownership Transformation of Companies Act.[397] As Popovič called it, one of the "higher forms" of damage to socially-owned property in the early 1990s, or until the adoption of the Ownership Transformation of Companies Act, was the free transfer of socially-owned capital, which referred to the second paragraph of Article 145 of the Enterprises Act from 1990. The described transfer of capital, even if it took place between socially-owned companies, was unlawful. In this manner, joint ventures became the owners of socially-owned property in socially-owned companies and, indirectly, already privatized the socially-owned companies without the law on privatization, which was inadmissible and illegal.[398] Anica Popovič wrote the following regarding the "controversial privatization" in one of her articles in October 1992: "There would be much more order in the field of privatization if the Executive Council of the Assembly of the Republic of Slovenia on the basis of the assignment by the Assembly of the Republic of Slovenia in the Constitutional Act of 23 January 1991 prescribed the criteria according to which the Agency of the Republic of Slovenia for the Promotion of Economic Restructuring and Encouraging of Company Renewal could control and issue consents for the issuance of internal shares. This is no longer important today in 1992, because it is no longer possible to issue internal shares under the so-called Marković Act, but the original sin began with the non-acceptance of the mentioned criteria, because the privatization of socially-owned property was possible without sufficient rules and regulations from the very beginning, which is still valid for today's period, as, for example, the ominous Article 145b of the Enterprises Act, which has been in force since 18 August

397 Krnc, Revizije predhodnega lastninjenja [Audits of Pre-Privatization], pp. 71–74.

398 Popovič, Primer oškodovanja družbene lastnine [An Example of Damage to Socially-Owned Property], pp. 756–760.

1990 and allows free transfer of socially-owned property at will, has not been repealed nor amended by the Slovenian Parliament despite numerous warnings. The Constitutional Court issued an embargo on its application on 28 November 1991, but to this day it has not adopted an assessment of the constitutionality or legality of this provision and, of course, of the consequences."[399] In general, all calls for measures to protect socially-owned property fell on deaf ears with the politics. On 16 May 1990, the Parliament did not support the government in its proposal to call on the Slovenian public to protect socially-owned property. The discussion in the Assembly ended with the general conclusion that there is no problem of selling and stealing socially-owned property and that it is therefore unnecessary to accept such calls. Later on, however, a commission was formed (the so-called Toplak Commission[400]) to study the phenomena of damage to socially-owned property, but mainly on the principle of "if you do not want to solve something, form a commission", which later proved to be the case, as the commission ceased to function without any results. In August 1990, the government drafted an act on the protection of socially-owned property, but the relevant secretariat failed to "concretize" it. In September 1990, proposals for the adoption of constitutional laws were also rejected, stating that their adoption would hamper positive changes in the economy and cause damage to it, and in the event that such abuses existed, law enforcement agencies should be the ones to intervene. In parallel with these events, statements and warnings about the prevalence and individual forms of "wild privatizations" became virtually "blasphemous", especially after the adoption of the constitutional amendment XCVI to the Constitution of the Republic of Slovenia, when the Agency of the Republic of Slovenia for the Promotion of Economic Restructuring and Encouraging of Company Renewal in December 1990 formulated and later supplemented expert positions on the application of various legal bases for the transformation of companies operating with socially-owned capital. Discussions about this were "ridiculed or defined as personal attacks on individuals, groups and companies", as such "socially undesirable illegal forms of privatization were supposed to not exist at all". A great deal of blame for the damages can be attributed precisely to politics and its ignorant behaviour towards this

399 Popovič, Anica. »Sporno lastninjenje« ["Controversial Privatization"]. *Pravna praksa* [*Legal Practice*], No. 259, 15 October 1992, p. 29. URL: http://www.ius-software.si (18 January 2010).

400 Žnidaršič Kranjc, *Privatizacija ali zakonita kraja* [*Privatization or Legal Theft*], p. 14. The president of the Commission was Ludvik Toplak.

problem. As Alenka Žnidaršič Kranjc wrote in 1992, in the pre-election time of 1992, the theses on illegal privatizations suddenly became relevant again, similarly to what occurred before the elections in 1990.[401]

According to the data of the Agency for the Audit, damage was incurred to socially-owned property in the amount of 86,174 million Slovenian tolars in the period from 1 January 1990 to 31 December 1992. The number itself naturally tells us extremely little. However, by calculating or revaluing the amount,[402] we come to a very interesting amount. The value of the above-mentioned revalued amount was EUR 1,238,454,581.87 on 2 October 2008.[403] The calculation takes into account the movement of price indices during the period considered, which were a measure of inflation. The amount is high, especially assuming that not all damages and crimes were detected. Let us add that the budget of the Republic of Slovenia for 1992[404] amounted to more than 174 billion Slovenian tolars or more than 2.5 billion euros (revalued amount).[405] In any case, a small part of the population benefited greatly during this period. The largest damages were the result of unjustified write-offs of receivables, incorrect distribution of profits and unpaid capital transfers.

Due to complications and the lengthy adoption of privatization legislation, two state institutions were established in December 1990 to supervise and regulate the implementation of privatization in Slovenia and to assist in it. The Agency of the Republic of Slovenia for Restructuring and Privatization monitored and supervised the process, prepared instructions, approved privatization programmes and later performed audit procedures for the period before the

401 Žnidaršič Kranjc, Alenka. Družbeno nezaželjeni pojavi v povezavi s preoblikovanjem družbene lastnine [Socially Undesirable Phenomena in Connection with the Transformation of Socially-Owned Property] In: Bohinc, Rado, Milkovič, Nina (eds.). *Privatizacija na Slovenskem 1990–1992* [*Privatization in Slovenia 1990–1992*]. Ljubljana: Slovenski inštitut za management Ljubljana d.d., DZS, d. d., 1993, pp. 172–188.

402 Calculation verifiable at URL: http://www.stat.si/indikatorji_preracun_reval.asp (2 October 2008).

403 The starting date for calculating the revalued amount was 31 December 1992.

404 Implementation of the Republic of Slovenia Budget for 1992 Act. Official Gazette of the Republic of Slovenia, 16/1992.

405 The amount of 2.5 billion euros is the value obtained by calculating or revaluing the monetary amount with a starting date of 31 December 1992. Damage to socially-owned property in the period 1990–1992 therefore represented approximately 50 percent of the budget of the Republic of Slovenia for 1992! If we take 1 January 1992 as the initial value, the recalculated value is much higher. The latter amounts to 4.7 billion euros (the cause is inflation). The calculation was made on 2 October 2008.

Ownership Transformation of Companies Act. The task of the Development Fund of the Republic of Slovenia was to restructure companies. It also became the owner of companies and was able to negotiate and sign sales contracts. Prior to the adoption of the privatization legislation, the Development Fund also received the proceeds from sales and invested them further. Privatizations that took place before the adoption of the Ownership Transformation of Companies Act were carried out under the federal law on socially-owned capital and the Enterprises Act. The latter gave companies (i.e. workers' councils and management) the right to decide whether to privatize or not. In this context, it was not possible to privatize companies against their will. As early as 1991, the old Yugoslav legislation proved inadequate. Amendments to the Enterprises Act were passed to prevent management and workers from buying companies at extremely low prices. The government entrusted additional control over the process to the Agency for Restructuring and Privatization. The basic principles of the Agency's control of privatization transactions were the following: the procedure had to be competitive and transparent, the financial statements of companies had to be audited and their assets assessed, and the right to vote and share profits had to be divided among the owners in proportion to the value of the investment. After the second half of 1992, virtually all transactions required the written consent of the Agency before being registered in court. In one year, about 1,000 cases were reviewed and nearly 800 were approved. They were mostly reorganizations of socially-owned companies and partial privatizations through the sale of part of the assets or shares. Such deals frequently represented the first steps in the comprehensive privatization of large companies.[406]

Establishment and development of entrepreneurship in a new image

Entrepreneurship played an extremely important role in the development and restructuring of the market economy and is one of the largest and most important socio-developmental economic factors of contemporary time.[407] There

406 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*], pp. 10–11.

407 Kovač, Bogomir. *Uvod v podjetništvo: analiza poslovnega načrta* [*Introduction to Entrepreneurship*: *An Analysis of a Business Plan*]. Ljubljana: University, 1990, pp. 1–7.

are a number of definitions of entrepreneurship, although they are essentially similar. Let us mention just two. The first reads: "Entrepreneurship is an attempt to create added value by identifying business opportunities, managing the risk appropriate to that opportunity and through communication and managerial skills mobilizing the human, financial and material resources required for the success of the company."[408] Another definition says: "Entrepreneurship can be defined as a process that takes place between a person, an idea and resources, while the company is a place where this process is realized. The essence of entrepreneurship is the increase of value added in the company, where the key element is the opportunity or such a use of funds that is highly valued by the market."[409] Entrepreneurship is essential for the functioning of a market economy, especially with structural changes characteristic of the transition to a higher level of development or from one social system to another, as seen in Slovenia. In the periods of structural changes, the economic growth that is based on the existing industry and markets generally stagnates, while the growth becomes even more dependent on the creation of new markets and activities, which is precisely the characteristic of entrepreneurs.[410] The dynamic business sector has been and still is the key to economic development. Entrepreneurship also played an important role in creating new jobs and thus contributed to economic performance and social situation. The creation and growth of new companies strengthened the competitiveness of the existing companies, created new ideas and innovative approaches and thus led to a more diverse choice and greater value of products and services for consumers. The strengthening of entrepreneurship also played an important role in promoting harmonious regional development and employment growth, especially in the regions that lagged behind in development.[411] The development of entrepreneurship and

408 Vahčič, Aleš. Stanje podjetništva v Sloveniji [The State of Entrepreneurship in Slovenia]. In: Borak, Neven (ed.). *Slovensko podjetje v devetdesetih* [*Slovenian Company in the Nineties*]. Ljubljana: Association of Economists of Slovenia, 2000 (Hereinafter: Vahčič, Stanje podjetništva v Sloveniji [The State of Entrepreneurship in Slovenia]. In: Borak (ed.), *Slovensko podjetje v devetdesetih* [*Slovenian Company in the Nineties*]), pp. 49–59.

409 Žugelj, Damjan et al.. *Tvegani kapital: si upate tvegati?* [*Venture Capital: Do You Dare to Take a Risk?*]. Ljubljana: Lisac & Lisac, 2001, p. 14.

410 Žakelj, Luka. Podjetniška aktivnost in podjetniško okolje v Sloveniji [Entrepreneurial Activity and Entrepreneurial Environment in Slovenia]. *UMAR/Delovni zvezek* [*IMAD/Workbook*], No. 4, 2006 (Hereinafter: Žakelj, Podjetniška aktivnost in podjetniško okolje [Entrepreneurial Activity and Entrepreneurial Environment]), p. 11.

411 Žakelj, Luka. Razvoj malih in srednje velikih podjetij v Sloveniji in Evropski uniji [Development of Small and Medium-Sized Enterprises in Slovenia and the European

the establishment of new companies are mainly influenced by three factors, namely favourable macroeconomic conditions, well-planned and implemented state programmes and the reputation of the entrepreneurial career in society. Trade policy played a crucial role and could either facilitate or hinder the access of small and medium-sized companies to the markets of their products. Countries with greater entrepreneurial activity have better opportunities for economic development, as they are more flexible in mobilizing resources and introducing new products and services. The more dynamic and developed business environment a country has, the more it is interesting for foreign investors.[412] The role of micro, small and medium-sized enterprises (SMEs) must be especially emphasized, as the development of this sector was highly important. In Slovenia, supporting SMEs does not have a long tradition. After Slovenia's independence, the state devoted most of its resources to rescuing large companies, and the policy of encouraging SMEs was changeable and indecisive in the 1990s. However, the fact is that SMEs are recognized as potentially the most dynamic part of the economy, as they are often more flexible in their operations than large companies. Such companies are also a major generator of economic growth and new jobs.[413]

In the time of Yugoslavia, companies were in the so-called "social ownership" and belonged to the entire society. Workers' councils played the role of the owner and, together with the company's management, represented the main managers of socially-owned companies. Slovenian companies thus operated in a sort of market system that was very different from central planning in other communist countries. It was precisely these conditions that encouraged the development of managerial skills.[414] The vast majority of changes in Slovenia's economic system can be linked to the abolition of social ownership of business enterprises. The manner in which socially-owned property was formed and derived did not greatly influence the formation of business enterprises, but had a decisive effect on the development of banks, other financial institutions and

Union]. *UMAR/Delovni zvezek* [*IMAD/Workbook*], No. 6, 2004 (Hereinafter: Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises]), pp. 7–12.

412 Žakelj, Podjetniška aktivnost in podjetniško okolje [Entrepreneurial Activity and Entrepreneurial Environment], p. 11.

413 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], p. 14.

414 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*], p. 3.

capital markets. Through its influence on institutions and markets, however, it also influenced savings and capital formation.[415] In Slovenia, the door to entrepreneurship was opened in 1988, when the establishment of private companies was legally possible and when the privatization of existing companies began.[416] The Enterprises Act,[417] adopted in 1988, enabled, among other things, the beginning of the integration of private capital into the corporate sector, allowed the participation of foreign capital in socially-owned companies and abolished social ownership as the only form of ownership. In addition to social companies, it also provided for private, contracting and joint ventures in the form of joint stock companies, limited liability companies, limited partnerships and companies with unlimited joint and several liability of members. The Enterprises Act led to different compositions of companies. The most numerous were the companies whose owner was still "society", with the workers' council remaining the main body (until the amended Enterprises Act in August 1990). Another form were companies with the characteristics of a planned market system with a defect. These were companies in which the ban on having a permanent participation in the assets was lifted. The third form were newly established companies, which had the characteristics of capitalist companies. The managements of individual companies tried to adapt to the new situation. In Iskra, the largest Slovenian composite organization of associated labour, it was determined at the end of 1989 that in order to improve the situation and survive, decentralization would have to be carried out and a line drawn between corporate and entrepreneurial strategy. Companies began to realize the need to start managing and thinking entrepreneurially and market-wise.[418] Under this Act, entrepreneurship could be undertaken by anyone who was brave enough and invested their time and capital for a risky period of survival until they began to make a profit through regular activity. The expansion of entrepreneurship was also positively affected by the abolition of the regulation

---

415 Ribnikar, Ivan. *Pot od družbene lastnine k lastnini gospodarskih podjetij* [*The Path from Social Ownership to Ownership of Business Enterprises*]. Journal for Institutional Innovation Development and Transition, Institute of Macroeconomic Analysis and Development, No. 1, 1997.

416 Vahčič, Stanje podjetništva v Sloveniji [The State of Entrepreneurship in Slovenia]. In: Borak (ed.), *Slovensko podjetje v devetdesetih* [*Slovenian Company in the Nineties*], pp. 49–59.

417 Official Gazette of the Socialist Federal Republic of Yugoslavia, 77/1988.

418 Fikfak, Jurij, Prinčič, Jože, Turk, Jeffrey David. *Biti direktor v času socializma: med idejami in praksami* [*To Be a Director in the Time of Socialism: Between Ideas and Practice*]. Ljubljana: Založba ZRC, ZRC SAZU, 2008, pp. 43–44.

on the limited number of employees in private companies and the abolition of the land maximum.[419] The Act Amending the Enterprises Act, adopted in August 1990, also brought changes. Among other things, it provided for the abolition of workers' councils. The powers of the workers' councils were thus transferred to the company's general assembly, the board of directors and the director. The amended 1990 Act abolished, among other things, the separation between the right to property and the right to manage property. According to the new Act, the right to manage originated only from the right to property.[420] Two years earlier, the Small Business Act[421] had been passed, removing restrictions on employment in the small business sector. The subsequent liberalization of international trade and the regulation of the foreign exchange market enabled the rapid growth of the private sector, especially in trade.[422] The Traffic and Disposal of Social Capital Act[423] or the so-called Marković Act also had a significant impact on development. This legislation triggered two processes that began to change the structure of the economy from a typical socialist structure to a structure characteristic of market economies. It was about filling the gaps in that part of the economy structure that is occupied by small and medium-sized companies in market economies. The first process was the mass emergence of small companies, and the second process the fragmentation of large companies, many of which disintegrated, especially after 1990.[424] Both processes led to a large-scale shift of employees from large to micro and small companies over the next ten years. This means that many people found business opportunities outside the existing companies where they were employed. A large number of new entrepreneurs emerged, resulting in a major change in people's perceptions of possible career paths. Psychologically, the circulation of people from one organization to another and from one economic activity to another became perfectly acceptable. Someone who started as a director in an old company, for instance, founded their own company, then went into

419 Plut, Tadeja, Plut, Helena. *Podjetnik in podjetništvo* [*Entrepreneur and Entrepreneurship*]. Ljubljana: Spekter Collection/Science and Journalism Centre, 1995, p. 43.

420 Official Gazette of the Socialist Federal Republic of Yugoslavia, 46/1990.

421 Official Gazette of the Socialist Republic of Slovenia, 35/1988.

422 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], p. 31.

423 Official Gazette of the Socialist Federal Republic of Yugoslavia, 84/1989.

424 Lorenčič, Aleksander. Privatizacija: ozbiljan problem u slovenačkoj ekonomskoj tranziciji [Privatization: A Serious Problem in the Slovenian Economic Transition]. *Megatrend revija* [*Megatrend Magazine*], Vol. 6, No. 1, 2009, pp. 1–3.

the civil service, later joined an international advisory group and in the end established a company again. It also became entirely acceptable to be temporarily unemployed. The flexibility of employment greatly increased, and when it came to good business opportunities, people were willing to work on the other end of Slovenia or even elsewhere in the world. More and more people were employed in small and medium-sized companies and the number of self-employed persons increased. Value added growth originated almost exclusively from the SME sector, which grew from small to medium-sized and large.[425] It is interesting to note that in 1990, a very high growth rate in the number of companies was recorded, namely as high as 1,048%.[426]

One of the novelties was also the establishment of a stock exchange in Slovenia after almost seventy years. The formation of the capital market and the stock exchange was made possible in 1989 by the Securities Act[427] and the Money Market and Capital Market Act.[428] On 26 December 1989, the Ljubljana Stock Exchange was established, a joint stock company owned by shareholders – stock exchange members. Due to all the characteristics of stock exchange operations, the Ljubljana Stock Exchange played an important role in the process of ownership transformation of the Slovenian economy. Its most important tasks and role in the process of ownership transformation in Slovenia were: formation and discovery of a "fair" market price of the shares of joint stock companies and transparency of the concentration of ownership in cases of mergers or acquisitions, formation and enforcement of rules and procedures for fair trade, ensuring equal awareness of all market participants and education of investors and issuers as well as a general care for the development of equity culture in Slovenia. In the process of privatization of Slovenian business enterprises, the stock exchange successfully played a role in the secondary market of shares of privatized companies. Organized stock exchange trading enabled the restructuring of the ownership of these companies, including market transparency in the field of mergers and acquisitions. The first company from the process of ownership transformation that was included in trade on the stock exchange was Kolinska Ljubljana d. d., namely on 8 January 1996. By the end

425 Vahčič, Stanje podjetništva v Sloveniji [The State of Entrepreneurship in Slovenia]. In: Borak (ed.), *Slovensko podjetje v devetdesetih* [*Slovenian Company in the Nineties*], pp. 49–59.

426 *The European Observatory for SMEs. First Annual Report. European Network for SME Research*, p. 15 (Hereinafter: *The European Observatory for SMEs*).

427 Official Gazette of the Socialist Federal Republic of Yugoslavia, 64/1989.

428 Ibid.

of June 1996, there were already fourteen such companies. With the increase in the number of companies and their market value, the volume of turnover also steadily increased (from SIT 33.9 billion in 1996 to SIT 122.7 billion in the first eleven months of 1999). In January 1998, the stock exchange also became a place for trading with shares of authorized investment companies.[429] Already in the early 1990s, the Slovenian government estimated that special forms of financial support would need to be introduced to accelerate the development of small and medium-sized entrepreneurship and with the Small Business Development Act enabled the establishment of the Small Business Development Public Fund, which offered incentives to small and medium-sized companies in the form of loans, direct investment in business infrastructure and interest rate subsidies for bank loans and guarantees. The development of small business was also influenced by the Small Business Development Act,[430] adopted in 1991. It provided assistance in establishing companies, simplified administrative procedures and certain means of financing, as well as the basis for the creation of a small business development fund and a small business promotion centre.[431]

At the local level, a number of funds and forms of financing from municipal budgets were established, however, the funding for microcredits and interest rate subsidies were modest. In 1992, the Small Business Promotion Centre was also founded.[432] Legislation of the late 1980s and early 1990s allowed for a rapid growth in the number of new companies, as it did not require a large amount of initial capital from the founders. This had negative consequences for the economic security of investors and business partners. The course or development of entrepreneurship was decisively influenced by the later adopted Ownership Transformation of Companies Act[433] and the Companies Act.[434] The Companies Act was adopted in 1993 and was later amended several times. All these acts influenced and were the basis for the actual development of entrepreneurship. The

429 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], pp. 118–119.

430 Official Gazette of the Republic of Slovenia, 18/1991.

431 Pšeničny, Viljem et al. *Podjetništvo: Podjetnik, podjetniška priložnost, podjetniški proces, podjem* [*Entrepreneurship: Entrepreneur, Entrepreneurial Opportunity, Entrepreneurial Process, Venture*]. Portorož: College of Entrepreneurship/Gea College, 2000 (Hereinafter: Pšeničny et al., *Podjetništvo* [*Entrepreneurship*]), p. 40.

432 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], pp. 31–32.

433 Official Gazette of the Republic of Slovenia, 55/1992.

434 Official Gazette of the Republic of Slovenia, 30/1993.

average annual growth rate of the number of companies in the period 1991–1993 was as high as 47%.[435] It is also crucial to mention the new Small Business Act[436] from 1994. These two acts influenced the behaviour of entrepreneurs in choosing the legal form of their business. The Companies Act introduced a uniform legal regulation for all economic entities, thus eliminating the separation between the business and small business sectors, and, among other things, prescribing higher initial capital for the establishment of a liability company. Other regulations also set very high bookkeeping and accounting requirements. The pace of establishing companies slowed down after 1993. This was because part of the entrepreneurial potential was exhausted and competition in the limited market increased, where it was increasingly difficult to find the right business opportunities. It was also due to the state's demands for higher initial capital to establish capital companies.[437] The Companies Act and the Small Business Act thus implemented the altered legal and organizational structure of small businesses, initiated a large-scale process of transformation and organizational adjustment, thus causing numerous administrative problems to small business units.[438] As already mentioned, the Companies Act was amended several times. The most comprehensive amendment was the Companies Act – F (ZGD-F) of 2001,[439] which was important for harmonization with the European company law and for internal harmonization and amendments to the primary Act of 1993.[440] According to ZGD-F, which governed the rights and obligations of economic operators, companies were divided into small, medium and large companies according to the following three criteria:

- average number of employees in the last financial year,
- net turnover in the last financial year,
- value of assets at the end of the financial year.

The classification of companies based on the number of employees took place in Slovenia according to approximately the same criteria as in the EU. There were greater differences in the criteria for determining the size of sales revenues

435 *The European Observatory for SMEs*, p. 15.
436 Official Gazette of the Republic of Slovenia, 50/1994.
437 Pšeničny et al., *Podjetništvo* [*Entrepreneurship*], pp. 40–43.
438 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], p. 32.
439 Official Gazette of the Republic of Slovenia, 45/2001.
440 UMAR, Ekonomsko ogledalo [IMAD, *Slovenian Economic Mirror*] (Hereinafter: IMAD, *Slovenian Economic Mirror*), No. 6, 2003, p. 16.

and the value of assets.[441] From 1994 onwards, companies kept accounting records in accordance with the Companies Act and Slovenian Accounting Standards (SRS). In the period 1994–2002, the number of companies increased every year (except in 1999 and 2001), while the number of employees (except in 1995, 1999, 2000 and 2001) decreased. In comparison with the situation in 1995, when companies were first classified according to the "Standard Classification of Activities", there were 4,442 more companies in 2002: 2,201 companies more were involved in real estate, renting and business activities, 1,127 more in construction and 775 more in manufacturing. Most of them were still in the fields of trade, repair of motor vehicles and consumer goods, but there were 1,450 fewer of them than in 1995, which also meant 15,436 fewer employees in these activities. In manufacturing, which employed almost half of the working population, there were as many as 23,413 fewer employees, while in real estate, renting and business services there were 9,626 more employees. There were also 4,627 more people employed in construction. The companies' operations became positive in 1998. This meant that net profits were greater than net losses. In 2002, companies had to comply with the Act Amending the Companies Act and the new Slovenian accounting standards in their operations. In that year, companies reported a net profit of SIT 215,498 million, which was the highest profit in the period 1994–2002. Almost half of the value of the total net profit in 2002 was generated by companies from the field of manufacturing, 23.6 percent from trade, repair of motor vehicles and consumer goods, and 16.5 percent from real estate, renting and business services.[442]

The economic situation in the first half of 1990 was literally agony. Many companies were operating at a loss. Insolvency paralyzed even the operation of those parts of the economy that otherwise had all the conditions for a successful development. Inter-company indebtedness was extremely high, and the "pluralization" of property was reduced to reckless theft, which could remain civilly and criminally unpunished only in a "socialist" legal system.[443] It should be noted that after gaining independence, the state devoted most of its resources to rescuing large companies, while the policy of promoting micro,

441 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], p. 12.

442 IMAD, *Slovenian Economic Mirror*, No. 6, 2003, p. 16.

443 Bajt, Aleksander. Iz heterodoksne stabilizacije v ultraortodoksno: Kako iz nje? [From Heterodox Stabilization to Ultra-Orthodox One: How to Get Out of It?]. In: *Gospodarska gibanja* [*Economic Trends*], No. 206, 1990, pp. 27–39.

small and medium-sized companies in the 1990s was volatile and indecisive. This situation began to change with the beginning of the implementation of the European Charter for Small Enterprises, Slovenia's inclusion in the European programmes for the promotion of micro, small and medium-sized companies, the adoption of the Programme of Measures to Promote Entrepreneurship and Competitiveness and the Supportive Environment for Entrepreneurship Act,[444] adopted as late as March 2004.[445] The year 1991 was a turning point from the socio-political and legal point of view. The Companies Act from 1989 and the new Employment Relations Act from 1990 marked the transition to a new market economy system and socio-economic regulation with clear ownership foundations. These changes severely affected the field of labour relations and social policy. Instead of associative labour relations, the classical employer – employee relationship was re-established, marked by the conflict between capital and labour. From 1990 onwards, when the employment relationship again became bilateral, the employer was obliged to pay the employee a contractual wage. The wage was the cost that the employer had to pay first, before all other expenses. This was one of the key changes in the field of labour relations and social policy in 1991 in general. After independence and the establishment of our own state, the Slovenian social policy became state policy. Slovenia also became the subject of international labour law and embarked on the path of its own development of labour legislation on the basis of its own constitutional system.[446] Newly established small companies with up to 50 employees were the most important source of net job creation and without the formation of this sector, with an open economy that forced large companies to rationalize employment, Slovenia would have extremely high unemployment. Since 1990, the active population decreased from 944,932 to 866,721. This decline was due to faster retirement, emigration, voluntary departure from the active population and an increase in the number of secondary school and university students. At the same time, the number of unemployed people rose from 55,441 to 119,799.[447]

444 Official Gazette of the Republic of Slovenia, 40/2004.

445 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], p. 7.

446 Kresal, France. Socialna politika v Sloveniji do druge svetovne vojne [Social Policy in Slovenia until the Second World War] In: Borak, Neven, Lazarević, Žarko (eds.). *Prevrati in slovensko gospodarstvo v 20. stoletju; 1918–1945–1991* [*Coups and the Slovenian Economy in the 20th Century; 1918–1945–1991*]. Ljubljana: Cankarjeva založba, 1996, pp. 49–64.

447 Vahčič, Stanje podjetništva v Sloveniji [The State of Entrepreneurship in Slovenia]. In: Borak (ed.), *Slovensko podjetje v devetdesetih* [*Slovenian Company in the Nineties*], pp. 49–59.

The Slovenian companies which had capable staff and the right business orientation managed to stay afloat. The question was whether, under the conditions of management, both in the country and in the world, they would follow technological development. The companies that did not have a long-term market orientation and were not oriented towards the world market, got into trouble or even went bankrupt in the new situation. A part of the failures of the Slovenian economy could be attributed to the long-lasting recession in the world, but the main causes must be sought for at home, and these were:

- poor organization of the economic and social systems,
- inadequate economic legislation,
- inefficiency of state institutions,
- too expensive country,
- prolonged and inappropriate changes in the ownership of economic operators,
- poor organization of economic operators,
- technological obsolescence and inefficiency of economic operators,
- lack of motivation for success and lack of responsibility of specialised staff.

In the conditions of economic recession, the number of employees in the economy decreased every year from 1987 to 1998 and the growth index of industrial production was decreasing, while the number of business entities increased significantly in the same period. This is evident from the review of business entities according to the uniform classification of activities. In 1990, there were a total of 83,565 business entities in the economy and non-economy, and in 1996 there were 134,881 of them. The largest increase was in the number of enterprises and companies. The number of enterprises and companies increased from 14,597 to 52,580, i.e. by more than three times (3.6 times). The number of companies increased even in the industry, which had severe difficulties. The number of enterprises and companies increased the most in the fields of finance, technical and business services, transport and communications, construction and trade.[448] The starting point of the Slovenian economy differed from the economies in other countries, mainly in the larger share of companies established before 1990, a larger share of small companies, a strong private sector before privatization, a less important role of large companies with more

448 Boncelj, *Bankrotirana družba* [*Bankrupt Society*], pp. 84–85.

than 5,000 employees and greater problems in restructuring.[449] The Chamber of Craft and Small Business of Slovenia, the Chamber of Commerce of Slovenia and the Employment Service of Slovenia supported SMEs and entrepreneurship. After Slovenia gained independence, as mentioned, the state devoted most of its resources to rescuing certain large companies, while the state policy of promoting SMEs and entrepreneurship was quite changeable and indecisive. Formally, it supported the establishment of new companies, but what prevailed were the rehabilitation programmes for the former larger socially-owned companies, and the development of a stimulating support environment for SMEs was forgotten. The inconsistency of enterprise policy was also reflected in the constant changes in the economic sector, as the periods of the independence of the Ministry for Small Business and its inclusion in the framework of the wider ministry alternated. The SME development policy was inconsistent and improvised, which did not provide a permanent and predictable support for the small businesses. There was also a formal tightening of the conditions for establishing companies and a reduction in tax incentives for the registration of new companies, which led to stagnation in the creation of new businesses in the second half of the 1990s and deterioration of the entrepreneurial climate. The area of financial operations of companies was also characterized by disorderly legislation. The stagnation in the creation of new companies in the second half of the 1990s was certainly also the result of inconsistencies and indecision of state policy. The emergence of a large number of municipalities in the mid-1990s worsened the situation of entrepreneurship. The reason was the dispersion of development funds, which of course hindered the development of support infrastructure, especially for SMEs.[450] In 1996, the first Small Business Development Strategy was prepared in Slovenia, which envisaged a series of measures to improve the business environment for SMEs. The content of this strategy was contained in the Strategy of the Republic of Slovenia for the Integration in the EU. In 2001, a new Strategy for the Development of SMEs and Entrepreneurship was developed. This strategy recognized entrepreneurship as playing a central role in ensuring development, introducing structural changes and improving the competitiveness of the Slovenian economy. The Strategy

449 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*], p. 7.

450 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], pp. 37–38.

of Economic Development of Slovenia 2001–2006 also gave an important place to SMEs and entrepreneurship. The mentioned strategy also foresaw a number of measures that the state should take to improve the business sector. In 2002, by signing the so-called Maribor Declaration, the Government of the Republic of Slovenia recognized the importance of the principles of the European Charter for Small Enterprises and started implementing the Multiannual Programme for Enterprises and Entrepreneurship, especially for small and medium-sized companies in the period from 2001 to 2005. Slovenia was thereby equally included in the EU programmes for creating a stimulating business environment, in the network of Euro-Info Centres, the exchange of best practices between member states in the field of SME promotion and in the European financial programmes for promoting entrepreneurship and SMEs. After joining the EU, many opportunities in the field of entrepreneurship opened up in Slovenia. Among other things, it was able to draw on the funds of the European structural funds and other programmes supporting SMEs and entrepreneurship, and the EU also implemented activities to remove administrative barriers. The Ministry of the Economy thus tried to ensure a stimulating environment for the creation and development of small businesses with an anti-bureaucratic programme. In 2002, the said Ministry also published a Programme of Measures to Promote Entrepreneurship and Competitiveness for the Period 2002–2006. The programme of measures consisted of three sets: Knowledge for Development, Improving the Competitive Capabilities of Companies, and Promoting Entrepreneurship and Taking Advantage of Entrepreneurial Opportunities. In the period from 2001 to 2003, about 2,500 companies with about 150,000 employees in the market sector were included in the development programmes of the Ministry of the Economy. On average, approximately 5 billion Slovenian tolars were allocated for these programmes per year, which represented less than 0.5 percent of the budget. The Small Business Development Act, adopted in 1991, proved to be deficient in practice and inconsistent with the new economic reality. Thus, the Supportive Environment for Entrepreneurship Act[451] was adopted in 2004, which was intended to remedy the shortcomings of the Small Business Development Act. From 2004 onwards, the Supportive Environment for Entrepreneurship Act served to guide business policy. Its main goal was to establish an entrepreneurial environment that would activate both human as well as material and financial

451 Official Gazette of the Republic of Slovenia, 40/2004.

resources for easy entry and successful growth of companies and optimal use of entrepreneurial and innovation potentials in Slovenia. The Act followed the guidelines of the European Charter for Small Enterprises and provided the basis for the use of funds from the structural funds. It also determined the establishment of a system of various institutions to support SMEs. We must also mention the Single Programming Document for the Period 2004–2006, published by the Government of the Republic of Slovenia at the end of 2003. In the first place among the priorities of this document was the promotion of the business sector and competitiveness, which, of course, pointed that the state was aware of the importance of the development of entrepreneurship for the acceleration of economic development.[452]

Bankruptcies or where did all the factories go?

The period after 1990 or the so-called transition period is also suggestively outlined by the title of Zvezdan Martič's documentary *Where Did All the Factories Go* (*Kam so vse tovarne šle*). The list of factories that went bankrupt in the late 1980s and after 1990 is very long. Prevent, Rog, Tam, Metalna, TVT Boris Kidrič, Mura, Tovarna sladkorja Ormož, Toper, Iskra Delta, Iskra, Tobačna Ljubljana and Industrija usnja Vrhnika (IUV) to name a few.[453] Although they were virtually non-existent before 1989, the number of bankruptcies in that year, and especially in 1990 and 1991, greatly increased. The bankruptcies of companies were surely "the first and outwardly the most obvious and visible consequence of the shifts in the socio-economic system".[454] In the time of independent Slovenia, the Compulsory Composition, Bankruptcy and Liquidation Act was adopted as

452 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], pp. 33–37.

453 The fate and experiences of employees in the case of the Mura factory are excellently presented by Dr. Nina Vodopivec (Vodopivec, Nina. *Tu se ne bo nikoli več šivalo: doživljanja izgube dela in propada tovarne* [*Here, No One Will Ever Sew Again: Experiencing Job Loss and Factory Collapse*]. Ljubljana: Institute for Contemporary History, 2021, Razpoznavanja/Recognitiones Collection).

454 Žnidaršič Kranjc, Alenka. *Planirani stečaji? Značilnosti, razlogi, koristi in škoda v stečajih slovenskih podjetij* [*Planned Bankruptcies? Characteristics, Reasons, Benefits and Damage in Bankruptcies of Slovenian Companies*]. Radovljica: Didakta, 1993 (Hereinafter: Žnidaršič Kranjc, *Planirani stečaji?* [*Planned Bankruptcies?*]), p. 15.

late as 1993[455] (before that, the Act of the same name from December 1989 was in force). At the beginning of 1989, when the number of bankruptcies suddenly rose, the Rehabilitation and Termination of Organizations of Associated Labour Act,[456] which had been adopted as early as 1986, was still in force. The change in the bankruptcy legislation itself did not affect the increase in the number of company bankruptcies. Entrepreneurial – microeconomic reasons in particular proved to be key factors in the bankruptcies of Slovenian companies; not because companies no longer operated rationally enough, but because at some point, overstaffing and operating costs became a crucial issue in such a large number of companies that bankruptcies became an inevitable consequence of the situation.[457] On the other hand, the economic crisis, especially in 1991, and the stronger functioning of normal market selection intensified the process of dying out of failed companies. The number of bankruptcy applications filed by the Social Accounting Service (SDK) under the Financial Operations Act increased sharply.[458] A bankruptcy is a socially undesirable phenomenon that causes damage to the economy, especially when it does not result in the redistribution of economic factors from less to more productive purposes, but in the termination of an entity and the destruction of factors of production, which means less socially productive assets, lower social product and fewer employees. Every bankruptcy means damage and every bankruptcy produces victims. The fundamental reason for bankruptcy, both in Slovenia and in most European legal systems, is a long-term insolvency of the debtor. In bankruptcy terms, insolvency is critical for a company and indicates a chronic, insolvent situation. A company finds itself in a situation where the basic value of assets is lower than its liabilities. In addition to the objective reasons for the commencement of bankruptcy proceedings, subjective reasons were also present in our practice, where companies themselves filed for bankruptcies.

In individual cases, the companies' liabilities were so low that they in no way justified the decision to go bankrupt. As for socially undesirable phenomena in connection with bankruptcies, as much as 82 percent of all bankruptcies were declared in medium-sized and large companies. It should be noted that microeconomic reasons were one of the key factors for the bankruptcies of

455 Official Gazette of the Republic of Slovenia, 67/1993.

456 Official Gazette of the Socialist Federal Republic of Yugoslavia, 72/1986.

457 Žnidaršič Kranjc, *Planirani stečaji?* [*Planned Bankruptcies?*], p. 191.

458 *Bankrotirana družba* [*Bankrupt Society*], pp. 149–151.

Slovenian companies. The question of ownership and how to become an owner was thus a fundamental concern of the management of socially-owned companies, which considered establishing such companies that would be controllable in a changed environment, primarily in terms of ownership and management. Changes in the socio-economic system also played an important role in corporate bankruptcies. Rapid transformations of the concepts of economic and political life, accompanied by fast changes in legislation or at least predictions of the latter, brought confusion, disorder and an unclear demarcation of what is allowed into society and especially into the economy, as well as opportunities and support for exploiting loopholes in the legislation. All of the above caused damage to the economy and consequently society, manifesting in different ways, for instance, in unemployment, reduction of productive social wealth, flight of creative intellectuals abroad, development of negative ethical and moral norms, increase of negative phenomena, as well as individual forms of crime.[459]

From July 1991 to March 1993, 1,522 companies employing 125,698 workers met the conditions for instituting bankruptcy proceedings. These included 1,002 private companies with 2,306 workers. Such a number of companies cannot be liquidated or rearranged by any bankruptcy regime. The interventions that are necessary go beyond the framework and purposes of the bankruptcy regime, and their content must be sought in the reorganization of debt-creditor relations at the national economic level and in changes of relative prices.[460] An overview of the establishment and termination of business entities in that period is highly interesting. In 1991, the largest number of business entities ceased to operate, namely 10,532. Then, in 1992, as many as 23,630 business entities were established. These data show a strong connection between the dissolution and establishment of business entities and the adoption of the Ownership Transformation of Companies Act, published on 11 November 1992, and the Companies Act, published on 10 June 1993.[461]

The company Talum Kidričevo (the company renamed itself from Tovarna glinice in aluminija (The Factory of Alumina and Aluminium) – TGA Kidričevo to Talum Kidričevo in 1992), which plays an important role in the world of aluminium,[462] struggled with numerous problems during the transition from

459 Boncelj, *Bankrotirana družba* [*Bankrupt Society*], p. 149.
460 Borak, *Iskanje Guliverja* [*Searching for Gulliver*], p. 102.
461 Boncelj, *Bankrotirana družba* [*Bankrupt Society*], p. 85.
462 URL: http://www.talum.si (August 2005).

one socio-political system to another. Shortly after the beginning of the mandate of the new Slovenian government in 1990, Danilo Toplek, the company's director, said the following about the relationship between the state and the company: “We have not had direct relations yet, as our government is only getting acquainted with the situation and leaders in individual companies. Certainly, the impact will be very important and present in such industries as the one in Kidričevo and similar infrastructure facilities. Although the Slovenian government claims that it will not interfere directly in the economy, I am convinced that it will realize sooner or later that this will be necessary in some areas.”[463] The company’s giro account was blocked several times and they managed to overcome the first blockade only on the 59th day. The reasons for serious problems and inability to pay lied mainly in the overestimated value of the dinar, problems due to repayment of domestic loans (the cause was interest, which ranged from 35 to 45%) and the price of electricity, which was greatly exaggerated in Slovenia. For comparison: in Germany, the price of electricity per ton of aluminium was 460 dollars, while in the Kidričevo company as much as 960 dollars![464] The director of the company, Danilo Toplek, pointed out the following about the crisis in which the company found itself during the transition period: “The aluminium industry in Slovenia is in crisis, which is the result of extremely deteriorated domestic economic conditions and the long-lasting low price on the world market!”[465] The company was regularly visited by state officials, and there were more and more politicians who, despite their different party affiliations, were thinking in favour of this (around) 2,000-member strong workers’ collective.[466] The company overcame the crises, transformed into a joint-stock company in 1998 and is still extremely successful today.[467] Perutnina Ptuj, one of the most important Slovenian companies in the food industry, also experienced a major crisis during the period of transition. Alojz Gojčič, former chairman of Perutnina’s management board, said of the transitional crisis period: “If economic relations in Yugoslavia are severed, this means an extremely difficult situation for Perutnina. We need the Yugoslav market, we cannot survive without it. Perutnina has in fact always been a Slovenian, Yugoslav and global company. We export 20–30 percent of

463 *Tednik*, 14 June 1990, Vol. XLIII, No. 23, p. 2.
464 *Tednik*, 2 November 1990, Vol. XLIII, No. 43, p. 3.
465 *Tednik*, 23 May 1991, Vol. XLIV, No. 20, p. 2.
466 *Tednik*, 5 December 1991, Vol XLIV, No. 48, p. 1.
467 URL: http://www.talum.si (August 2005).

our production to Yugoslavia."[468] Perutnina's director Roman Glaser added: "As for the entire Slovenian economy, 1991 was a difficult year for Perutnina Ptuj as well. Our situation was affected by liquidity problems, the loss of the Yugoslav market, the fall of the standard of our customers and several other reasons. Nevertheless, Perutnina survived 1991 quite normally in both production and financial operations. Our account was never blocked."[469] Like Talum Kidričevo, Perutnina Ptuj also overcame the crisis period and the transition from one socio-political system to the other, transformed into a joint-stock company in 1997 and is still an extremely successful Slovenian company.[470]

Even in December 1991, when the door to Slovenia's international recognition was already opening, the expectations of Slovenian directors were low and the fear was great. Especially in those companies affected by the Denationalization Act. The directors of successful Slovenian companies were not satisfied with the attitude of the authorities towards them. In a poll conducted in mid-December 1991, they pointed out that the government had given them only a "spark of hope and nothing more". With the exception of those who had been building an export strategy for several years, they felt helpless, powerless, even as some sort of "whippersnappers".[471] This was because they were not familiar with the conditions of management in the future and because they did not know how the ownership transformation of their companies would turn out. They advised the government not to exhaust itself in political debates, but rather to engage in "practical work". Even the most successful directors, such as Krka's director Miloš Kovačič, felt too "distanced" from political decisions; they were not "taken seriously" by the politics, which was also not interested in their experience of "setting up a successful economic strategy".[472] Despite initial difficulties and pessimism, Krka also managed to overcome the transition crisis. Krka's ownership transformation process was completed in December 1996, when it was registered as a joint-stock company. It thereby came into the ownership of 75,000 shareholders and is one of the largest joint-stock companies in Slovenia. Let us mention another successful international company based in Velenje – Gorenje d. d. The restructuring and ownership transformation of this company took place in 1991–1996. Although severely affected by the loss

468 *Tednik*, 13 November 1990, Vol. XLII, No. 48, p. 3.
469 *Tednik*, 16 January 1992, Vol. XLV, No. 2, p. 2.
470 URL: http://www.perutnina.si (August 2005).
471 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], p. 619.
472 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 618–619.

of the Yugoslav market, it was setting up companies abroad during this period, especially in Eastern Europe: the Czech Republic, Hungary, Poland, Bulgaria and Slovakia, which was an extremely wise move. Already in the 1980s, the company expanded to both the United Kingdom and the United States. In 1997, Gorenje became a joint-stock company. After that, it slowly began to return to the markets of the former Yugoslavia. The company thus successfully survived transition and is today considered the largest Slovenian manufacturer of household appliances, furniture, ceramics, water heaters, air conditioners and other household products and is also one of the largest Slovenian exporters.[473] However, not all Slovenian companies overcame the transition crisis. Many were liquidated or met the conditions for bankruptcy. In the post-independence period, entrepreneurs mainly lacked a stimulating supportive environment for the establishment of companies, and the development of the economy was negatively affected by the reduction of tax incentives for the registration of new companies and the disorder in financial legislation. Economic policy did not follow the needs of small business development, as Slovenia received the Small Business Development Strategy as late as 1996.[474]

The course and completion of the process of ownership transformation of companies and damage to socially-owned property after 1993

As already mentioned, the Ownership Transformation of Companies Act initiated mass privatization of companies. Based on this Act, the managements of companies (except public companies, companies with forests, cooperatives, banks, insurance companies, casinos, bankrupt companies and some other minor exceptions) chose the method of transformation by themselves, while the Agency of the Republic of Slovenia for Restructuring and Privatization supervised the process through the issuance of consents. With the first consent, the Agency confirmed the company's orientation regarding economic goals and interests, while the second consent meant the confirmation of legal instruments

473 URL: http://www.gorenjegroup.com, 11 December 2007.

474 Poročevalec Državnega zbora Republike Slovenije [Rapporteur of the National Assembly of the Republic of Slovenia], No. 34, 20 September 1996, p. 133.

and methods of privatization within the law.[475] In Slovenia, a decentralized and autonomous ownership transformation was thus taking place, which means that companies themselves decided on the method and implementation of ownership transformation. The process of ownership transformation took six years. In addition to the ownership transformation itself, Slovenia was solving a number of other issues within the process. The length of the process was most affected by audits of illegal privatizations and the return of confiscated property. Some other problems (agricultural reform, harmonization of accounting and financial standards, reorganization of the legal system, etc.) were addressed as well, additionally slowing down the transformation.[476]

Jože Mencinger wrote in 2006 that the somewhat specific process of transitional privatization in Slovenia can be divided into three periods. According to him, the mass privatization in the early nineties was marked by the legacy of the socialist understanding of property and self-government, which were the foundations of the Yugoslav economic system. A fairly predictable outcome of the privatization process was an unstable ownership structure composed of internal owners, private and state financial institutions, and a small share of foreign owners. A significant part of the economy remained in direct state ownership. Formal privatization was followed by a slow consolidation of the ownership structure, which at the same time offered the possibility of political interference. According to Mencinger, the governments did not make extensive use of this option until 2004, but were using it discreetly, while "the newly elected government in 2004, in addition to its neoliberal rhetoric about the state's withdrawal from the economy, made extensive use of this option".[477] It should be noted that this government announced a new period of privatization and the withdrawal of the state from the economy. How it actually tackled this is, of course, a different question. The fact is that during the mandate of this

475 Križanič, France, Oplotnik, Žan. Ekonometrična ocena vpliva zaključka procesa lastninskega preoblikovanja podjetij na investiranje in dinamiko prilivov tujega kapitala v Slovenijo [Econometric Assessment of the Impact of the Completion of the Process of Ownership Transformation of Companies on Investments and the Dynamics of Foreign Capital Inflows into Slovenia]. *Gospodarska gibanja* [*Economic Trends*], No. 309, 1999/10 (Hereinafter: Križanič, Oplotnik, Ekonometrična ocena [Econometric Assessment]), pp. 25–35.

476 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], p. 81.

477 Mencinger, Jože. Privatization in Slovenia. *Slovenian Law Review*, Vol. 3, No. 1/2, December 2006, pp. 65–81.

government, a new face of Slovenian privatization, or in other words, of the Slovenian version of capitalism, appeared.

Companies were allowed to autonomously prepare privatization programmes until the end of 1994 and send them to the government's Agency for Restructuring and Privatization for approval. By 31 July 1998, 1,436 companies with a total opening balance of SIT 1,148.3 billion had received the first consents for the programme, of which SIT 784.7 billion was socially-owned capital. 114 companies were transferred to the Development Fund or the later Slovenian Development Corporation (SRD), and 57 of them were liquidated or met the conditions for bankruptcy proceedings. By 1999, 1,381 companies had completed the ownership transformation by obtaining a second consent (for the entry in the register of companies), 141 companies had been transferred to the SRD, while bankruptcy or liquidation proceedings had been initiated in 82 companies. The length of the process was greatly influenced by the resolution of a number of transition problems.[478]

In the total capital structure of companies privatized under the Ownership Transformation of Companies Act, the ownership of internal owners accounted for 27 percent, of authorized investment companies 17 percent, state funds 15 percent, buyers from public sales 9 percent, with 32 percent remaining (the vast majority of the remainder belonged to the state, and some to the old owners, cooperatives and denationalization beneficiaries). Internal owners predominated in smaller, labour-intensive companies. The concept of privatization of companies did not give such an important role to non-residents as in some other transition countries. Companies did not receive fresh capital from abroad, and non-residents deposited their direct investments before establishing the ownership structure. The privatization process also affected general economic activity, the investment trend and the formation of additional production capital. The completion of the process thus freed up retained investments and increased the profitability and efficiency of companies.

The Act Concluding Ownership Transformation and Privatization of Legal Entities Owned by the Development Corporation of Slovenia[479] entered into force in the beginning of May 1998, which determined the transition from decentralized to centralized form of privatization. This form of privatization affected companies that had not been able to transform their ownership

478 Križanič, Oplotnik, Ekonometrična ocena [Econometric Assessment], pp. 25–35.
479 Official Gazette of the Republic of Slovenia, 30/1998.

on their own, but it should be noted that in the six-year process, ownership transformation had been carried out by almost all companies with socially-owned capital. Only a small number of companies did not carry out privatization under the Ownership Transformation of Companies Act due to their own inactivity or other objective reasons. With the ownership transformation of Slovenian companies with socially-owned capital, part of the transformation of the economy was concluded in 1999. The process was highly important as it changed all aspects of the Slovenian economy and the attitude of the general public towards capital and market orientation. The ownership transformation of companies helped to create efficiently managed and market-oriented companies. With the conclusion of this process, the first part of the transition process was completed, the purpose of which was to include Slovenia in the general global trends and economic flows as well as in the integration processes of Europe. In the process that lasted six years, a number of legal, financial, institutional and, last but not least, theoretical and moral dilemmas were being resolved. In addition to the ownership transformation, financial and organizational restructuring was also carried out. The process helped to settle a number of problems, such as the return of confiscated property to beneficiaries, agricultural reform and legal regulation of agricultural land ownership, harmonization of accounting standards and more.

The Slovenian privatization model did not bring fresh capital from foreign investors and the length of the process was the result of many transition problems. With the conclusion of the process, a new investment cycle was triggered, increasing economic growth and employment. The share of foreign investments also increased. After the formal end of the process of ownership transformation of companies, it was necessary to complete the second part of the transition process, namely the privatization of state property.[480] The economist Maks Tajnikar determined at the end of 1999 that most of the large systems that had remained state-owned and had not been transformed were still half under socialism, and he wondered how they even managed to survive more than an eight-year period with huge losses.[481] According to the Act Amending

480 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], pp. 37, 133.

481 Tajnikar, Maks. Preobrazba velikih podjetij še ni končana [The Transformation of Large Companies is Not Finished]. *Gospodarski vestnik* [*Economic Journal*], Vol. 48, No. 49, 9 December 1999, pp. 20–22.

the Companies Act[482] of 2001, which regulated the rights and obligations of economic operators, companies were divided into small, medium-sized and large. This division depended on the average number of employees in the last financial year, net turnover in the last financial year and the value of assets at the end of the financial year.[483]

The process of privatization as an abolition of socially-owned property was followed by the privatization of 2,000 billion Slovenian tolars worth of state property. In the following years, acts were passed on the privatization of insurance companies, state-owned banks, some state-owned companies (transport infrastructure, telecommunications, energy system) and other public services.[484] The sale of state-owned property, in which the parastatal funds Kad (Pension Fund Management) and Sod (Slovenian Compensation Company) played a decisive role, was non-transparent in several cases and represents another manner in which certain individuals acquired property under favourable conditions. In July 2008, the National Assembly of the Republic of Slovenia discussed the report by the commission of inquiry establishing the liability of public officials in connection with damage to state property in the sale of state-owned shares of Kad and Sod in companies before 2005. The report states that in the period 1995–2005, 2,447 ownership shares of Kad and Sod were sold, mostly without public bidding. In the period 2006–2007, about 200 ownership shares of the mentioned state funds were sold through public bidding. The majority of capital shares in the period 1995–2005 was therefore sold in a non-transparent, non-public manner, thus preventing the competitiveness of bidders. It is also clear that these shares were mostly sold below their price. Mass non-transparent sale of state property is certainly another form of wild privatization.[485] The Ownership Transformation of Companies Act determined the verification of the legality and regularity of already performed ownership transformations in companies that in any way transformed their status, reorganized themselves, transferred socially-owned capital free of charge, established or invested in new companies or transferred individual business functions to other companies in the period from 1 January 1990 until the entry into force of this Act. The verifi-

482 Official Gazette of the Republic of Slovenia, 45/2001.

483 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], pp. 33–37.

484 Bank of Slovenia, Annual Report for 1999.

485 Kovač, Stanislav. Cvikl odhaja, Slovenija raja [Cvikl is Leaving, Slovenia is Rejoicing]. *Finance*, No. 50, 15 March 2010, p. 11.

cation took place if there was a reasonable suspicion that the said acts or transactions caused damage or if a request for the initiation of an audit procedure was made by an authorized body in a timely manner.[486] As far as the methods of eliminating damage to socially-owned property are concerned, the Social Attorney of the Republic of Slovenia gave priority to solutions that established the nominated social capital owned by the parent company on 31 December 1992 (elimination of by-pass companies), to payment of profit, payment of purchase price, return of benefits from management contracts to socially-owned capital if premiums were paid from socially-owned capital, changes of preference shares for socially-owned capital into ordinary shares and to increasing of socially-owned capital.[487] In the audit procedures performed for the period from 1 January 1993 to 31 July 2004, the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies established that under Article 48a of the Ownership Transformation of Companies Act damage was incurred to socially-owned property in the amount of 8,820 million Slovenian tolars. Pursuant to Article 48 of the Ownership Transformation of Companies Act, there was damage to socially-owned property in the amount of 9,358 million Slovenian tolars. Pursuant to Articles 48 and 48a, damage was incurred to socially-owned property or assets in the amount of SIT 18,178 million in the period from 1 January 1993 to 31 July 2004, which is much less than in the period until the end of 1992. The greatest abuses included the conclusion of harmful contracts, the establishment of by-pass companies, unjustified write-offs of claims and the reduction of companies' assets.[488] According to the audit, in the period from 1 January 1990 to 31 July 2004, socially-owned property was damaged in the amount of 104,352 million Slovenian tolars. As already mentioned, the greatest damage to socially-owned property was caused in the period prior to the adoption of the Ownership Transformation of Companies Act. After the adoption of the said Act, the following institutions oversaw the process of ownership transformation: the Agency of the Republic of Slovenia for Restructuring and Privatization, the Ministry of Economic Relations and Development, the Government of the Republic of Slovenia and the National

486 Popovič, Zakon o lastninskem preoblikovanju podjetij [Ownership Transformation of Companies Act], p. 8.

487 Popovič, Anica. Lastninjenje pred koncem – o oškodovanjih pa še novi postopki [Privatization Before the End – New Procedures on Damages]. *Pravna praksa* [*Legal Practice*], No. 6, 2 April 1998, pp. 1–2. URL: http://www.ius-software.si (18 January 2010).

488 Last report on the work of the Agency for the Audit on 31 July 2004.

Assembly of the Republic of Slovenia. The Agency of the Republic of Slovenia for Restructuring and Privatization supervised the transformation procedures and ensured their legality. As part of its public authority, the aforementioned Agency also issued documents (consents) and resolved complaints. In addition to the Agency, the Ministry of Economic Relations and Development was also responsible for supervising the ownership transformation process. The latter also participated in the preparation of legal acts and secondary regulations for this area and for keeping a central record of the ownership certificate accounts. Decisions of the Agency could also be appealed at the mentioned Ministry.

Pursuant to the provisions of the Agency of the Republic of Slovenia for Restructuring and Privatization Act,[489] the Council of the Agency and the Supervisory Board of the Agency were also responsible for monitoring the Agency's professional work and operations. In addition to the Director of the Agency, the government also appointed the President and members of the Agency's Council. Its responsibilities included, *inter alia*, the financial plan of the Agency and the consideration and approval of the final account and the report on the work of the Agency. In addition, the government also decided on the transfer of socially-owned capital to the ownership and management of the Slovenian Development Corporation. The process of ownership transformation was also overseen by the National Assembly of the Republic of Slovenia, which appointed a nine-member Supervisory Board of the Agency and in 1992 the Commission for Monitoring of the Ownership Transformation and Privatization, chaired by Izidor Rejc. The Commission monitored and supervised the ownership transformation of companies and the adoption of legislation in this area. An important factor in the ownership transformation was the openness of the privatization process of individual companies and the proper informing of the public. In this manner, all beneficiaries were given the opportunity to participate in the ownership transformation process. A company had to publicly disclose the approved programme within 30 days in the Official Gazette of the Republic of Slovenia and in one of the daily newspapers. It also had to inform employees, creditors whom it owed more than ECU 100,000[490] and denationalisation beneficiaries. In addition, the Agency

489 Official Gazette of the Republic of Slovenia, 7/1993.

490 On 1 January 1999, the ECU was replaced by the euro in a 1:1 ratio. As of 1 January 1999, any reference to the ECU in contracts, regulations and other official documents has been replaced by a reference to the euro in a 1:1 ratio. Unlike the ECU, which was defined as a basket of twelve currencies, the euro became an independent currency.

informed the important media once a week about the issued consents for the entry of companies in the register of companies.[491]

Ownership structure: from a promising start to increasing concentration

The Ownership Transformation of Companies Act, which was the central document of privatization legislation, was amended twice more in 1993. Privatization leaves consequences on many levels of management. They can be positive and desirable or less favourable and causing new imbalances.[492] In Slovenia, through the process of transition and a new method of regulation, privatization was reflected, among other things, in the re-establishment of a market-oriented economic order. The privatization process itself deepened the economic stagnation into a "transformation crisis", as it increased uncertainty. The end of privatization contributed to the release of previously held investments. Namely, investments increased by 16 percent, but, consequently, gross domestic product also grew by 0.9 percent. There was also an increase in foreign direct investments by 1.8 percent. Simultaneously, foreign debt borrowing decreased by 0.6 percent.[493] Opinions about the effects of privatization on corruption differ widely. Some studies have shown that privatization causes the closures of companies. Less information on costs and performance indicators is available to the public in privatized companies. The academician and sociologist Veljko Rus wrote that "this makes privatization of public companies or institutions undemocratic in itself and dangerous for society, as it increases the influence of managers and reduces the influence of the public", adding that "the leading businessmen have an increasing influence on politics and are becoming illegitimate co-creators of politics with their donations to political parties". Rus also believes that market logic and profit are thus pushing the public interests into the background and that these are not merely assumptions, but empirically proven facts, which also confirm that there is a negative correlation between

491 *Lastninsko preoblikovanje slovenskih podjetij* [*Ownership Transformation of Slovenian Companies*], pp. 128–132.
492 Gregorec (ed.), *OECD Gospodarski pregledi 1996–1997: Slovenija* [*OECD Economic Reviews 1996–1997: Slovenia*], p. 91.
493 Križanič, Oplotnik, Ekonometrična ocena [Econometric Assessment], pp. 25–35.

privatization and access to information as well as a negative correlation between privatization and social responsibility of managers. We could thus conclude that corruption is an inevitable consequence of privatization, but this is not the case. "Corruption is not an economic, but primarily a political problem", Rus said.[494]

Privatization created new business owners who can be classified into two major groups, namely internal and external owners. The first group included those shareholders who were employed in the company (workers and managers), their relatives and former employees. The second group consisted of state privatization funds, authorized investment companies, banks, the state, companies and small shareholders.[495] Owners of privatized companies can be mainly divided into the following groups:

- institutional investors: capital fund, compensation fund, privatization investment funds, banks and other creditors, agricultural cooperatives and foreign legal entities,
- internal investors: management and other employees, former employees, pensioners and their family members,
- small investors: citizens who participated in the public sale of shares (the importance of legislation to protect small investors and the responsibility of the legislative and supervisory authorities responsible for company takeovers were significantly higher in countries where capital markets were only just evolving).[496]

In Slovenia, privatization influenced the creation of three typical groups of companies: public, internal and external companies. Public companies were listed on the stock exchange, while internal and external companies were not. The

494 Rus, Veljko. *Podjetizacija in socializacija države* [*The Enterprisation and Socialization of the State*]. Ljubljana: Theory and Practice Book Collection/Faculty of Social Sciences, 2001, pp. 126–129.

495 Prašnikar, Janez, Domadenik, Polona, Svejnar, Jan. Prestrukturiranje slovenskih podjetij v poprivatizacijskem obdobju [Restructuring of Slovenian Companies in the Post-Privatization Period] In: Prašnikar, Janez (ed.). *Poprivatizacijsko obnašanje slovenskih podjetij* [*Post-Privatization Behaviour of Slovenian Companies*]. Ljubljana: Gospodarski vestnik [Economic Journal], 1999 (Hereinafter: Prašnikar, Domadenik, Svejnar, Prestrukturiranje slovenskih podjetij [Restructuring of Slovenian Companies]. In: Prašnikar (ed.), *Poprivatizacijsko obnašanje slovenskih podjetij* [*Post-Privatization Behaviour of Slovenian Companies*]), pp. 251–273.

496 Bešter, Janez. *Prevzemi podjetij in njihovi učinki na delničarje, managerje, zaposlene, upnike in državo* [*Takeovers of Companies and Their Effects on Shareholders, Managers, Employees, Creditors and the State*]. Ljubljana: Gospodarski vestnik [Economic Journal], 1996, p. 143.

difference between internal and external companies was that, unlike in external companies, the owners acquired a majority share in internal companies.[497] According to the data, a relatively concentrated ownership structure in companies was established in Slovenia after the beginning of privatization – on average, the largest five shareholders controlled about 50 percent of the capital in all companies, which is generally favourable for establishing effective corporate governance. The problem was that there were no strategic owners among these large shareholders. Two parastatal funds and authorized investment companies acted as large shareholders in all companies. Particularly authorized investment companies often pursued their specific interests in the management of companies, arising from the primary activities of the founders of management companies (such as banking and insurance). Due to the institutional reasons, such as the structure of commissions and rewards, transformation rules and privatization gap, their ability and motivation to effectively manage companies was questionable as well.[498] At the end of 1999, the concentration of ownership in all companies from distributive privatization was relatively high. On average, the five largest owners held 61.5 percent of the vote in all companies. For the companies privatized as public, the share controlled by the five largest owners was the lowest, but it still stood at 56.3 percent of the vote. For the companies wishing to remain on the stock market in the long run, such high levels of ownership concentration may have been controversial in terms of ensuring equal rights for large and small shareholders. As expected, the number of shareholders declined the fastest in public companies, as already at the very beginning of privatization many citizens entered these companies in order to sell their shares as soon as possible. In addition, the sale of shares on the stock exchange is simpler and more transparent than the sale of shares in internal and external companies that are not listed on the stock exchange. Interestingly, the concentration of ownership in internal companies at the end of 1999 came quite close to the concentration of ownership in external companies.[499]

---

497 Simoneti, Marko, Rojec, Matija, Rems, Marko. Lastniška struktura podjetij ob privatizaciji [Ownership Structure of Companies at the Time of Privatization.]. *Ekonomsko ogledalo* [*Slovenian Economic Mirror*], Vol. 7, No. 5, IMAD, 2001, p. 11.

498 Simoneti, Marko, Rojec, Matija, Rems, Marko. Koncentracija lastništva v podjetjih ob privatizaciji [Concentration of Ownership in Companies at the Time of Privatization]. *Ekonomsko ogledalo* [*Slovenian Economic Mirror*], Vol. 7, No. 6, IMAD, 2001, p. 8.

499 Simoneti, Marko, Rojec, Matija, Rems, Marko. Koncentracija lastništva v podjetjih leta 1999 [Concentration of Ownership in Companies in 1999]. *Ekonomsko ogledalo* [*Slovenian Economic Mirror*], Vol. 7, No. 7, IMAD, 2001, p. 7.

The realization (method of privatization) was and still is the subject of much debate, particularly in terms of whether it was carried out optimally, what were the shortcomings and the like. Certain Slovenian politicians have interesting opinions about this. Miran Potrč, who was active in politics already in the previous system and has been a member of the National Assembly of the Republic of Slovenia since 1992, pointed out the following about how Slovenia transformed socially-owned property into private: "We were transforming it piece by piece so there was a possibility to get a significant part of the capital in a company in a relatively cheap way and this money is not in the pocket, in the wallets … it is in the shares."[500] President of the National Assembly of the Republic of Slovenia in 1990–1992 and one of the leading figures of the Slovenian independence process, France Bučar, who was a member of the National Assembly of the Republic of Slovenia even after 1992, said the following about the privatization process: "Politics simply could not cope with this process … The rich did not fall from the sky … Politics did nothing to intervene with its measures to prevent that." He added that it is easy to point fingers and place blame on others and talk about how certain people were stealing socially-owned property. The fact is, according to him, that neither politics nor the experts were able to face the situation and some just took advantage of it.[501] That politics (at least part of it) did not handle the situation is also evidenced by the sentence uttered at one of the sessions by Demos' government minister Dimitrij Rupel: "Given the mood in Demos, privatization laws will be passed, perhaps with minor amendments. However, as has been said, this is not the point." The minister did have to leave the hall, but he certainly radiated, as Neven Borak wrote, "incredible and politically unforgivable naivety."[502] Dimitrij Rupel, chairman of the Republic Committee for International Cooperation in the Demos government and then the Minister of Foreign Affairs of the Republic of Slovenia in almost all subsequent Slovenian governments, said that the large assets of certain individuals were the result of large loans they received from banks. According to him, the

500 Izjava Mirana Potrča [Statement by Miran Potrč]. Informativna oddaja Omizje (Ko se decembra zgosti čas…) [Omizje News Programme (When Time Thickens in December…)], TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).

501 Izjava dr. Franceta Bučarja [Statement by Dr. France Bučar]. Informativna oddaja Omizje (Ko se decembra zgosti čas …) [Omizje News Programme (When Time Thickens in December …)]. TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).

502 Borak, *Spočetje ekonomske samostojnosti* [*Conception of Economic Independence*], p. 167.

money was only in banks and some former communist institutions, while loans were granted to them because of their acquaintances. He also believed that some people also got loans "on the basis of nothing", from which they subsequently created "empires". Rupel mentions the so-called "Old Boys Network",[503] but in his opinion, Slovenia was nevertheless not like Hungary, where foreigners bought up large companies.[504]

Since gaining independence until recently, workers' participation in Slovenia was associated mainly with various forms of participation in management. The basis for this was the Workers' Participation in Management Act (ZSDU),[505] which was adopted in 1993, but was issued as an official consolidated text as late as 2007.[506] The possibility of employee participation in profits was envisaged even before the amendment to the Employment Relationships Act (ZDR),[507] but only on a declarative level. With the adoption of the Employee Participation in Profit Sharing Act (ZUDDob),[508] the notion of workers' participation was extended to financial participation, which includes both employees' participation in profits and employees' ownership. Only with the entry into force of the Employee Participation in Profit Sharing Act was the participation of employees in profits subject to tax relief, but only on condition that the profit participation agreement was validly concluded, that it met all legally prescribed components and that the registration was performed at the Ministry of the Economy. Pursuant to Article 21 of the Employee Participation in Profit Sharing Act, the Ministry of the Economy entered the approved agreements in a special register, in which the following was entered: company name and head office, date of entry in the register, number of decision of the entry in the register, scheme, date of agreement conclusion and first profit distribution.[509] Both formal and material conditions had to be met for employees' participation in profits. One of the conditions was that the possibility of such participation had to be provided for in the company's statute or articles of association. A further

503 "Old Boys Network" – a derogatory label for influential people who, on the basis of social and business connections, acquired large assets during the time of transition.
504 Statement by Dr. Dimitrij Rupel.
505 Official Gazette of the Republic of Slovenia, 42/1993.
506 Official Gazette of the Republic of Slovenia, 42/2007.
507 Official Gazette of the Republic of Slovenia, 42/2002.
508 Official Gazette of the Republic of Slovenia, 25/2008.
509 Website of the Ministry of the Economy. URL: http://www.mg.gov.si/si/zakonodaja_in_dokumenti/notranji_trg/drugi_pomembni_dokumenti/register_pogodb_po_zuddob/ (25 July 2009).

formal condition for employees' participation in profits was the conclusion of an agreement on employee participation in profits, which was decided on the part of the company by the general meeting with a simple majority in concluding the represented share capital. The resolution of the general meeting had to include an authorization for the management to conclude the agreement. The participation of employees in the profit, of course, ultimately required a profit, and the term "profit" refers to the net profit for the accounting period, as determined by the law governing companies. The initiative to conclude the agreement could be given by either the company or the workers. On the part of the workers, the initiative could be given by a representative trade union in the company, the workers' council or the union steward or one or more workers' representatives appointed by the workers at the workers' assembly. The agreement was concluded when it was signed by authorized persons and was used for the next financial year, counting from the day of conclusion.[510] An effective system of financial participation certainly has a positive effect on job satisfaction, greater motivation and, above all, on strengthening the sense of belonging to the company, so the Employee Participation in Profit Sharing Act, adopted in 2008, certainly marks a positive shift in this area. However, we must be aware of the essence of private property; the state can intervene and regulate matters where it is a co-owner or owner, but it should not influence companies and the distribution of profits in companies that are entirely privately owned. In such companies, this should be a decision of individual owners, otherwise it would be a gross encroachment on the autonomy of private companies.[511] It is too early to predict what results the Employee Participation in Profit Sharing Act will bring in practice. Time will certainly tell, but the data provided by the author of the article entitled *Distribution of Profits to Workers* (*Delitev dobička delavcem*), published in January 2009, speaks for itself. In the article, we read that by 5 December 2008, the Ministry of the Economy had received only six requests for the registration of agreements on employees' participation in profits. By 23 December 2008, eight profit participation agreements had been registered. The

510 Franca, Valentina, Globočnik, Nina. Vsebina pogodbe o udeležbi delavcev pri dobičku [Contents of the Agreement on Employee Participation in Profits]. *Industrijska demokracija* [*Industrial Democracy*], No. 10, 2008, pp. 4–8.

511 Lorenčič, Aleksander. Lastniška struktura v podjetjih in participacija delavcev v njej po osamosvojitvi Slovenije [Ownership Structure in Companies and Employee Participation in It after the Independence of Slovenia]. *Svobodna misel* [*Free Thought*], Vol. 18, No. 21; Appendix: Vol 1, No. 21, 13 November 2009, p. 12.

subject of three agreements was the first profit-sharing for the 2008 financial year and the subject of five agreements the first profit-sharing for the 2009 financial year.[512] The privatization method was well-intended and allowed for high involvement of workers and employees in ownership transformation. The extent of employee ownership in Slovenia is very difficult to estimate because neither companies nor institutions systematically collect data on this. The results of analyses on smaller samples of companies show that share ownership in Slovenia is concentrated and that profits are distributed among a handful of people in companies – the management, of course.[513]

After Slovenia's accession to the EU, the sale of Mercator resonated strongly with the public, which is also responsible for the fact that at the end of 2007, the word tycoon found its place in the Slovenian vocabulary. The number of managerial takeovers increased after 2004 and peaked in 2007, when 35 takeover permits were issued.[514] What is striking is the fact that most of them were carried out through loans and at the expense of the depletion of companies that were taken over – the Takeovers Act from 1997[515] did not explicitly prohibit the takeover of a company by pledging the target company's assets. Managerial takeovers were also a very convenient solution for reducing the impact of politics in companies, given the favourable economic conditions in the period 2005–2005, favourable legislation and approved high bank loans, among other things.

Workers' management as an alternative?

The economic crisis also shook the usual business models of corporate management and there was a lot of talk about employees taking on an increasingly larger role. Even examples of good practice are known, namely the

512 Glušič, Tanja. Delitev dobička delavcem [Distribution of Profits to Workers]. In: *Pravna praksa: Časopis za pravna vprašanja* [*Legal Practice, Journal for Legal Issues*], Vol. 28, No. 2, 2009, pp. 9–11.

513 Kanjuo-Mrčela, Aleksandra. Lastništvo zaposlenih na prelomu tisočletja [Employee Ownership in Slovenia at the Beginning of the Millennium]. *Industrijska demokracija* [*Industrial Democracy*], Vol. 6, No. 10, 2002, pp. 21–24.

514 Dejstva o (menedžerskih) prevzemih podjetij. Primer: Slovenija [Facts about (Managerial) Takeovers of Companies. Example: Slovenia], Ljubljana: Federation of Free Trade Unions of Slovenia, 31 January 2011, p. 2.

515 Official Gazette of the Republic of Slovenia, 47/1997.

companies Domel and M Tom. The Domel company stands out in the Slovenian space, although the result of ownership transformation or privatization is actually such as the Slovenian privatization method enabled. The latter allowed for a high involvement of employees in the privatization process, but over the years, the ownership structure was changing – especially in favour of managers and investment companies, while employees (without the management) were losing in this structure. In this respect, Domel is a big exception and today, given the results that the company is achieving, it has obviously decided on the right path. As far as is known, workers played a key role in this. After leaving Iskra and changing its name to Domel, the company focused entirely on exports. In 1996, the privatization process was completed and Domel was immediately a target of the takeover by an American multinational, which was not carried out mainly thanks to the employees. In fact, the latter resisted, organized themselves and founded an association of shareholders – later the authorized company Domel Holding, which raised so much capital that it represented a majority share. Domel Holding is owned by just over 1,200 shareholders, mostly employees, former employees and retirees. Domel produces various types of electric motors, blowers and pumps, centrifugal fans, motors with external rotor, tools and components. Even in times of potential trouble or crisis, the company always responded in such a way that employees did not feel any major consequences. It was not difficult for them to agree that there would be no layoffs, to change their work schedule, lower the wages and the like. What we have in front of us is an example of a company that proves that such a form of ownership structure can obviously be successful in today's system. This is reminiscent of the words of the legendary economist Aleksander Bajt, who proposed the establishment of such a system, according to which a wide variety of companies would compete on the market – from state, private, shareholder and self-governing companies. The market would then show what sort of companies would thrive best. Bajt argued that "the form of ownership is not the most important thing for production at all, as it is possible to produce even without private property" and that it would be much more useful for "socially-owned enterprises to become completely independent and be left to themselves, the workers and the managers" instead of being exhausted by privatization. An example of similar good practice can also be observed in the M Tom company. After the company went bankrupt, they decided to transform it. The company was revived by former employees of the bankrupt company Tom, who even managed to buy out the production hall of the former company. One of the interesting things about M Tom is that in addition to operating successfully, all employees, including the director, have the same wages. In an interview with *Dnevnik* in 2015, the company director Damjan Burger said, among other things, that the manner in which they operate is the only right one when you start from scratch and that "the industry should become primary in the country, instead of searching for ways to take even more from the people".[516]

At this point, it is necessary to emphasize the role and importance of trade unions. Globalization and modern times have also affected the functioning of the latter. The role of trade unions in the 21st century has changed. Trade unions are increasingly losing their bargaining power as their membership continues to decline. Especially among the younger population. If the level of trade unionism was very high in the post-independence period, in recent years, both in Slovenia and in most European countries, there has been a noticeable trend of declining trade union membership. Membership in industrial unions is also falling due to factory closures and job losses. If 80,000 people were once employed in construction, there are 50,000 today; there were 100,000 people working in the textile industry, now only 20,000. Meanwhile, for the same reasons, union membership in the public sector is strengthening. In modern times, unions face accusations of being outdated, not keeping pace with the changes and being unnecessary. In any case, major changes in the labour market, crises and general social changes also dictate certain changes in the trade union movement.[517]

Comparison and privatization experience in selected transition countries

In Serbia, economic issues were in the background even after the end of the war due to numerous political and other international pressures (Kosovo, the Hague, Montenegro, etc.). After a sharp drop in economic activity and hyperinflation in the early 1990s, the assassination of Prime Minister Zoran

516 Lorenčič, Prinčič, Slovenska industrija [Slovenian Industry], pp. 110–112.

517 Lorenčič, Aleksander. Slovenski sindikati in prehod v kapitalizem [Slovenian Trade Unions and the Transition to Capitalism]. In: Kavčič, Franček (ed.). *Delavsko gibanje in delavska enotnost: zbornik ob 75-letnici Delavske enotnosti* [The Workers' Movement and Workers' Unity: Journal on the Occasion of the 75th Anniversary of Workers' Unity]. Ljubljana: Federation of Free Trade Unions of Slovenia, 2017, pp. 172-179.

Đinđić in March 2003 also played an important role in the stagnation of reforms. The latter was working relentlessly to implement changes, for which he paid with his life. Following the changes in the political arena on 5 October 2000 (the fall of Slobodan Milošević), measures against the Federal Republic of Yugoslavia were withdrawn and the door was opened for its integration into international political and economic unions. Transition officially began in Serbia at the end of 2000 or with the year 2001. One of the basic transition laws in Serbia is the Privatization Act of 2001, which was based on the method of sale. It provided for the sale of a 70% share of companies' capital and the free distribution of the remaining share to either employees or all citizens. The aim of such a privatization method was to find good strategic investors who would own a majority share and thus have an opportunity to control the management and ensure good management of companies. By the beginning of 2005, 1,384 companies had been privatized. The economist Danijel Cvjetićanin believes that subordinating the economy to politics was the greatest obstacle to economic development, the market system and the competitiveness of the Serbian economy. "Foreign strategic partners have shown interest in numerous companies and they want to participate in their recapitalization. Economic reforms are currently under way that will change economic conditions and provide additional sources of funding. All the steps that have been taken so far (repayment of existing internal and external debts, provision of funds for the imports of energy products and especially activities in the implementation of privatization) and which will be taken in the future will help the industry gradually recover and adapt to new economic conditions."[518]

Similarly as in Serbia, economic development and transformation in Croatia were strongly influenced by the war as well. Despite the war conditions, however, the country undertook structural changes, rehabilitation and privatization of the economy. In 1995, the stabilization of the economy was successful. Inflation fell to 3.7 percent, while the exchange rate of the domestic currency (kuna) rose by half less. The main stabilizing factors were restrictive monetary and fiscal policy and the corresponding exchange rate policy of the strong kuna. In 1995, Croatia was granted loans in the amount of $ 400 million by the World Bank and the European Bank for Reconstruction and Development. The main systemic plans for 1996 included the reform of banks, the continuation of

518 Spletna stran Republike Srbije/gospodarstvo [Website of the Republic of Serbia/economy]. URL: http:// www.ambasadasrbije.si/srbsko_gospodarstvo.html (30 June 2010).

privatization, the construction of transport routes and the renewal of tourism in the Adriatic (which generated inflow in the amount of $ 1 billion in 1995 and $ 6 billion before the war). The privatization process in Croatia formally began in 1990 with the adoption of the Act on the Agency for Restructuring and Development and the Croatian Development Fund Act. The two institutions were tasked with leading the privatization process. After 1995, the privatization process stalled. In addition to the war, there were other reasons. The coupon privatization, for instance, which was supposed to speed up privatization, thus began in early 1998, mainly due to administrative problems. In Croatia, a special phase of privatization – mass privatization – was initiated by the Privatization Investment Funds Act, based on free distribution to people who were in one way or another connected with the war (war invalids, families of war victims, exiles or returned refugees, former political prisoners, etc.). These numbered about 350,000 people; 240,000 victims of war were involved in the coupon privatization alone, to whom shares in the amount of 2.65 billion Deutschmarks were distributed free of charge.[519]

The choice of the method of privatization certainly influenced what the employees gained from the privatization process and how much. The Czech Republic, Hungary, Poland and Slovenia are countries that used completely different models of privatization and carried them out at different levels. These countries can be compared in the relation between distributive, i.e. "coupon privatization", and classical forms of privatization. Hungary stood out, as it was the only one of the mentioned countries to use almost exclusively classical methods and where only a small part of privatization was of a distributive nature, namely in cases which involved denationalisation and war reparations or compensations due to the operation of the former socio-political system. In the Czech Republic, "coupon privatization" prevailed, in the framework of which companies decided for themselves how to combine it with classical methods. The Czech Republic and Poland were characterized by the fact that many, especially large business systems, had been transformed even before they were privatized, which increased their efficiency. In the Czech Republic, the so-called "small privatization", which is unknown in Slovenia, was also successful. This involved the privatization of small facilities. After the transformation of

519 Lorenčič, Aleksander. Aspects of Economic Transition Illustrated by Examples from Slovenia, Serbia and Croatia. *Études balkaniques: revue trimestrielle* [*Balkan Studies: Quarterly Review*]. 2016, Vol. 52, No. 3, pp. 499–526.

companies, the Czechs privatized non-business parts, such as restaurants. In such companies, there were no problems with control because these facilities were purchased by managers. Investment companies also played an important role in the Czech Republic. They collected about 70 percent of the certificates, which is about as much as in Slovenia. There were about 400 of these funds in the Czech Republic, but 50 percent of all certificates obtained by all funds were collected by the thirteen largest investment companies, which then set up state banks and state insurance companies. In the Czech Republic, banks were also involved in the "coupon privatization", which caused problems in the ownership relations. According to the Czech legislation, one or more funds managed by the same management company could own maximally 20% of the same company, while on the other hand, several funds could own the entire company. The ownership structure of companies was thus highly dependent on auctions, so many companies in the Czech Republic had a very diversified ownership structure – with a few funds, with one fund and the like.[520]

The predominant method of privatization and benefits for employees in the Czech Republic, Hungary, Poland and Slovenia

Country	Predominant method of privatization	Scope of benefits for employees
Czech Republic	Privatization with certificates (coupons)	A great deal of benefits; in the end, privatization funds played an important role
Hungary	First attempted sale, then decentralized	A great deal (especially from 1992 onwards, when ESOP legislation was adopted)
Poland	First attempted sale, then privatization with liquidation and certificates	A great deal in liquidation, little in certificates
Slovenia	Compromise, privatization with certificates	A great deal, in the end, privatization funds played an important role

Source: Šušteršič, *Politično gospodarski cikli* [*Political and Economic Cycles*], p. 219, and sources relating to privatization in individual countries mentioned in this chapter by the author.

Like Hungary and, in part, Slovenia, the Polish democratic government first proposed privatization methods that were not particularly favourable for employees, but later had to give in to pressure and agree to compromises. The

520 Novković, Goran. Intervju z Andrejo Böhm [Interview with Andreja Böhm]. *Agens*, No. 64, November 1998 (Hereinafter: Novković, Interview with Andreja Böhm), pp. 2–5.

share intended for employees in "certificate privatization" was smaller than in Slovenia, but the alternative technique – privatization through liquidation – enabled a cheap establishment of internal ownership.[521] As Andreja Böhm pointed out in an interview with the newspaper *Agens*, Polish privatization was state-run, and they knew different privatization methods. The privatization of bankrupt companies was particularly successful. In these cases, new companies were set up, most of which were owned by workers. These companies became "lessees" for the companies' assets. It should be noted that these cases were not classic forms of bankruptcy. Bankruptcies were carried out regardless of the business performance of the companies, with which they avoided the establishment of companies under the new laws and the like. Smaller companies were formed and workers bought them by renting. There were only a few cases with external or foreign owners. The advantage of this sort of privatization was also that it was fast, the companies mostly operated well and there were no problems with control. In Poland, medium-sized and large companies were subject to capital, i.e. classic privatization. The Poles lagged behind the most in this area. Initially, they counted approximately 8,000 state-owned companies, with about 5,000 expected to be privatized, while 1,200 were privatized through bankruptcy. Among other companies, not even 200 were privatized. This type of privatization mainly included direct sales to foreigners or strategic owners. The Poles initially sold many good companies through public offerings of shares. In this manner, they established their capital market. The shares of such companies were also sold in instalments and as a result, the state was still among the largest owners on the stock exchange. At the beginning of the privatization process, Poland was an example of mass privatization, but "coupon privatization" could not go through. Namely, the parliament did not pass the relevant law for a very long time, so Poland was among the last to start with the "coupon privatization". This did not occur until 1996 and even then, only 512 companies were involved in privatization. In addition to the aforementioned 200 companies, the companies from the "coupon privatization", which was carried out in an almost centrally planned manner, are also important, as the state, which gave them strategic owners, prescribed exactly what the ownership structure of these companies would be. It also sponsored the establishment of funds, selected managers for them and prescribed the distribution of capital by individual companies. Funds in Poland were initially state-owned, then

521 Šušteršič, *Politično gospodarski cikli* [*Political and Economic Cycles*], pp. 211–222.

privatized, and so people could not invest their certificates in companies, but only in funds. In 1997, the Polish Ministry of Privatization was transformed into the Ministry of State Property, and all hitherto unsuccessfully privatized companies fell under its jurisdiction.

Growth of the share of the private sector in the Czech Republic, Hungary, Poland and Slovenia in GDP in 1990–2004 (in %)

YEAR	SVN	CZE	HUN	POL
1990	15	10	25	30
1991	20	15	30	40
1992	30	30	40	45
1993	40	45	50	50
1994	45	65	55	55
1995	50	70	60	60
1996	55	75	70	60
1997	60	75	75	65
1998	60	75	80	65
1999	60	80	80	65
2000	65	80	80	70
2001	65	80	80	75
2002	65	80	80	75
2003	65	80	80	75
2004	65	80	80	75

Source: EBRD. URL: http://www.ebrd.com (10 June 2009).

The case of Hungary is also a special story, where experts soon began to warn that foreigners had bought too many companies. This is only partially true: by bringing in strategic owners, the Hungarians managed to create an ownership structure that suited the companies. Hungary had the most foreign investments per capita, as privatization created a very friendly environment for foreign investors. They sold their companies to them in such a way that foreign investors had to guarantee for their investments in these companies at the time of purchase, i.e. with contracts. Privatization was thus a sort of lever for the transformation of companies. The Hungarian privatized companies were certainly the most successful in the 1990s and later, although this transformation was very grave and painful for the people due to job losses and bankruptcies, but "this needs to be cleared up, as foreign strategic investors also brought management knowledge and technology with them".[522] Compared to the similar post-socialist states, the peculiarities of Slovenian distributive privatization were especially the following two: it did not directly enable the entry of strategic owners (especially not foreign ones) and it had a relatively large remaining indirect state ownership in all privatized companies through two state funds.[523] Although foreigners participated in privatization, in Slovenia, the desire to acquire foreign capital was lower than in other socialist economies. The main reasons were the openness to the world, much wealthier population and the compromise privatization model, which led to a large number of companies with majority internal ownership. On the other hand, there was also less interest from foreign investors, mainly due to the smallness of Slovenian market, the relatively high standard of living and the corresponding wages and labour costs.[524] In fact, the privatization of socially-owned property was the central and biggest problem in all transition states. At the time, the authorities in all those countries were facing a great challenge, as choosing the appropriate privatization method was anything but simple.

522 Novković, Interview with Andreja Böhm, pp. 2–5.

523 Simoneti et al., *Spremembe v strukturi in koncentraciji lastništva* [*Changes in the Structure and Concentration of Ownership*], pp. 10–11.

524 Mencinger, Deset let pozneje [Ten Years After], p. 32.

RESTRUCTURING OF THE ECONOMY

A process taking a decade or more

The process of restructuring of the economy or companies is extremely complex and time-consuming in well-developed market economies, let alone in those that are just embarking on the path of market economy. Studies show that it is a process that lasts a decade or more.[525] In general, restructuring cannot be separated from the process of privatization, much less from the process of macroeconomic stabilization, which indirectly influenced both the structure of the economy and the transformation of the links between economic aggregates. Undoubtedly, a great deal of rapid structural changes was more forced than necessary for a given level of development and created unnecessary or even harmful institutions in less developed socialist economies, without contributing to the transformation of the economies into modern market economies. Restructuring frequently turned into a field for experimentation with completely unnecessary financial institutions on the one hand and with the fates of thousands of employees on the other.[526] The restructuring of companies involved a series of measures and changes necessary for the continued successful operation of companies. Companies were restructured in terms of ownership as well as in terms of size, finance, organization, technology and personnel. Some authors distinguish between "defensive" and "strategic" restructuring according to the conceptual model of company restructuring. Defensive restructuring, as the first phase of restructuring, usually required less financial resources

525 Matesova, Jana. *Does Mass Privatization Spur Restructuring?* Čelakovice: Czechoslovak Management Center, 1995, p. 1.
526 Mencinger, Deset let pozneje [Ten Years After], p. 31.

than strategic restructuring of companies. However, defensive restructuring was more painful for Slovenian workers, as it also brought about a reduction in employment or, in other words, unemployment. Namely, many companies reduced the number of employees because they were forced to reduce costs due to the loss of the Yugoslav market. Strategic restructuring represented a large financial burden, as this type of restructuring involved companies investing in new markets, physical capital, new products, management and human capital (remuneration, education, training) as well as investing in research and development.[527]

The restructuring of the Slovenian economy was gradual, dispersed and mostly without state aid. Especially in the first period, a large part of it was connected with redundancies and retirement, accompanied by occasional, usually unsuccessful state interventions. Similar restructuring, but to a lesser extent, also continued later on, when Slovenia had already reached the bottom of the transformation crisis.[528] In June 1996, Uroš Korže, the first director of the Development Fund of the Republic of Slovenia, presented the golden rules for successful restructuring of companies, as he called them, in the *Agens* newspaper:

- ▹ the restructuring programme should be centralized in one institution,
- ▹ excessive amount of work – simultaneous restructuring of too many companies – must be avoided,
- ▹ companies should be assisted by external professional institutions,
- ▹ a communication campaign with the general public must be prepared in advance,
- ▹ the ultimate and central goal of restructuring – privatization – must always be kept in mind,
- ▹ the institution and the people leading the restructuring process should also carry out privatization,
- ▹ managers must be empowered,
- ▹ there is no success without money,
- ▹ credibility is essential when negotiating with creditors,

527 Prašnikar, Domadenik, Svejnar, Prestrukturiranje slovenskih podjetij [Restructuring of Slovenian Companies]. In: Prašnikar (ed.), *Poprivatizacijsko obnašanje slovenskih podjetij* [*Post-Privatization Behaviour of Slovenian Companies*], pp. 251–273.

528 Mencinger, Deset let pozneje [Ten Years After], p. 38.

- supervision is necessary in companies undergoing the process of restructuring,
- it is advisable to include unemployment-related activities in the restructuring programme.[529]

Changes in the structure of value added by activities, ownership and size structure of companies

At the end of the 1980s and especially in the beginning of the 1990s, significant structural shifts were observed in the Slovenian economy, which indicated that the economy was gradually adapting to new market and systemic changes. Structurally, it was approaching developed economies, which were characterized by an economic structure with high shares of service activities, a more even distribution of companies by size and high dynamics of business formation and demise.[530] The structure of value added by activities showed a decrease in the share of industry and an increase in the importance of the service sector. Within the industrial sector (mining, manufacturing, electricity, gas and water supply, and construction), which accounted for 41 percent of value added in 1990 (50 percent in 1987), construction, manufacturing and mining were in the most pronounced decline. The services sector, however, which included trade, tourism and catering as well as financial, business and government services, already had a 54% share (45% in 1987).[531] At the end of the 20th century, service activities employed half of the active population and contributed the same share in gross domestic product as industrial activities. The industry followed the path of agriculture, which was mainly influenced by three factors: the growth in service activities, increasingly efficient production and advances in technology. The events of the 1990s can be called deindustrialization.[532]

529 Korže, Uroš. Zlata pravila za uspešno prestrukturiranje [The Golden Rules for a Successful Restructuring]. *Agens*, No. 35, June 1996, p. 7.

530 Lorenčič, Aleksander. Strukturni premiki na področju slovenskega podjetništva v času »prve recesije« [Structural Changes in Slovene Entrepreneurship during the "First Recession"]. *Zgodovina za vse* [*History for Everyone*], Vol. XVI, No. 2, 2009, p. 138.

531 IMAD, Workbook, No. 2, Vol. 1, 1992, pp. 26–29.

532 Lazarević, Žarko. Sočasnost slovenskega gospodarskega razvoja [Contemporaneity of Slovenian Economic Development]. *Zgodovinski časopis* [*Historical Newspaper*], No. 3/4, 2007, pp. 393–410.

Deindustrialization meant the transition of employees from secondary to tertiary and quaternary activities and was a fundamental feature of the post-industrial period. Its course depended mainly on the level of socio-economic development of an individual society. The process of deindustrialization did not mean the collapse of the industrial sector or the economy in general, as is often remarked, but the fact is that deindustrialization is a natural consequence of economic development in advanced economies and is associated with a rise in the standard of living. Nevertheless, it brought a few problems, which were mainly related to employment. The service sector was not able to employ surplus workers in such a short time because the overall economic growth was not high enough, as well as due to the institutional rigidity of the labour market, regulatory barriers or low investments in service industries.[533] In addition, there was a noticeable change in the ownership structure of the Slovenian economy, almost exclusively at the expense of newly established companies, as the law on the privatization of the existing socially-owned companies had not yet been adopted. Of the 13,309 active companies at the end of 1991, 75 percent were private, 19 percent socially-owned, and 5.6 percent mixed. The number of private companies increased by 90 percent in one year, but their weight in the business results of the entire economy was still relatively small. These companies employed 2.7 percent of the total number of employees, generated 7.3 percent of total revenues and their operating assets accounted for 2.8 percent of the total operating assets of the Slovenian economy. Mixed companies were gaining on importance, namely in 1991, they increased the number of employees in the structure from 8.2 to 9.4 percent, the share of revenues from 12.4 to 14.3 percent and the share of operating assets from 8.6 to 9.8 percent. In the total loss of the economy, socially-owned companies participated with a 90 percent, mixed companies with a 7 percent and private ones with a 3 percent share. Despite these shifts, overall business results were still largely dependent on socially-owned companies, which generated 78 percent of total revenue in the economy and employed 88 percent of workers. Changes in the size of the companies' structure were closely related to ownership changes. The gap of the small economy, which was competitive in some areas and complementary to large companies in others, was gradually filled in the early nineties. In 1991, the

533 Lorber, Lučka. Gospodarska tranzicija Slovenije v procesu globalizacije [The Economic Transition of Slovenia in the Process of Globalization]. *Geografski zbornik* [*Geographical Journal*], Vol. 39, 1999, pp. 133–166.

number of active small companies (employing up to 50 workers) doubled – there were already 11,582 of them and they employed 36,569 workers or 6.1 percent of all employees. Small companies generated 13.3 percent of revenue, 6.1 percent of losses and as much as 38 percent of the accumulation of the entire economy. Certain positive developments also occurred in the medium-sized companies' sector, especially in the increased share of employees and export revenues.[534] The role and importance of small and medium-sized companies grew in the following years. In 1998, small and medium-sized companies accounted for the majority of all companies in Slovenia, namely 99.7 percent. They employed 57.6 percent of the workforce and generated SIT 4,466 billion in revenues. The majority of all Slovenian companies were companies with less than 50 employees – in 1998, there were 98.4 percent of them, employing a third of all workers and generating 35.7 percent of all revenues.[535] In 2003, a year before the formal end of transition, the number of SMEs also accounted for 99.7% of companies, while there were only 0.3% or 297 large companies. In terms of the share of SMEs in relation to all companies, the situation in Slovenia was similar to that of the EU, where in 2003, the share of small and medium-sized companies in relation to all companies amounted to 99.8 percent. Regarding the share of employees in SMEs, the state in Slovenia differed from the EU; in 2003, 16.9 percent of people were employed in micro and small companies and 36 percent were employed in large companies. In the EU, however, in the year in question, as many as 56.7 percent of people were employed in micro and small companies and 30.3 percent in large companies. Slovenia deviated even more from the European SMEs in terms of value added per employee. In Slovenia, value added per employee in SMEs amounted to EUR 21,219, while it amounted to EUR 55,000 in the EU.[536]

A significant part of the small economy, which is not covered by the above data (because they only refer to legal entities), were crafts performed by craftsmen as natural persons. There were more than 35,000 economic units in crafts, most of which were crafts in the classical sense of the word (61.9 percent), followed by transport with 19.3 percent, catering with 9.3 percent, trade with 6.7 percent and business and technical services with 2.8 percent. About 13,000

---

534 IMAD, Workbook, No. 2, Vol. 1, 1992.

535 Pšeničny et al., *Podjetništvo* [*Entrepreneurship*], p. 44.

536 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], p. 42.

"afternoon craftsmen" still worked in this area. Together with employees, crafts represented around 70,000 jobs or about 10 percent of the total number of all employees in Slovenia. The base of Slovenian small business was mainly craft industry. There were many individuals who, due to certain benefits, operated in both ways: as natural persons and as legal entities. These craftsmen accounted for the largest share of small manufacturing companies, which were otherwise in the minority among private companies. Structural changes in crafts were reflected in the transition of private crafts to entrepreneurship and "afternoon craftsmen" to regular crafts and entrepreneurship. The craft industries in Slovenia were quite developed and also technologically well equipped. One-third of the facilities had an average of one or two employees, and 7.5 percent of the facilities employed five or more workers. Small factories with 50 or even 100 employees were not uncommon. These facilities were at the top of Slovenian craft activities and were generally export-oriented, so restructuring into small business was the most pronounced. The economic crisis and the introduction of market economy elements hit large companies the hardest, which had to reduce the number of employees, while their share of revenue and exports also dropped, and together they created less accumulation than small companies. A review by activities shows that in the early 1990s, a half of the large companies was engaged in industry and a fifth in trade. These included companies with high losses, mainly in the electric power industry, coal mining, ferrous metallurgy and also in export-oriented industries – electrical industry, machinery, paper, metalworking industry, wood, textiles and production of means of transport, which accounted for half of the total loss.[537]

The data on the number of economic operators in Slovenia in the early 1990s clearly point at a real growth of entrepreneurship. The number of economic operators increased by more than 64% in the period 1990–1994, namely from 67,598 in 1990 to 111,167 in 1994. However, such a dynamic of growth in the number of economic entities did not continue in the second half of the nineties. The reasons for the stagnation of the establishment of new companies in Slovenia could be attributed to the following factors:

- there was a depletion of initial capital,
- market niches in the limited Slovenian market had been filled,

537 IMAD, Workbook, No. 2, Vol. 1, 1992.

- with the completion of privatization and restructuring, larger companies became competitive again and began to successfully meet market demands by developing differentiated products and services,
- modest inflow of foreign capital into Slovenia,
- large trade companies began to take away space from small traders by quickly covering the areas of Slovenia with shopping centres,
- the slowdown in the dynamics of establishing new companies was influenced by the legal requirement to provide more initial capital for the establishment of capital companies,
- the shortcomings in the state policy for the development of small and medium-sized companies became more and more obvious.[538]

Restructuring policy and the role of the state after independence

The process of restructuring of the Slovenian economy was, as pointed out, encouraged as early as the end of the 1980s, but in reality the new economic situation did not arise until the independence of the Slovenian state in the early 1990s. The new political and economic situation in the rest of the former Yugoslavia, the collapse of socialist state systems in the countries of Eastern Europe and the general economic crisis in the world caused the loss of a large part of the markets in which Slovenian companies operated. The need for a rapid shift to Western markets, low efficiency of domestic companies and competition from the Eastern European countries that were forced into similar redirection processes led to reduced production, extremely low utilization of production capacity and labour, increased fixed costs per product and huge losses, which caused a large number of companies to go bankrupt. In order to prevent an avalanche of bankruptcies, the Government of the Republic of Slovenia adopted a decision on a moratorium on bankruptcies in 1991, which prevented the chain collapse of companies, but at the same time stopped the radical restructuring processes of companies for almost two years. It was only with the lifting of this moratorium that companies were forced to seek long-term

538 Žakelj, Razvoj malih in srednje velikih podjetij [Development of Small and Medium-Sized Enterprises], pp. 31–33.

solutions suitable for international competition and so did the economic policy. The first systematic policy of restructuring the Slovenian economy thus emerged only in 1993, when the government submitted the so-called project of rehabilitation of the Slovenian economy to the parliament, which the latter approved.[539] The government had tried to solve this problem before, because the losses of companies represented an extremely pressing problem as they were reaching several percent of the gross domestic product. In 1991, the companies' losses amounted to 31 billion Slovenian tolars or almost 9 percent of gross domestic product. Of this, as much as 24 billion were the losses of the first hundred companies.[540] The answer to the current problems was conceived in the middle of 1992, when the first government of Janez Drnovšek adopted the document *Economic Policy Design*, in which it announced a more active attitude towards the situation. The document also provided for the preparation of a plan for interventions in companies that received budget money from various sources, a plan for rescheduling and reducing the companies' debts, including those created in 1990–1991 by non-payment of contributions and taxes, and a plan for transferring certain obligations to the government or government debt. The delegation of the World Bank, which was visiting Slovenia at the time, proposed the division of large loss-makers into two groups: companies that would be transformed under the Ownership Transformation of Companies Act and companies that would be transformed under the Services of General Economic Interest Act. A specific strategy for each group was also proposed. The first group would include 79 companies, which accounted for almost 56 percent of the losses of the largest 100 loss-makers in 1991, and three institutions would participate in their restructuring: the Agency of the Republic of Slovenia for Restructuring and Privatization, which would approve programmes for ownership transformation and for short-term restructuring, the Development Fund of the Republic of Slovenia as the owner after the transformation and as an institution that would take care of privatization or liquidation of the companies, and the Agency of the Republic of Slovenia for the Rehabilitation of Banks and

539 Tajnikar, Maks. Prestrukturiranje realnega sektorja v slovenskem gospodarstvu v devetdesetih letih [Restructuring of the Real Sector in the Slovenian Economy in the Nineties]. In Borak, Neven, Ovin, Rasto (eds.). *Prehod in prestrukturiranje slovenskega gospodarstva*, 1. Letna konferenca Znanstvene sekcije Zveze ekonomistov Slovenije [*Transition and Restructuring of the Slovenian Economy*, First Annual Conference of the Scientific Section of the Economists' Association of Slovenia]. Ljubljana: Economists' Association of Slovenia, 1997, pp. 48–70.

540 Borak, *Spočetje ekonomske samostojnosti* [*Conception of Economic Independence*], p. 207.

Savings Banks as the main creditor after taking over poor investments of the banking system. The second group included 21 companies with 44.3 percent of all losses of the 100 largest loss-makers. Nationalization was envisioned for these companies, while the state, together with the Agency of the Republic of Slovenia for the Rehabilitation of Banks and Savings Banks, would prepare restructuring programmes. The responsibility for loss-making companies would be shared by the state (for public companies), banks (for small companies) and the Agency of the Republic of Slovenia for the Rehabilitation of Banks and Savings Banks (for large loss-makers from the first group of companies). In the summer months of 1992, the basic idea was supplemented by a clearly defined central role of the Development Fund of the Republic of Slovenia, which became the owner of more than 200 companies employing 45,000 workers. The state took over the debts of these companies, from Elektrogospodarstvo Slovenije (Electricity Industry of Slovenia) to Železniško gospodarstvo Slovenije (Railway Industry of Slovenia), rescheduled their liabilities arising from unpaid taxes and contributions to the budget and liabilities to the Pension and Disability Insurance Institute and the Health Insurance Institute. By the end of 1993, the Fund had sold 15 companies and proposed bankruptcy for 12 companies, rescheduled the liabilities of 38 companies and established 7 companies for financing. In addition to the companies involved in the restructuring through the Fund, other measures were adopted for individual groups of companies. In this manner, the liabilities of the public company Slovenske železnice Ljubljana (Slovenian Railways Ljubljana) arising from unpaid taxes and contributions were rescheduled. In the framework of the adopted rehabilitation programme for Slovenske železarne (Slovenian Ironworks), the state provided a guarantee for loans, as well as a guarantee for 30-year bonds issued by Slovenske železarne to settle the tolar and foreign currency liabilities to banks. In 1993, the state budget covered the realization of guarantees for loans taken out by electric power companies. In the same year, the state also approved new guarantees for the purchase of nuclear fuel for the Krško Nuclear Power Plant, for the completion of the Slovenian part of the Golica Hydroelectric Power Plant, for the revitalization of the chain of power plants on the Drava River and for coal mining.

Given the state institutions involved in the transformation, we can actually distinguish between four groups of companies. The first group included companies that became state property and were directly restructured by the state through ministries. These were economic infrastructure companies, ironworks and part of the oil industry. The second group consisted of companies – most of them from the industry – that became the property of the Development Fund of the Republic of Slovenia. The third group involved companies whose debts to banks were taken over by the Agency of the Republic of Slovenia for the Rehabilitation of Banks and Savings Banks. The fourth group consisted of companies that generally carried out the transformation independently, but with the state support and in some cases also with the active role of creditor banks. In the banking sector, three banks, which accounted for almost 70 percent of all bad bank investments, were included in individual rehabilitation programmes. These banks were Ljubljanska banka, d. d., Kreditna banka Maribor, d. d., and Kreditna banka Nova Gorica, d. d., which were thereby nationalized and rehabilitated by government debt issue. Government debt and government guarantees became the basic instruments for the restructuring of companies and banks.[541] Jože Mencinger was very unforgiving of the decision of the Drnovšek's government in 1992 to impose the restructuring of bad companies on the Development Fund. He commented on this decision as follows: "The government pushed 98 companies into the care of the Development Fund, washed its hands and left the Fund with an impossible task of saving 98 large companies that have been in crisis for a long time with a few beginners, at least I think the majority in the Fund were like that."[542] Not everyone shared his opinion. "Given the state of the companies that have transferred their capital to the Development Fund, I believe that the Fund has in fact performed its social and economic function. It is focused on solving the companies' problems. It did not rehabilitate them only financially, but mostly replaced the old management teams and set up its own. The Fund pays great attention to efficiency", were the words by Vlado Dimovski, the then State Secretary for Industry at the Ministry of Economic Affairs, in the spring of 1995 regarding the role of the Development Fund of the Republic of Slovenia.[543] The loss of important markets during the transition to an independent market economy had a strong impact on the financial situation of the social sector in 1992. Three hundred largest loss-makers with 27 percent of all employees produced 88 percent of the total

541 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], pp. 625–631.

542 Repovž, Mija. Intervju s prof. Jožetom Mencingerjem [Interview with prof. Jože Mencinger]. *Agens*, No. 42, January 1997, pp. 2–7.

543 Petrov, Sabina. Intervju z Vladom Dimovskim [Interview with Vlado Dimovski]. *Agens*, No. 22, May 1995, pp. 2–3.

loss in the economy. In 1992, the government invited loss-making companies to apply for restructuring aid under the following conditions:

- ▹ the socially-owned capital is transferred to the Development Fund,
- ▹ the workers' council is dissolved,
- ▹ the company is transformed into a limited liability company (d. o. o.).

The Development Fund thus became a state-owned holding with 98 companies employing 56,000 workers. It started operating with limited financial assistance and money from previously sold companies in the amount of about 100 million Deutschmarks. In most companies, it fired previous managements. In addition to that, it negotiated debt repayments with creditors and supported companies in resolving liquidity problems by giving them access to the necessary funds. Debts to the state administration and parastatal institutions were repaid by compensation. Of the original 98 companies, almost all of which were eligible for liquidation, at the end of 1996, the Development Fund was the majority owner in only 27 companies with a total of 15,000 employees. In 1996, 11 companies improved their financial performance, the situation remained unchanged in 13 of them, while it deteriorated in 3 companies. The total loss in the first half of 1996 was 24 million Deutschmarks, while it amounted to 240 million Deutschmarks in 1993. The restructuring of these companies initially involved the reorganization of companies into smaller units and the elimination of non-essential assets and activities. These companies would then be sold to private investors who would carry out a long-term restructuring. Most sales were made in 1993 and 1994. Of the 65 companies sold, 30 were holding companies and 35 were subsidiaries. Bankruptcy was filed in 24 companies. Under a new law passed in 1996, companies owned by the Development Fund could be sold to employees in exchange for certificates and unpaid portions of wages (promissory note). By the end of 1996, the Development Fund had invested DEM 289 million in the development of these companies.[544]

In a developed market economy, the state intervenes in companies it owns and in companies of the so-called public sector, which are under its direct and indirect control. The state is also present in companies that could otherwise operate entirely on market principles, but are not able to restructure without its help. Through its active policy, the state also indirectly promotes the creation of new, private, fast-growing companies. In this manner, its activity alleviates

544 *Poročilo o lastninskem preoblikovanju podjetij* [*Report on the Ownership Transformation of Companies*], p. 7.

the sharpness of business cycles, which is especially important in times of crisis. In Slovenia, for instance, the state had a fairly transparent presence in the economy in 1994, owning more than 140 public utilities, 28 companies of Slovenske železarne (Slovenian Ironworks), more than 280 companies in the Development Fund and over 25 companies in the Agency for the Rehabilitation of Banks and Savings Banks. After successful privatization of companies and part of the public sector and the rehabilitation of the economy, the role of the state should have been significantly reduced, namely it should have remained the owner of only parts of public utilities and those companies in which it owned capital shares. The state influenced the operations of companies and enterprises by creating the revenue and expenditure sides of its treasury. As the share of general government revenue in gross domestic product decreased, its role in resource allocation also fell. The policy of a balanced general government account had the same effect. On the expenditure side of the state treasury, the share of interventions in the economy (subsidies, transfers, investments, etc.) decreased, and amounted to 17.5 percent in 1994 (22.1 percent in 1992). Only interventions with the character of investments grew faster than the growth of budget expenditures, while interventions with the character of subsidies and transfers, as well as payments of guarantees, grew much slower. The state used subsidies and transfers mainly to subsidize price differences, maintain existing ones and promote the creation of new jobs, as well as to subsidize interest rates for investments in fixed assets. The data for municipal budgets also showed that subsidies declined slightly in 1994. A great deal of funds was earmarked for measures in the small economy and agriculture, but the absolute largest number of interventions were carried out in utilities, which were entirely under municipal jurisdiction. During this period, the state was increasing its influence on the economy indirectly, through a number of newly established state funds and companies. In 1994, the following institutions played an important role in managing the economy: the Development Fund of the Republic of Slovenia, the Agency for the Rehabilitation of Banks and Savings Banks, the Fund of the Republic of Slovenia for the Promotion of Small Economy Development, the National Farm Land and Forest Fund, the Slovenian Export Corporation, the Motorway Construction Company and the Housing Fund of the Republic of Slovenia. The role of the state in the economy was also associated with ownership transformation and privatization, which were relatively slow. By 7 November 1994, 700 companies had submitted transformation programmes to the Agency of the Republic of Slovenia for Restructuring and Privatization, i.e. 52% of all entities liable for transformation under the law. The share capital of these companies represented 57 percent of the total share capital of entities liable under the law. Unfinished privatization meant postponing important business and development decisions in companies and increased the role of the state in socially-owned companies above the desired and necessary level.[545] The state authorities, which in the first years of Slovenia's independence relatively quickly and adequately provided the most necessary systemic and institutional conditions for the transition to a market economy with a thoughtful gradualness, continued their reforms in the second half of the 1990s in a slower manner. They were more hesitant and less effective in their decisions and in conducting economic policy. They diligently led negotiations only on Slovenia's membership in the EU. The sober judgment of the state in systemic regulations and economic policy action was frequently weakened by stalling and delays due to the inability to make effective decisions. The insufficiently unified, not convincing enough, vulnerable and changing governing coalitions were not able to pursue sufficiently consistent economic policies (especially fiscal and income) and to effectively ensure the implementation of important transition changes. Due to constant political suspicions and accusations of causing damage to socially-owned property, activist operations of various parliamentary commissions of inquiry and long-term audits of ownership procedures in companies, the privatization process remained unfinished in many cases. Various irregularities in the privatization process were identified, including those based on the criteria set by the retroactive amendment of the legislation. For the most part, they were quickly remedied with appropriate corrections and adjustments. "The mass distributive privatization of socially-owned companies through the mechanism of authorized investment companies and the property hole have, on the one hand, caused damage to a part of the population in the role of property beneficiaries in authorized investment companies. Above all, along with them and with the participation of state funds, such an ownership structure was formed in companies, which could not ensure the expected positive role in the economic development. The restructuring of companies with inadequate ownership structures was thus too slow. Complicated denationalization procedures frequently harmed companies as well. In some cases, it was prudent and useful to act in this manner, while in other instances the privatization of extensive state property was unnecessarily delayed. All this

545 IMAD, Workbook, No. 10, Vol. III, 1994, pp. 25–27.

made it impossible to use part of the development potential of the Slovenian economy for a more penetrating progress", Tone Krašovec wrote. One of the problems was also the fact that political parties were not able to follow professionally substantiated strategic orientations and were not capable of reaching an agreement at least regarding the essential strategic goals of the development of the Slovenian economy. The politics did not provide adequate support for the strategic orientations of companies and enterprises. "Too little emphasis has been placed on sound structural and development policies and on encouraging economic operators to identify and take advantage of their specific competitive advantages in the global environment. There was also a lack of incentives for the growth of human capital, the dynamics of technological development and innovation", Krašovec believed. Slovenia's accession to the EU was the only common strategic goal that the governing and opposition structures were able to reach. Slovenia's entry was also a tendency of the majority of the Slovenian economy.[546]

After the turn of the millennium and after more than ten years of transition, reform lags remained, especially in the restructuring of the financial sector, restructuring of the business sector and in the reform of public administration or the functioning of the public sector. Although the total profits of companies exceeded the total losses in the economy, about a third of companies were still operating at a loss. The state still had quite a strong direct presence in the economy – the share of the private sector in gross domestic product increased from 30 percent in 1992 to 65 percent in 2000 with the privatization of socially-owned property, but still lagged behind other transition countries. In 2000, the processes of ownership transformation and privatization also began in the financial sector, where, after a long debate on the national interest, the state sold a 39% share in Nova Ljubljanska banka bank to foreigners. Public administration reform was slow, with public sector operating costs rising mainly due to rapid wage and employment growth in the public sector.[547]

546 Krašovec, *Deset let gospodarskega razvoja* [*Ten Years of Economic Development*], pp. 34–39.
547 Javornik, Korošec (eds.), *Poročilo o človekovem razvoju Slovenija 2002/2003* [*Human Development Report Slovenia 2002/2003*], pp. 12–32.

Economic crime in the period 1990–2004

Economic crime causes enormous financial damage to individuals, companies and the state. Such crimes cause an increase in insurance premiums and taxes, and, above all, increase distrust in the state and the economy. Edwin Hardin Sutherland defined economic crime as follows: "Economic crime is a criminal act committed by a person from a higher social class who enjoys a high reputation in society in the course of performing his or her duties in the workplace."[548] The Criminal Code (KZ),[549] adopted in 1994, also defined the following acts as criminal offences (CO) against the economy: creation of a monopoly position, false bankruptcy, causing bankruptcy by unconscientious operations, commercial fraud, embezzlement, abuse of position, unjustified accepting and giving of gifts, counterfeiting money, money laundering, tax evasion and more. Rado Bohinc, the Minister of the Interior of Slovenia in the period 2000–2004, described economic crime as "the dark side of the cultural and technological development of mankind". In his opinion, economic crime is also "a reflection of the stability and instability of the current political and economic structure of society". The forms of criminal conduct against the economy were evolving relatively rapidly and adapted to social development, from the prevailing abuses during the period of transition and restructuring of socially-owned property to the rise of all types of commercial fraud after the end of privatization. Transition triggered a number of processes (ownership transformation, privatization, restructuring, the launch of an integrated and global market) and brought to the fore new areas for the proliferation of economic crime. The latter included commercial fraud, abuse of position, fraud in securities trading, abuse of insider information and economic offences against company assets.[550] During the period of transition or after the transition from the socialist to the capitalist system, the character of entrepreneurship also changed. The renowned legal expert Šime Ivanjko believes that "transitional

548 Sutherland, Edwin Hardin. *White Collar Crime: The Uncut Version*. London/New Haven Yale University Press, 1983, p. 7.

549 Official Gazette of the Republic of Slovenia, 63/1994.

550 Bohinc, Rado. Kazniva dejanja zoper gospodarstvo [Criminal Offences against the Economy] In: Maver, Darko et al. (ed.). *Posvet »Problematika odkrivanja in pregona gospodarske kriminalitete«. 27. November 2002* [*Conference "Problems of Detecting and Prosecuting Economic Crimes". 27 November 2002*]. Ljubljana: Ministry of the Interior of the Republic of Slovenia, 2003, pp. 25–38.

entrepreneurship is characterized by the fact that it is usually based on the concept of ownership, i.e. the desire of entrepreneurs to try to 'take away' as much property from other players through the entrepreneurial game. The so-called ownership concept of entrepreneurship is present, but the method of acquiring primary property, with which entrepreneurs enter the entrepreneurial game, is not clearly defined and transparent". [551]

Number of criminal offences and economic crime in Slovenia in the period 1990–2004

Criminal Offences (CO)	Year, number and percentage							
	1990	1992	1994	1996	1998	2000	2002	2004
General	36,131 94 %	51,209 95 %	38,864 89 %	31,611 86 %	49,754 90 %	61,280 91 %	69,469 90 %	80,871 93 %
Economic	2,222 6 %	2,876 5 %	4,771 11 %	4,976 14 %	5,719 10 %	6,337 9 %	7,749 10 %	5,697 7 %
TOTAL	38,353 100 %	54,085 100 %	43,635 100 %	36,587 100%	55,473 100%	67,617 100%	77,218 100%	86,568 100%

Source: Statistični letopis ONZ 1994 [Statistical Yearbook of the Internal Affairs Bodies 1994], p. 39; Statistični letopis MNZ in policije 2001 [Statistical Yearbook of the Ministry of the Interior and the Police 2001], p. 135. URL:
http://www.policija.si/portal/statistika/kriminal/pdf/delo-krim2002.pdf (10 April 2008), URL: http://www.policija.si/portal/statistika/kriminal/pdf/delo-krim2004.pdf (10 April 2008).

In 1991, there were some changes in the collection of data for economic and general crime. The criminal offences of counterfeiting money, trafficking gold money and gold, illicit trade and the criminal offences under the Customs Act thus no longer fell under economic, but under general crime from that year onwards. Economic crime, however, did not yet include commercial fraud and those general criminal offences (forgery of documents, evasion), which were dealt with in connection with commercial fraud and had been classified as economic crimes since 1991. From 1994 onwards, commercial fraud has been classified as an economic crime. Crimes of an economic nature were on the rise all the time, as can be seen from the table.

551 Ivanjko, Šime. Gospodarska kriminaliteta v korporacijskih razmerjih [Economic Crime in Corporate Relations]. In: Maver, Darko et al. (ed.). *Posvet »Problematika odkrivanja in pregona gospodarske kriminalitete«. 27. November 2002* [*Conference "Problems of Detecting and Prosecuting Economic Crimes". 27 November 2002*]. Ljubljana: Ministry of the Interior of the Republic of Slovenia, 2003, pp. 53–67.

Damage caused by criminal offences of economic and general crime (comparison) in the period 1992–2004

Year	Number of CO of economic crime	Damage incurred by CO of economic crime (in SIT billion)	Damage incurred by CO of general crime (in SIT billion)
1992	2,876	10.3 (73 %)	3.8 (27 %)
1994	4,771	23.1 (82.5 %)	4.9 (17.5 %)
1996	4,976	18.4 (77.8 %)	5.3 (22.2 %)
1998	5,719	19.8 (73 %)	7.3 (27 %)
1999	7,111	10.8 (54.3 %)	9.1 (45.7 %)
2000	6,337	13.0 (44.4 %)	16.3 (56.6 %)
2002	7,749	17.01 (50.8 %)	16.5 (49.2 %)
2004	5,697	20.16 (51.7 %)	18.9 (48.3 %)

Source: Statistični letopis ONZ 1994 [Statistical Yearbook of the Internal Affairs Bodies 1994], p. 40; Statistični letopis MNZ in policije 2001 [Statistical Yearbook of the Ministry of the Interior and the Police 2001], p. 136. URL: http://www.policija.si/portal/statistika/kriminal/pdf/delo-krim2002.pdf (10 April 2008), URL: http://www.policija.si/portal/statistika/kriminal/pdf/delo-krim2004.pdf (10 April 2008).

The data show that there were significantly fewer criminal offences of economic crime than criminal offences of general crime. However, the damage caused by such offences was much higher than the damage caused by other criminal offences. This was the practice at least throughout the 1990s. Changes occurred at the turn of the millennium. In 2000, non-economic crimes caused more damage than economic ones, after which, with regards to the damage, a balance was established between economic and non-economic crimes in the first years of the new millennium.[552] The following crimes were considered criminal offences of economic crime: abuse of position or rights, abuse of power, conclusion of harmful contracts, tax evasion, embezzlement, falsification or destruction of business documents, unconscientious operations, unlawful use, abuse of official position or rights, forgery or destruction of an official document, giving or accepting bribes, commercial fraud, counterfeiting, criminal association, money laundering and issuing an uncovered check. Of all the crimes,

552 Lorenčič, Aleksander. Gospodarska kriminaliteta: »Temna stran kulturnega in tehnološkega razvoja človeštva« [Economic Crime: "The Dark Side of the Cultural and Technological Progress of Mankind"]. *Zgodovina za vse* [*History for Everyone*], Vol. XVI, No. 1, 2009, p. 132.

commercial fraud predominated throughout the 1990s. There were also a lot of cases of counterfeiting, as well as abuses of position and embezzlement.[553]

The bankruptcies of companies, which were numerous in the early 1990s, could be understood as one type of criminal offences. Namely, some characteristics of these bankruptcies pointed at a reasonable suspicion that they could be forms of economic crime, in at least three respects: bankruptcy as a form of economic crime, bankruptcy (or illiquidity of a company) as a result of economic crime and bankruptcy as a form of concealment of economic crime.[554] The criminal offences against the economy contained in the 1994 Criminal Code also included false bankruptcy (Article 232) and causing bankruptcy by unconscientious operations (Article 233). False bankruptcy was when someone, in order to avoid paying his or her obligations, apparently or actually worsened their financial situation or the financial situation of another debtor, thus causing bankruptcy by:

- apparent sale, disposal free of charge or at an extremely low price, or destruction of the property or a part thereof that belongs to the bankruptcy estate,
- the conclusion of a false debt agreement or the acknowledgement of a false claim,
- concealing, destroying, altering or keeping books of account or documents in such a manner so as to render the identification of the actual financial situation or solvency impossible.

Such conduct was punishable by six months to five years in prison. Causing bankruptcy by unconscientious operations was punishable by up to five years in prison. The cases of causing bankruptcy by unconscientious operations were instances when someone who knew that he or she or a third person was unable to pay his or her obligations was irrationally spending money or disposed of it at an extremely low price, engaged in excessive borrowing, took over disproportionate obligations, entered into or renewed contracts with persons whom he or she knew were incapable of payment, omitted the timely enforcement of claims or otherwise manifestly violated his or her duties in the management of assets or carrying out an economic activity, causing

553 Statistical Yearbook of the Ministry of the Interior, 2000, p. 79.
554 Žnidaršič Kranjc, *Privatizacija ali zakonita kraja* [*Privatization or Legal Theft*], pp. 91–94.

bankruptcy and major damage to the creditors' property.[555] In the early nineties, a huge number of companies thus met the conditions for bankruptcy, with the decisive role played by the political elite through the Compensation and Capital Funds as the main organized factors in the capital market. Certain companies, which were strong enough to continue their existence, emerged as buyers of cheap shares of those companies that were unable to survive. In this manner, speculators emerged, buying cheap shares in bulk well below their true value. In parallel with these developments, another planned process was taking place, which we have already touched on in the chapter on privatization of the economy, namely the process of establishing the so-called by-pass companies, which mainly involved the directors of companies that were in trouble but still able to survive. Such companies were artificially put in an impossible position in order to reduce their nominal value to the lowest possible level, after which the company was bought by the future owner, mostly the current director, who then undertook the company's rehabilitation. He or she did this by "establishing his or her own parallel or by-pass company, to which he or she transferred the assets and business connections of the old company, leaving all the liabilities to the latter and thus sinking it financially. The solving of the social problems of the sunken company became the burden of the state".[556]

Numerous economic scandals reverberated in Slovenia, and the cases of HIT, Šuštar, Rdeči križ, SIB banka, Dadas, Zbiljski gaj, Orion and Čista lopata certainly remained in memory. Among others, the directors of SCT, Vegrad, Primorje, Pivovarna Laško and Istrabenz were also sentenced to prison for various malfeasances.

'National interest' or fear of foreign investment

Iztok Simoniti, a diplomat and professor of diplomacy, believes that "the national interest in our country is defined by the Constitution, not politicians" and that "our primary national interest is a free society and state". In addition to the above, the national interest of the state must be ensuring human rights and democracy, the preservation of natural and cultural heritage and the

555 Kazenski zakonik Republike Slovenije [Criminal Code of the Republic of Slovenia], Ljubljana: Ministry of the Interior, 1994, pp. 121–122.
556 Bučar, *Slovenci in prihodnost* [*Slovenians and the Future*], pp. 262–265.

provision of a dignified life for citizens, which primarily depends on a successful economic picture. In the first place, it should be in the interest of the state to have a successful and healthy economy, while the companies should be managed by the owners whose main interest is a successful company and employee satisfaction. If all this were to materialize, the question of domestic or foreign owners would also lose weight. If the state tries to keep a certain company in domestic hands at any cost due to the national interest, it does not mean that the company's operation will be more successful, especially if the interests of individuals are hidden under the pretext of national interest, which was frequently shown in practice.

In little more than a quarter of a century of independence, Slovenia has seen the emergence of numerous new wealthy people who have obtained their assets in different ways. Some of them in a fair and legitimate way, with an original business idea and hard work, and some also through malfeasance and abuse in the process of ownership transformation and privatization, which was also enabled by inadequate and deficient legislation.

The transition to a democratic system had a particularly positive impact on foreign investment policy. With independence, Slovenia adopted federal legislation on foreign capital investments, which was liberalized at the beginning of 1989, as well as adjusted to international standards in content and technology. Until then, Slovenia had only known contractual investments, but not direct investments with the establishment of joint ventures and companies wholly owned by foreigners. Under this legislation, foreigners had a recognized 'national treatment', which made them equal in all respects to domestic legal entities. Already in 1989, the number and value of foreign investments increased sharply, more than tripled in 1990, and in 1991 increased by about 40 percent compared to the previous year. These were smaller investments (according to the registered contracts, more than 1 million Deutschmarks at the time accounted for a good 10 percent of investments). The motivation of foreign investors (except those who had been present in Slovenia for many years) was to be engaged in the Slovenian market "just in case", with the lowest possible risk of invested capital. From 1992 onwards, Slovenia's attractiveness to foreign investors was increasing mainly due to international recognition, growing foreign exchange reserves, timely repayment of international debts and lower inflation rates than in the former Yugoslavia's neighbours. After initial mistrust, foreign direct investments gradually began to flow more strongly into the young Slovenian economy. The total balance of inward direct investments in Slovenia almost doubled between 1993 and 1995 (an increase from 954 to 1,763 million dollars). In this transitional stage, Slovenia could have been a bit more open to such capital development injections, which would have given encouraging development effects, but there was no political agreement on this. Many opportunities for a turnaround from the transition crisis with the help of foreign investments in new economic potentials were missed as well as the opportunities for the recovery of the withering companies with foreign capital injections. On the other hand, some essential national economic interests were not clearly defined. The behaviour "between the extreme Slovenian patriotism and the liberal openness to foreign investors – more often in the service of individual political parties than in favour of economic development" could thus be observed depending on the individual case. The main foreign investors were Austrians and Germans. Although foreign direct investments in Slovenia were relatively modest in terms of their share in total investments and GDP compared to several other Central European transition countries, foreign direct investments per capita were quite high, as only Hungary surpassed us in this respect. "Apart from that, for a certain period of time, part of the politics, so to speak, criminalized the development investments of Slovenian companies abroad, claiming that these were attempts at wild appropriation through the export of socially-owned capital. That is why we spent some time in a period of one-way traffic with regards to foreign direct investments", Tone Krašovec wrote. In any case, fear prevailed in relation to foreign capital, as evidenced by the following statements: "How much interest foreigners will have in Slovenian securities depends mainly on the legislation that the government is still preparing. I must say, however, that some foreign investors are already coming to the stock market and are interested in our market. A foreign legal entity can become a member of the stock exchange today, but of course only if it is a bank based in Slovenia. A foreign brokerage house, however, can only have a 24% ownership share in its branch opened in Slovenia. Foreigners will also try to acquire shares in Slovenian companies indirectly if the restrictions in the legislation are too strict, for instance, through a Slovenian citizen with whom they will conclude a contract (for a certain commission, of course). A Slovenian citizen will thus only be an apparent owner, while the real one will be a foreigner", the then director of the Ljubljana Stock Exchange, Draško Veselinovič, said in the autumn of 1994 about the interest of foreigners in Slovenian securities. "We will in no way support foreign investments, through which the assets of Slovenian capital would be sold off during the transition and uncontrolled takeovers of Slovenian companies by foreigners would take place. Protection against unwanted foreign investments must and will take place on the basis of legislation that will be internationally comparable and will ensure adequate transparency and control by the Slovenian state. For this purpose, two important legislative projects are being prepared, namely the law on foreign financial operations and the law on the takeover of companies", the then Prime Minister Janez Drnovšek said at the beginning of 1995. There were also cases where the interest of foreigners existed, but due to the slowness of the privatization process, they did not enter the companies. "We have always been convinced that the state share must be privatized as soon as possible, because the interest of foreign and domestic partners was large enough already in the beginning to be able to privatize everything in the first phase", the director of Luka Koper Bruno Korelič said about privatization at the end of 1994. At the end of 1993, the Czech economist Dušan Triska said the following about the attitude of foreigners: "There are simply no foreigners. In a way, we are actually humiliated because of this. I therefore think it is best if we first privatize and stabilize the companies with the help of domestic investors and only then expect foreign capital to start to take an interest in us. Foreigners are very conservative. Slovenia and the Czech Republic are therefore a real jungle to them." In any case, the fear of foreign capital was in many cases superfluous, while the managements of companies as well as politicians were not truly aware of its importance. This is confirmed by the case of two textile companies that were entered by foreign capital. "I am convinced that Slovenian companies need fresh capital and that they will be privatized when they receive this money. This can occur either with new foreign partners or with a greater development of your capital market. The mere sale or distribution of majority shares to employees and directors does not mean that the company has found an owner. Ownership means capital", Giullio Bonazzi, director of Julona, said in 1995. After independence, this northern Italian company from Verona became the majority owner of two Slovenian textile companies: Tekstilindus from Kranj and Julon from Ljubljana, which employed almost 1,000 workers.

In the second half of the 1990s, foreign direct investments in the Slovenian economy were rising in a fluctuating manner from year to year and could have contributed even more to the development than they actually did. Foreign direct investments rose from about $ 2 billion in 1996 to almost $ 2.8 billion in 2000. At the end of the nineties, these investments increased very modestly, but came to life again in 2001. With regards to direct investments in Slovenia, at the turn of the millennium, Austrian capital had a 45% share, followed by German and French capital with 12.5 and 10.7% shares, respectively. Investors from the EU area controlled more than eight tenths of foreign direct investments. The outward direct investments of Slovenian companies abroad, which were highly important for the successful internationalization of our economy, increased in the second half of the 1990s and reached a total of almost $ 800 million in 2000, focusing mainly on less developed countries. However, they accounted for only a good third of inward foreign direct investments in Slovenia. On the positive side, economic contacts with Yugoslavia and some other countries of the former Yugoslav federation improved. The outlook for outward investments was also good in CEFTA member states.

At the time of gaining independence, Slovenia had indisputable advantages not only over other countries that emerged on the territory of the former Yugoslavia, but also over the former countries of the Eastern bloc. It had a developed, relatively flexible economy that was open to Europe and a developed banking system, which was successfully modernized and rehabilitated by the central bank after Slovenia gained independence. Thus, for quite some time, there existed a rather complacent illusion about the Slovenian success story, but we did not define the role of the state in the economy. "The state must, if it is a careful master, separate politics from asset management. Managing the state and managing the companies are not one and the same", the economist Davorin Kračun believes. One of the Slovenian peculiarities was that the state kept most of the production capacities in its hands. In the early nineties, Slovenia carried out a system of privatization, which transferred a significant part of the ownership of companies to state funds – Kad (Pension Fund Management) and Sod (Slovenian Compensation Company). Indirectly, the state retained a significant part of ownership in the largest Slovenian companies through capital shares and actively exercised its ownership role. In addition, the 1992 Ownership Transformation of Companies Act did not cover the type of companies that were transformed into companies with state property or became the property of local communities. Therefore, in the group of former transition countries, Slovenia was the one with the highest share of state ownership. Even twenty years after the official start of transition, in 2010, 24.6 percent of the capital of Slovenian companies was directly or indirectly state-owned. Polona Domadenik and Janez Prašnikar, experts from the Faculty of Economics in Ljubljana, wrote the following in 2012: "At a time of recession, when the number of bankruptcies and compulsory settlements is growing in Slovenia, many are wondering where to look for reasons for the bad position of Slovenian companies. It is easiest to look for them outside: in the global crisis and in the problems of capitalism. However, it is difficult to look inwards and into one's own mistakes. In the *Transition Report 2011*, the European Bank for Reconstruction and Development wrote that the business sector in Slovenia suffers from direct and indirect state interference." According to research conducted by Domadenik and Prašnikar, 3,668 persons acted as supervisors in the period between 2000 and 2010. A little over 25 percent of them were appointed to the supervisory boards of the analysed companies at least twice. On the basis of publicly available data on political engagement, as many as 46 percent of these individuals could indisputably be connected with the activities of political parties. The two mentioned experts called them politically "infected" supervisors. If in 2000 there were a good fifth of politically "infected" supervisors, there were almost a quarter of them in 2010 in an average supervisory board of the sampled companies. "The highest proportion of 'infected' supervisors was witnessed in 2007, when 27 percent of all supervisors were affiliated with political parties", the economists determined. A survey conducted by Domadenik and Prašnikar confirms that supervisors who are not politically neutral reduce a company's productivity when compared to the industry average. It is also highly important to note the finding of the aforementioned experts that if we compare two companies that displayed similar productivity in the second half of the 1990s and operated in the same industry, the company with a higher share of supervisors who are not politically neutral in the first decade of that century showed lower productivity compared to a similar company with fewer such supervisors. In the opinion of said experts, lower productivity could be explained by the fact that supervisors who are not politically neutral do not recruit on a professional basis. Another explanation could be that these supervisors allow more drawing of economic rents. More and more information is emerging in the public that this activity may be significantly related to the financing of controversial projects of companies that serve the ruling groups at the local and state level.

Due to the indecision and unclear strategy of those who are pulling the strings – in this case politics – there is also a growing distrust, confusion and division among the population. In this regard, the opinion of Peter Kraljič, who emphasizes that the war against tycoons was invented by Janez Janša, seems highly significant. "Three or four managers were really guilty, but let them be convicted! Although they do not always work well, all legal channels are open, just look at the case of Vegrad. But most of our managers were good at their jobs, and if they are all condemned, even out of envy, as an entrepreneur you hide or even move out", Kraljič believes. "From the point of view of foreign financial markets, Slovenia has become a very unreliable partner. Here, no one knows who drinks and who pays. When the government changes, the supervisory boards and managements of state-owned companies suddenly change as well. All this is very unsatisfactory. Even those investors who came to us experienced a highly strange treatment. Just remember NLB and KBC. Rop's government promised KBC that it could raise ownership above 50 percent, while Janša and Bajuk wanted to oust it from the NLB. Then Pahor needed the help of KBC again, but in the meantime, the latter was already in trouble itself. Now Janša and Šušteršič stand in front of the ruins, for which they are co-responsible. This is not how you treat your partners", Kraljič was critical. Slovenia is not attractive for foreign capital, for which, according to many experts, we have no one else to blame but ourselves. Not only did we not provide a favourable environment for investments, we also frequently behaved rather irresponsibly towards potential foreign partners. "Of course, there are numerous examples, starting with Mercator – one day, we would sell it, another day, we would not. We even drove some investors away from the country, such as the American Harrahs, which wanted to build a gambling centre in Nova Gorica with 3,000 new jobs. If we play around with foreign investors, it is clear, of course, that there will be no more foreign investors and that the economy will not be stabilized. In general, Slovenia lacks a clear concept that will be sustainable and will not change with every government. The economy needs continuity and competences, which the previous governments have not provided, especially not in state-owned companies. All the previous governments, left and right, have sinned in the same way. The end result is that our competitiveness and creditworthiness are declining", Peter Kraljič says about the issue of foreign capital.

In 2015, the media reported extensively on how Croatian capital had been rapidly taking over Slovenian companies in the past years. Slovenian food industry, which was most recognizable in Yugoslavia with brands such as Droga, Kolinska, Radenska, Fructal, Alpsko mleko and the Mercator retail chain, is no longer in Slovenian hands. Agrokor's takeover of Mercator resonated the most with the public. In 2010, the sale of Droga Kolinska to the Atlantic group took place. In the meantime, Dukat, which is owned by the French Lactalis, bought Ljubljanske mlekarne, and in the spring of 2015, Žito was bought by Podravka from Koprivnica. Time will tell what the takeovers will bring in the long run.[557] One such case is that of Adria Airways, which was the largest Slovenian airline and a member of the Star Alliance, providing scheduled and charter flights to 31 destinations in 23 (mostly European) countries. The airline ended up in bankruptcy in 2019, which was the result of a clearly unwise decision to sell it to a German financial fund a few years ago.

557 Lorenčič, Prinčič, Slovenska industrija [Slovenian Industry], pp. 102–109.

UNSUCCESSFUL EFFORTS FOR A MORE COHERENT REGIONAL DEVELOPMENT

In Slovenia, an intentional revival of economic development in less developed parts of the republic began to be considered as early as October 1946, by envisaging an establishment of a special fund to promote the development in underdeveloped districts. However, as the republican executive council had to significantly reduce investments and other spending as early as 1955, the first serious attempt to accelerate the economic progress of underdeveloped districts ended "before it even began".[558] In the early 1970s, the Act on Measures to Promote the Progress of Less Developed Areas was adopted.[559] It identified municipalities that were considered less developed and for which special measures were intended. At that time, less developed areas covered 18.9 percent of the total area and 18.2 percent of the population of Slovenia. Subsequently, the criteria, areas and measures to promote regional development changed every five years (in accordance with the planning system at the time). Among other things, in December 1975, the Republic Assembly adopted the Act on the Promotion of Harmonious Regional Development in the Socialist Republic of Slovenia. The Act envisaged the so-called "self-governing association of labour and resources or closer production and business cooperation of work organizations from developed and less developed areas".[560] This system brought some results by 1980, but already in 1981, the economic stagnation and the

558 Prinčič, Borak, *Iz reforme v reformo* [*From Reform to Reform*], p. 399.

559 Official Gazette of the Socialist Republic of Slovenia, 16/1971.

560 Prinčič, Jože: Pot do slovenske narodnogospodarske suverenosti 1945–1991 [Path Towards Slovenian National-Economic Sovereignty 1945–1991]. Institute for Contemporary History: Ljubljana, 2013, p. 225.

growing economic crisis required a reorganization of development goals and restrictions on all types of spending.[561]

At the end of 1990, the Development Promotion in Demographically Endangered Areas Act[562] was adopted. It was aimed primarily at solving demographic problems. Based on two demographic criteria – the aging index and the population growth index – it identified homogeneous demographically endangered areas. At the time of the adoption of the Act, demographically endangered areas covered 61 percent of the total area and 24.6 percent of the population of Slovenia, which means that the extent of areas eligible for special funds had increased significantly. In 1999, a new Act on the Promotion of Harmonious Regional Development[563] was adopted, which, among other things, introduced indicators for identifying areas with special development problems. On the basis of this Act, secondary legislation was adopted in 2000, which precisely determined the criteria and the municipalities that met these criteria. In the framework of the areas with special development problems, the Act introduced three types of these areas: economically weak areas, areas with structural problems and high unemployment, and development-limited border areas and areas with limited factors. In the field of regional policy, the adoption of the Act in 1999 and the secondary legislation laid the Slovenian regional structural policy in 2000 on new foundations. In 2001, the Regional Development Strategy of Slovenia was adopted, which became the basic strategic document of the state and, in accordance with the Economic Development Strategy and the Spatial Plan of Slovenia, defined regional development goals and determined instruments and policies for achieving these goals.[564]

In 2011, a new Promotion of Balanced Regional Development Act (ZSRR-2) was adopted, which determined in Article 10, among other things, the tasks of the Public Fund for Regional and Rural Development.[565] With the transition to a market economy, industrial places and regions that were developed on the basis of industry also experienced an economic crisis. The economic policy

561 Ibid.
562 Official Gazette of the Republic of Slovenia, No. 48, 31 December 1990.
563 Official Gazette of the Republic of Slovenia, No. 60, 29 July 1999.
564 Pečar, Janja, Farič, Metka. Regionalni vidiki razvoja Slovenije s poudarkom na finančnih rezultatih poslovanja gospodarskih družb v letu 1999 [Regional Aspects of Slovenia's Development with a Focus on Company Performance in 1999]. Ljubljana: IMAD, Workbook, No. 8, Vol. I, 2000, pp. 11–15.
565 Official Gazette of the Republic of Slovenia, No. 20, 18 March 2011.

of the socialist system did not allow for the timely restructuring of classical industry in accordance with the requirements of the market economy that had been developed in the European space. The regions adapted differently to the new conditions in the market economy, which depended mainly on the level of development and economic structure upon entering the transition process. Different adjustments to the new situation were mainly reflected in the financial results of the economy, losses, exports and the percentage of unemployed in the working age population. Financial results deteriorated in all regions in 1991 and 1992, while in 1993 the situation improved. The regions that had less difficulty in solving the problems of the transition period were Central Slovenia, Coastal-Karst region and Upper Carniola. They entered the transition process with better starting conditions. All three mentioned regions had a rather diverse economic structure, with the Coastal-Karst region and Central Slovenia also having an above-average percentage of employees in tertiary activities. Better educational structure of the population and employees also helped them to overcome the problems of the transition period. The Central Slovenia and Coastal-Karst regions already had an above-average gross value added per capita in the first years of transition. The Upper Carniola region was in a somewhat more challenging situation since it was burdened with the old industrial structure that required rehabilitation. The second group included regions that were moderately developed, but had a fairly promising economic structure and mostly positively assessed development potentials. These were the Savinja, Lower Carniola and Gorizia regions. Among these, it was especially challenging for the Savinja region to adapt to the new economic situation, mainly due to less promising and old industry, which was dominated by large companies that had difficulties finding new markets. The Lower Carniola region had always been the most export-oriented of all Slovenian regions, as, for instance, the share of exports in total revenue in 1993 amounted to 41.1 percent.[566] The Slovenian average was just over 21 percent. The Gorizia region stood out with the lowest percentage of unemployed people in the working age population (in 1993, 6.9 percent of the unemployed, Slovenia as a whole 10.1 percent). The Mura and Inner Carniola-Karst regions were among the less developed regions, but with a promising economic structure. Despite the underdevelopment of the regions, their economic structure, unencumbered by old industries,

566 Economic trends in Slovenia in 1994 with development projections until 1998 (Spring Report), pp. 22–24.

helped them adjust to the transition process. Gross value added per capita in the Mura region was among the lowest in Slovenia, but it was increasing the fastest in the period 1990–1993. Both regions also had below-average growth in the number of unemployed between 1990 and 1994. The Drava, Carinthia and Lower Sava regions were among the medium-developed regions with a problematic economic structure and positively assessed development potentials. These were the regions that were the first to face rising unemployment, and they also had an above-average share of losses in total revenue. The economies of these regions were burdened by numerous unpromising industrial companies, and especially the Drava region was severely affected by the war in Iraq and the loss of the Yugoslav market. However, the potential of these regions lied mainly in the development of non-industrial activities. The relatively good educational structure of the population was also in their favour, but it was poorly utilized as evidenced by the high percentage of unemployment. The Central Sava region can be ranked last in terms of both development and potential. This was a distinctly industrial area with a developed energy complex, a poorly developed tertiary sector, and at the same time providing unfavourable natural opportunities for agricultural development. The region was ecologically severely affected as well. Due to all these factors, it had problems adjusting to the transition to a market economy, which was reflected in the poor financial results of the economy, especially in the high share of losses in total revenue and the number of unemployed from 1990 onwards.[567]

In terms of GDP per capita, the Central Slovenia region was far ahead of all other regions, while the Mura region was the last. GDP per capita in the Central Slovenia region amounted to 17,954 euros in 2003, while only to 8,535 in the Mura region. The difference was therefore extensive and this picture did not change even after the formal end of transition. In 2003, the Central Slovenia region generated a good third (35.7 percent) of the total Slovenian GDP, which is more than the eight regions with the lowest GDP combined (31 percent) – together with the Drava region it generated almost half of the Slovenian GDP (49 percent).[568] The graph shows that there were significant regional differences in Slovenia in the new millennium and that the transition process itself did

567 Economic trends in Slovenia in 1994 with development projections until 1998 (Spring Report), pp. 22–24.

568 First statistical release.

not eliminate the disparities.[569] Even after joining the EU, differences between the regions remained significant. Eastern and Western Slovenia are still below the European Union average in terms of gross domestic product per capita. In 2014, Western Slovenia achieved 98 percent of the European Union average or 113th place among 276 regions, while Eastern Slovenia achieved 68 percent and was 218th.[570]

Gross domestic product by statistical and cohesion regions, 2016

	Mio. EUR	Structure (%)	EUR	Index
			per capita	
SLOVENIA	**40,418**	**100.0**	**19,576**	**100.0**
Eastern Slovenia	**17,653**	**43.7**	**16,169**	**82.6**
Mura	1,533	3.8	13,232	67.6
Drava	5,170	12.8	16,078	82.1
Carinthia	1,121	2.8	15,781	80.6
Savinja	4,589	11.4	18,006	92.0
Central Sava	600	1.5	10,443	53.3
Lower Sava	1,227	3.0	16,202	82.8
Southeast Slovenia	2,655	6.6	18,604	95.0
Littoral-Inner Carniola	758	1.9	14,412	73.6
Western Slovenia	**22,765**	**56.3**	**23,401**	**119.5**
Central Slovenia	14,872	36.8	27,644	141.2
Upper Carniola	3,518	8.7	17,269	88.2
Gorizia	2,119	5.2	17,968	91.8
Coastal-Karst	2,256	5.6	19,928	101.8

Source: SORS.

In 2016, GDP per capita in the Central Slovenia region amounted to EUR 27,644, which was over 40 percent more than the national average, which was EUR 19,576. The only region where GDP per capita was also higher than the Slovenian average was the Coastal-Karst region. Among the remaining regions, the Southeast Slovenia as well as the Savinja and Gorizia regions achieved above 90 percent of the Slovenian average, Upper Carniola, Lower Sava, Drava and Carinthia achieved 80 to 90 percent of the Slovenian average, while the Littoral-Inner Carniola, Mura and Central Sava regions achieved less than 75 percent

569 For more information on regional development during transition, see also Lorenčič, *Prelom s starim* [*A Break with the Old*], pp. 341–345.

570 SORS: http://www.stat.si/StatWeb/News/Index/6400 (15 December 2017).

of the average. Regional differences in GDP per capita thus increased, and it is significant that in 2016, the Central Slovenia region generated 2.6 times higher GDP per capita than the least successful, Central Sava region.[571]

According to most indicators of economic and social development, the Mura region is at the bottom among Slovenian regions. In order to strengthen the development policy in the Mura region and the coordinated action of the state and the region in solving development problems in the region, the Development Support for the Mura Region Act was prepared and implemented on 1 January 2010.[572] With the adoption of this Act, the institutional and financial framework for the intervention in the Mura region was established (in addition to the Mura Statistical Region, 3 municipalities from the Ormož administrative unit were included in the Act, a total area of 30 municipalities), as among all Slovenian statistical regions the Mura region has been lagging behind in development for decades. The Act specified the following development support measures: The Programme for Promoting Competitiveness of the Mura Region for the period 2010–2015, employment incentives, tax relief for investments and priority treatment of programmes and projects from the Mura region when applying for funds from the national programmes, European cohesion policy programmes and rural development programmes in the areas (establishment of an inter-enterprise education centre, establishment of a regional economic centre, investments in restructuring and raising the competitiveness of agriculture, forestry and food processing industry as well as diversification into non-agricultural activities and investments in drinking water infrastructure). The sixth paragraph of Article 4 of the Development Support for the Mura Region Act stipulated that the planned programme had to be fully implemented by 2015 in the total value of EUR 33 million. In order to ensure the realization of this provision, the government decided to extend the implementation of the Act. At the end of 2014, unrealized funds for the implementation of the Programme

571 SORS: http://www.stat.si/StatWeb/News/Index/7131 (3 April 2018).

572 For more information about the development of Prekmurje, see Lorenčič, Aleksander. Oris gospodarskega razvoja Prekmurja od priključitve do danes [Outline of the Economic Development of Prekmurje from the Annexation to the Present Day]. In: Štih, Peter, Ajlec, Kornelija, Kovács, Attila (eds.). *»Mi vsi živeti ščemo«: Prekmurje 1919: okoliščine, dogajanje, posledice: zbornik prispevkov mednarodnega in interdisciplinarnega posveta na Slovenski akademiji znanosti in umetnosti, Ljubljana, 29.-30. maj 2019 ["We All Want to Live": Prekmurje 1919: Circumstances, Events, Consequences: summaries of the international and interdisciplinary conference at the Slovenian Academy of Sciences and Arts, Ljubljana, 29–30 May 2019*]. Ljubljana: Slovenian Academy of Sciences and Arts, 2020, pp. 463-492.

amounted to more than 14 million euros.[573] For the purpose of creating conditions and encouraging development in the Mura region, the Programme for Promoting the Competitiveness of the Mura Region 2010–2019 (POMURJE 2019) was prepared, among other things. The POMURJE 2019 programme was created on the basis of the Act Amending the Development Support for the Mura Region Act in the period 2010–2017, which was adopted in May 2017.[574]

573 Ministrstvo za gospodarski razvoj in tehnologijo [Ministry of Economic Development and Technology]. Accessible at: http://www.mgrt.gov.si/delovna_podrocja/regionalni_razvoj/regionalna_politika/pomurski_zakon/ (4 February 2019).

574 Spremenjeni program spodbujanja konkurenčnosti Pomurske regije v obdobju 2010–2019 [A Modified Programme for Promoting the Competitiveness of the Mura Region in the Period 2010–2019], Government of the Republic of Slovenia, 14 September 2017. Accessible at: https://www.rcms.si/upload/files/Spremenjeni_program_spodbujanja_konkurencnosti_Pomurske-regije_v_obdobju_2010-2019.pdf (4 March 2019).

SUMMARY

Three decades of an independent state are certainly a long enough period to give an opinion on the transition process, which formally ended with the accession to the EU, even from a historical point of view. Until its formal conclusion, the Slovenian economic transition was described primarily as a story of success, but after 2004, anything but positive opinions and assessments came to the fore.

Ever since the symbolic beginning of transition, the fall of the Berlin Wall, the interest in the transition process has been increasing. A number of institutions have been established, the central task of which has been to study this process. In the 1990s, the transition process, which aimed at increasing economic performance relative to the performance in the socialist system, was one of the most studied processes, and the countries in which it took place were not able to rely on past experience. There were major differences between the transition countries, both political and economic, which is not surprising given that more than 30 countries were involved in this process. Naturally, these countries also had common characteristics – socialism and single-mindedness, the central planning system and socially-owned property. Depending on the level of development and similar factors, the success of the transition process varied across individual countries. Just as there were differences between the socialist ones, there are also differences between capitalist economies. Capitalism has several faces as well: one is more human, socially oriented and thus more friendly to people, while the other shows a great social stratification and similar occurrences. In any case, each country is a specific case and has unique characteristics. The Slovenian economic transition is thus not merely a success story, neither a story of failure. It has its pros and cons.

In addition to nationalization and changes in the economic system, the new government retained its role in the field of production resources and finances after the Second World War. Industrialization and investments contributed to rapid economic growth, the average annual growth rate of social product in the period from 1953 to 1981 was 6.9 percent, while the average growth rate of social product per capita was about 6 percent, which was high even globally. On the other hand, systemic problems had accumulated over the years and decades, trade deficits had widened, investment targets had also affected indebtedness, which resulted in an ever-deepening crisis that finally escalated in the 1980s. Prior to the proclamation of an independent and sovereign state in 1991, Slovenia was part of the Yugoslav federation with an economic system that did not allow for sustainable economic development and progress of the state, although it should be emphasized that Slovenia's initial position was in many respects better than in any other transition country. Namely, Slovenia had already developed numerous marketing institutes. In the trade of goods, for instance, it was not limited to the Eastern market, politics did not play such a dominant role in the economy (pricing and production were largely based on the principles of a market economy, but in personnel policy the influence of politics was great until the end) and technological development was also at a higher level than in other socialist countries. Aspirations for change were louder from the second half of the 1980s onwards, and the spring of 1990 also brought them officially. With the plebiscite, the declaration of independence, the Ten-Day War and international recognition, Slovenia gained independence in 1990–1992. In the economic field, the decision for an independent and sovereign state enabled Slovenia to take the economic policy into its own hands and thus the responsibility for its own economic development. In the first phase of transition, Slovenia's task was to establish all the necessary elements and institutions for a successful functioning of a democratic and legal state. In the process of economic and political transition, some central processes took place. The process which deserves a positive assessment was Slovenia's entry into various international integrations. A very important novelty for the Slovenian economy was the shift from the market of the former Yugoslavia to the markets of more demanding countries in terms of price and quality. For a small national economy that broke away from a large domestic market, the focus on the external market was a path that ensured stable economic growth and development. After being recognized by a hundred countries by the end of 1992 and becoming a member of the UN and its specialized organizations, Slovenia also became a member of almost all major economic associations (European Bank for Reconstruction and Development, International Monetary Fund, World Bank and International Finance Corporation, GATT, WTO, EFTA, CEFTA) by 1996. Slovenia was thus "fastened with safety belts" to the West and thus also protected from the war that took place in the parts of former Yugoslavia. The greatest strategic goal of the Republic of Slovenia was full membership in the EU due to a close political, cultural and economic cooperation with Europe, which it achieved on 1 May 2004. The only organization which Slovenia failed to become a part of that quickly and successfully is the OECD, which unites the most economically developed countries in the world (Slovenia became a member in 2010). Another successful area was the process of macroeconomic stabilization, which was one of the priorities of the Slovenian politics in the first phase of transition. In the period from 1990 to 2004, Slovenia followed a relatively successful path of economic development. It was one of the first to overcome the period of transformational depression that characterized transition economies in the early nineties, as economic recovery with a revival of domestic demand began already in mid-1993. It relatively quickly exceeded the pre-transition level of economic activity – the level of pre-transition development of 1990, 1996, 1998 as well as the level of 1987. The success of transition can also be attributed to the banking sector; banking rehabilitation in the 1990s covered more than 50 percent of the banking sector, and the Bank of Slovenia played an important role in stabilizing the Slovenian economy. In any case, the economic policy pursued by the governments of Janez Drnovšek in directing Slovenia's economic development also greatly contributed to the successful stabilization of the Slovenian economy. The mentioned governments were characterized by gradualness and pragmatism. Some disagreed with this approach and were in favour of the so-called shock therapy. These critics also believe that we can observe many consequences of the gradualist approach to transition. From a historical point of view, however, we can say that, given the situation in which it found itself in the early 1990s, Slovenia had decided on the right path. The break-up of Yugoslavia and the wars required caution and were a sufficient argument to evade unnecessary shocks. Avoiding political turmoil, swift and reckless moves, as well as rejecting foreign advice were economically beneficial. It should be noted that certain cases nevertheless deviated from the gradualist characteristics and that some rapid changes were necessary. What we have in mind is the monetary reform and the liberalization of imports. Generally speaking, however, we cannot argue with those who believe that the so-called gradualist approach had run its course sometime at the turn of the millennium. One of them is Peter Kraljič, who believes that gradualism was positive only in the beginning, after which the state should have accelerated the development, strived for competitiveness, adopted structural reforms and, above all, created a vision of Slovenia. As already pointed out, the period of recession was followed by a transformational recovery in mid-1993. Despite the rapid transition to economic growth, we need to highlight two areas where matters were not resolved as hoped. The first is the already mentioned relatively high inflation, while the second is high unemployment rate, the consequences of which hit the citizens the hardest. In 2004, when Slovenia became a member of the European Union, and especially in the years that followed, there was a marked improvement in the macroeconomic picture. Improvements were carried out in the field of goods trade, economic growth increased, unemployment fell, but all this was short-lived, as a new shock for the Slovenian economy followed at the end of 2008 and especially in 2009, due to the global financial and economic crisis. The state was generating a current account deficit since independence, with the exception of 2018 and 2019. Slovenia's general government deficit markedly grew for the first time in 1995, mainly as a result of the posting of transactions related to the return of confiscated property after the war, while in 2013, the rehabilitation of state-owned banks pushed the deficit up to 14.6 percent of GDP. Immediately after gaining independence, public debt also began to rise, and the gross debt of the government sector at the end of 2020 already amounted to 80.8% of GDP.

By far the most headaches in the process of economic transition (both to politics as well as to the economy and citizens) were caused by the process of privatization, which certainly proved to be the central and most demanding process of Slovenian economic transition. This is not a special feature of Slovenia, however, as the situation was similar in other post-socialist countries. The process of privatization of socially-owned property had a strong impact on the main economic categories in the national economy, as it caused changes in gross domestic product, industrial production, investments, changes in competitiveness, imports and exports, services, capital, etc. Legally, the privatization of the economy took place in several phases. In the autumn of 1991, the Housing Act (SZ) and the Denationalization Act (ZDen) were adopted. The third in a series of privatization laws was the Ownership Transformation of Companies Act (ZLPP), adopted in November 1992. The aim of the acts on housing privatization and denationalization was to clearly define ownership and redress injustices, but the latter two acts, in the form in which they were adopted, often caused new injustices. Regarding the manner of privatization of socially-owned apartments, many still feel deprived today. The same applies to the denationalization process, which has been one of the largest, most expensive and, above all, the longest-running projects since Slovenia's independence. The Housing Act or the so-called Jazbinšek Act divided the holders of housing rights into two groups, namely those who were able to buy socially-owned housing and those who did not have the right to purchase. The first group bought the apartments at favourable prices, which was especially evident in urban centres, as, for example, the price for a 114-square-metre apartment in the centre of Ljubljana was only around 16,000 Deutschmarks at the time. The second group did not have the right to purchase because the Housing Act prohibited the purchase of apartments that had passed into social ownership through nationalization. According to the latest housing census, on 1 January 2018, approximately 92 percent of all apartments were owned by natural persons, and more than 80 percent of these apartments are occupied by the owners of these apartments, 7.7 percent are rental apartments and the remaining 11.5 percent of apartments are defined by statistics as 'user' apartments, which means that their owner does not live in them, while they are also not rented. We are facing a chronic shortage of non-profit rental apartments, and young people find it difficult to get housing. The Denationalization Act legalized the return of property that had been nationalized after the Second World War under the Agrarian Reform, Nationalization and Confiscation Acts. The confiscated property was returned to the former owners or their heirs in kind, and if that was not possible, with compensation. The return of property in kind caused a lot of hot blood already upon the adoption of the law, and even more later in practice. The Denationalization Act foresaw that all claims and proceedings in the first instance would be completed within one year. When the Denationalization Act was adopted in 1991, it was also planned that four billion Deutschmarks or two billion euros worth of property would be returned, while the data from 2007 already indicated that the costs would be much higher. According to the Ministry of Justice of the Republic of Slovenia, by the end of March 2007, EUR 1 billion 881 million worth of land, forests, buildings and movable property had been returned in kind. Where return was not possible in kind, the beneficiaries were entitled to compensation in the form of bonds and 6% interest. The Slovenian Compensation Company paid out more than 400 million euros by spring 2007 and is expected to pay out another 1.3 billion euros by the end of the procedure. Some proceedings are still pending, many linked to the largest denationalization beneficiary, the Roman Catholic Church (RCC). In connection to this, we may recall reproaches against the Demos government claiming that the latter chose to favour the return of property in kind primarily because of its close ties to the RCC. By the end of October 2007, RCC was granted claims totalling € 209 million, which means that it has been 96.9% successful so far. Among other things, the request of the Archdiocese of Ljubljana for the return of the Savica Waterfall, part of the shore of Lake Bohinj and the area of the Triglav Lakes Valley still resonates today.

Privatization had a number of negative consequences. The first and most visible consequence of the changes were certainly the bankruptcies of companies. From July 1991 to March 1993, 1,522 companies with 125,698 employees met the conditions for initiating bankruptcy proceedings. These included 1,002 private companies with 2,306 workers. The National Assembly of the Republic of Slovenia adopted the Ownership Transformation of Companies Act as late as November 1992, after more than two years of coordination. After numerous compromises and amendments to the Act, a sort of intermediate model between the proposals by Jože Mencinger and Jeffrey Sachs prevailed. Sachs, the so-called miracle boy, who advised the first Slovenian government on the concept of privatization, which influenced the resignation of the then Deputy Prime Minister and Minister of the Economy Jože Mencinger, said in an interview with *Večer* last September that he ranks Slovenia among the most successful countries in the world in terms of the standard of living, life expectancy and low level of inequality. He also pointed out that we have no good reason to complain. According to him, we have a wonderful country that is peaceful and stable, and we live in prosperity, especially when compared to 1991. He considers Slovenia a great story of success, an important part of Europe and a good example; it is true that Slovenian wages are not at the Swiss level, but Sachs does not advise Slovenia to imitate Switzerland, as it is a rich country at the expense of its role as a tax haven.

The basic model of privatization under the Ownership Transformation of Companies Act provided for 20 percent of shares to be transferred to parastatal pension and compensation funds, 20 percent to privately managed privatization investment funds (PIDs), which collected ownership certificates from the citizens, 20 percent were exchanged under favourable conditions for ownership certificates of internal owners (managers, employees and former employees) and 40 percent could alternatively be allocated for the buyouts by internal owners under favourable conditions, for the exchange with citizens' ownership certificates through public sale of shares, for the exchange with ownership certificates collected in privatization investment funds or for the buyouts by strategic partners. The so-called internal buyout was the most common method of ownership transformation – as much as 25 percent of socially-owned capital was distributed based on this method. This was followed by the transfer to investment funds and internal distribution, with which 19 or 18 percent of socially-owned capital was distributed. Ownership certificates were distributed according to the age key in the nominal value of 100,000 to 400,000 tolars. The majority of Slovenian citizens, thinking that they were worthless pieces of paper and also due to financial hardships, sold the certificates prematurely. When stockbroking companies were emerging in 1993, a handful of people who were better educated in this field were able to buy certificates at low prices (authorized investment companies had priority) and later exchange them for shares, the values of which were mostly increasing and their owners were becoming increasingly rich. In the process of privatization, 58 percent of ownership certificates were invested in authorized investment companies, 32 were placed in companies and some remained unused. Following the adoption of the Act Concluding Ownership Transformation and Privatization of Legal Entities Owned by the Development Corporation of Slovenia in 1998, which determined the official end of the process of ownership transformation of companies, the second part of the transition process had to be completed, namely the privatization of state property. With regards to the latter, we need to point out that in the period 1995–2005, many capital shares were sold non-transparently. The privatization method had a good purpose and enabled high involvement of workers and employees in the ownership transformation, but during the privatization process, the participation of internal owners (workers without management) and state funds was decreasing, while the participation of investment companies and managers was growing. This became clear as early as the late 1990s and even more so later. The share of the private sector in gross domestic product increased from 30 percent in 1992 to 65 percent in 2000 with the privatization of socially-owned property, but it still lagged behind other transition countries. In 2000, the processes of ownership transformation and privatization also began in the financial sector, where, after a long debate on the national interest, the state sold a 39% share of Nova Ljubljanska banka bank to foreigners.

According to the data of relevant institutions, from 1 January 1990 to 31 July 2004, the damage to socially-owned property amounted to 104,352 million Slovenian tolars (in the revalued amount of approximately two billion euros), with the largest damage occurring in 1990 and 1992, mainly due to inadequate legislation. In 1991, some changes occurred in the collection of data regarding economic and general crime. Thus, the criminal offences of counterfeiting money, trafficking gold money and gold, illicit trade and criminal offences under the Customs Act no longer fell under economic but under general crime from that year onwards. Economic crime, however, did not yet include commercial fraud and those criminal offences of general crime (forgery of documents, evasion), which were dealt with in connection with commercial fraud and had been classified as economic crimes since 1991. From 1994 onwards, commercial fraud has been classified as an economic crime. The data show that the number of criminal offences of economic crime was significantly lower than the number of criminal offences of general crime. However, the damage caused by such criminal offences was much higher than the damage caused by other crimes. This was the practice at least throughout the 1990s. Changes occurred at the turn of the millennium. In 2000, non-economic crimes caused more damage than economic ones. In view of the damage caused, a balance occurred between economic and non-economic crimes in the first years of the new millennium. Given the presented data, the question arises as to whether these actually illustrate the prevalence of economic crime in Slovenia. Namely, economic crime is characterized by a large grey area all over the world, so statistics do not give a real picture of its true dimensions. What the police detect is just the tip of the iceberg. This is especially true for the complex and difficult to prove crimes of corruption, money laundering and modern forms of economic crime. Detecting such criminal offences requires a great deal of will and interest from the politics, capable and independent law enforcement agencies and appropriate legislation. Numerous economic scandals resonated in Slovenia and the cases of HIT, Šuštar, Rdeči križ, SIB banka, Dadas, Zbiljski gaj, Orion and Čista lopata certainly remained in memory. Among others, the directors of SCT, Vegrad, Primorje, Pivovarna Laško and Istrabenz were also sentenced to prison for various malfeasances.

The restructuring of the Slovenian economy was gradual, dispersed and mostly without aid. Especially in the first period, a large part of restructuring included redundancies and retirements with occasional, usually unsuccessful state interventions. In the first period, we witnessed numerous bankruptcies and liquidations of companies. Similar restructuring, but to a lesser extent, continued later, when Slovenia had already reached the bottom of the transformation crisis. The process of restructuring of the Slovenian economy had been encouraged as early as the end of the 1980s, but in reality the new economic situation did not arise until the independence of the Slovenian state in the early 1990s. The change in the ownership and size structure of the Slovenian economy was especially noticeable, almost exclusively due to the establishment of new companies. The structure of value added by activities showed a decrease in the share of industry and an increase in the importance of the service sector. The period after 1990 or the so-called transition period is meaningfully outlined by the title of Zvezdan Martič's documentary, *Where Did All the Factories Go* (*Kam so vse tovarne šle*). The list of factories that went bankrupt in the late 1980s and after 1990 is very long. Prevent, Rog, TAM, Metalna, TVT Boris Kidrič, Mura, Tovarna sladkorja Ormož, Toper, Iskra Delta, Iskra, Tobačna Ljubljana and Industrija usnja Vrhnika (IUV) are only part of the list. In short, most large companies, the giants of the Yugoslav industry and beyond, bit the dust. Where the concentration of these companies was higher, for instance in Maribor, this meant an even greater economic, developmental and social impact. Let me just mention the example of Tovarna avtomobilov Maribor (TAM – Maribor Automobile Factory). Nevertheless, a few companies successfully overcame the transition, many of which went bankrupt later, after surviving the agony of the nineties, including Peko from Tržič and Merkur from Kranj. Due to wrong decisions of the politics and due to misunderstanding of the role of politics in companies, many once successful companies were poorly managed or even failed, while some good companies were sold. Because of the indecision and unclear strategy of the politics, distrust and disunity were and are present among the population as well. It is clear – the role of the state is also important in the field of economic policy. The list of brands Slovenia no longer owns is extremely long: Laško, Union, Mercator, Argeta, Perutnina Ptuj, Alpsko mleko, Fructal, Cockta, Čokolešnik, Barcaffe, Radenska … We can take comfort that they will always be written in our collective consciousness nevertheless.

During the transition period, interregional disparities did not decrease. Slovenian regions coped with the period of transition with varying degrees of success. The latter depended mainly on the initial conditions and the economic structure. The regions that had less trouble overcoming the problems of the transition period were mainly the Central Slovenia, Coastal-Karst and Upper Carniola regions. The Upper Carniola region, which was burdened with the old industrial structure, was in a somewhat more difficult situation. The Lower Carniola region was the most export-oriented of all Slovenian regions, the Gorizia region stood out for the lowest percentage of unemployed people in the working age population, while the Mura and Inner Carniola-Karst regions were among the less developed regions, but with a promising economic structure. The Drava, Carinthia and Lower Drava regions were among the medium-developed regions with a problematic economic structure and positively assessed development potentials. The Central Sava region was ranked last, both in terms of development and potential. The global financial and economic crisis, which also severely affected the Slovenian economy in 2009, further affected the regions. The Mura region, which was already one of the least developed areas, was particularly affected. There was no adequate restructuring of the economy in this region and, in addition, economic activity was focused on activities with lower value added per employee. With the desire for a more harmonious regional development, quite a few laws and measures were adopted, but the fact is that even today, significant regional differences exist in Slovenia. In 2016, GDP per capita in the Central Slovenia region amounted to EUR 27,644, which was more than 40 percent higher than the national average. In that year, the Central Slovenia region thus generated 2.6 times higher GDP per capita than the least successful region – the Central Sava region.

Although Slovenia is not a 'second Switzerland' today, it has achieved a major breakthrough in almost three decades. Among other things, the structure of the Slovenian economy has changed significantly, the average age of the population has increased and so has the purchasing power. Expectations of the transition to a market economy were high; I would dare to say too high (similarly as in other transition countries). Today, this is clearly manifested in the helplessness and hopelessness of people and in the lack of understanding of the existing system. It can be frequently heard that Slovenia has written in its Constitution that it is introducing a market economy, but has in fact entered the capitalist economy. Due to romantic ideas, it is all the more difficult to accept the fact that Slovenia has not merely opted for a market economy, but has also moved into the capitalist system and everything that belongs to it. Unfortunately, capitalism tailored to man, as we have imagined it in Slovenia, is only an illusion. Private property without owners, equal distribution of profits and capitalism without social stratification are just utopian notions. Social stratification is a consequence of the capitalist system and it is even more pronounced in many societies comparable to ours. The global financial and economic crisis that erupted in 2008 also proved that the market cannot be the only regulator of the system and that the role of the state is important and desirable; however, what is crucial is how the state or the current governing structure understands, defines and enforces this role. There are considerable differences between capitalist systems and the Slovenian one was fairly socially oriented. The year 1991 marks an important turning point in our history. Slovenia gaining independence, international recognition and joining various international integrations culminating in the accession to the European Union in 2004 are great achievements. If we draw the line, the process of economic transition or the transition to an open social market economy in Slovenia deserves a positive historical assessment with a black mark, which, as in other transition countries, points to certain wrong moves and missed opportunities. However, this can be understood because such a complex process cannot be carried out in a perfectly systematic and purposeful manner, as things in practice often do not go as written in textbooks and laws. What is often forgotten and not pointed out, especially because negative stories prevail, is that in the 30 years of independence, many globally renowned companies have been established, which have succeeded mainly with an original entrepreneurial idea and hard work. One of the basic indicators, GDP per capita, also shows progress. The latter was four times lower in 1991 than in 2020, amounting to 5,131 or 22,014 euros, respectively. Slovenian GDP per capita in purchasing power standards in 2020 amounted to 89% of the EU average.

LITERATURE AND SOURCES

Archival sources

Arhiv Republike Slovenije [Archives of the Republic of Slovenia]

AS 1272, Družbeni pravobranilec Slovenije [Social Attorney of the Republic of Slovenia]

AS 1994, Služba Vlade Republike Slovenije za evropske zadeve [Office of the Government of the Republic of Slovenia for European Affairs]

AS 223, Vlada Republike Slovenije [The Government of the Republic of Slovenia]

Pokrajinski arhiv Maribor [Regional Archives Maribor]

PAMB 1771022, Medobčinski svet ZKS za Podravje [Inter-Municipal Council of the League of Communists of Slovenia for the Drava Region] – Maribor 1968–1990

Pictorial material

Muzej novejše zgodovine Ljubljana [National Museum of Contemporary History, Ljubljana]

Literature

Albreht, Matjaž. Slovenija krši evropsko socialno listino [Slovenia is Violating the European Social Charter]. *Delo/Sobotna priloga*, 6 February 2010.

Androjna, Roman. Investicijski skladi [Investment Funds]. *Agens*, No. 3, November 1993, pp. 4–5.

Aplenc, Andrej. *Prodaja Slovenije* [*The Sale of Slovenia*]. Ljubljana: Mladinska knjiga, 1997.

Apohal Vučković, Lidija et al. *Socialni razgledi 2009* [*Social Overview 2009*]. Ljubljana: IMAD, p. 39.

Arh, Urška. Brezposelnost, inflacija in gospodarska rast v državah v prehodu [Unemployment, Inflation and Economic Growth in the Countries of Transition]. *Naše gospodarstvo* [*Our Economy*], Vol. 50, No. 3/4, 2004, pp. 87–98.

Aristovnik, Aleksander. Vloga makroekonomske politike pri doseganju zunanjega ravnovesja držav srednje in vzhodne Evrope [The Role of Macroeconomic Policy in Achieving the External Balance of Central and Eastern European Countries]. *Naše gospodarstvo* [*Our Economy*], Vol. 47, No. 3/4, 2001, pp. 247–267.

Arrighi, Giovanni. *Dolgo dvajseto stoletje. Kapitalizem, denar in moč* [*The Long Twentieth Century. Capitalism, Money and Power*]. Ljubljana: Sophia, 2009.

Babič, Blaž. Predvolilni gospodarski program koalicije Demos [Pre-Election Economic Programme of the Demos Coalition]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLVIX, No. 2, 2009, p. 169–188.

Bajt, Aleksander. Gospodarski vidiki zasebljanja stanovanj [Economic Aspects of Housing Privatization]. *Gospodarska gibanja* [*Economic Trends*], No. 224, Institute of Economics, Faculty of Law, 1992, pp. 25–42.

Bajt, Aleksander. Iz heterodoksne stabilizacije v ultraortodoksno: Kako iz nje? [From Heterodox Stabilization to Ultra-Orthodox One: How to Get Out of It?]. In: *Gospodarska gibanja* [*Economic Trends*], No. 206, 1990, pp. 27–39.

Bajt, Aleksander. Protiustavnost uzakonjenega sistema lastninjenja [Unconstitutionality of the Legalized System of Ownership Transformation]. *Gospodarska gibanja* [*Economic Trends*], No. 246, Institute of Economics, Faculty of Law, 1994/1, pp. 19–38

Bajt, Aleksander. Zakon o denacionalizaciji kot zanikanje zasebne lastnine [Denationalization Act as a Denial of Private Property]. *Gospodarska gibanja* [*Economic Trends*], No. 223, Institute of Economics, Faculty of Law, 1991/12, pp. 25–34.

Bajt, Aleksander. Zdaj bi pa že bil čas, da se kaj stori za gospodarstvo! [It Would Be About Time to Do Something for the Economy!]. *Naši razgledi* [*Our Views*], Vol. 40, No. 17, Institute of Economics, Faculty of Law, 13 September 1991, pp. 478–479.

Baletić, Zvonimir et al. (ed.). *Hrvatsko gospodarstvo u tranziciji* [*Croatian Economy in Transition*]. Zagreb: Institute of Economics, 1999.

Bandelj, Nina. *From Communists to Foreign Capitalists. The Social Foundations of Foreign Direct Investments in Postsocialist Europe*. Princeton and Oxford: Princeton University Press, 2008.

Bannock, Graham et al. *Dictionary of Economics*. London: The Economist: Profile Books, 2003.

Barisitz, Stephan. *Banking in Central and Eastern Europe 1980–2006. A comprehensive analysis of banking sector transformation in the former Soviet Union, Czechoslovakia, East Germany, Yugoslavia, Belarus, Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, the Russian Federation, Serbia and Montenegro, Slovakia, Ukraine and Uzbekistan*. London and New York: Routledge, 2008.

Begović, Boris, Mijatović, Boško (ed.). *Four Years of Transition in Serbia*. Belgrade: Center for Liberal-Democratic Studies, 2005.

Bekő, Jani (ed.). V gospodarskih vrtincih [In Economic Vortices]. *Bilten EDP* [*EDP Bulletin*], Vol. 25, No. 1/3. Maribor: Faculty of Economics and Business, Institute for Economic Diagnosis and Prognosis, 2002.

Berdnik, Mojca. Prihaja leto koncentracije [The Year of Concentration is Coming]. *Gospodarski vestnik* [*Economic Journal*], No. 50, 1998, pp. 11–12.

Berend, Ivan T.(ur.). *Transition to a Market Economy at the End of the 20th Century = Übergang zur Marktwirtschaft am Ende des 20. Jahrhunderts*. München Südosteuropa-Gesellschaft, 1994.

Berend, Ivan T. *From the Soviet Bloc to the European Union. The Economic and Social Transformation of Central and Eastern Europe since 1973*. Cambridge/New York: Cambridge University Press, 2009.

Bergant, Zvonko, Plavec, Bernardka. *Slovenija v evroatlantskih povezavah* [*Slovenia in Euro-Atlantic Integrations*]. Ljubljana: Institute of the Republic of Slovenia for Education, 2008.

Berglöf, Erik in Roland, Gerard (ed.). *The Economics of Transition: The Fifth Nobel Symposium in Economics*. New York: Palgrave Macmillan, 2007.

Bešter, Janez. *Prevzemi podjetij in njihovi učinki na delničarje, managerje, zaposlene, upnike in državo* [*Takeovers of Companies and Their Effects on Shareholders, Managers, Employees, Creditors and the State*]. Ljubljana: Gospodarski vestnik [Economic Journal], 1996.

Bohinc, Rado (ed.). *Slovenska korporacija v evropskih razmerah*, Zbornik razprav [*Slovenian Corporation in European Conditions*, Proceedings]. Ljubljana: Slovenian Research Institute for Management, Faculty of Social Sciences, 1999.

Bohinc, Rado, Bratina, Borut. *Upravljanje korporacij, Knjižna zbirka Pravo in gospodarstvo* [*Corporate Governance, Law and Economy Book Collection*]. Ljubljana: Faculty of Social Sciences, 2005.

Bohinc, Rado, Milkovič, Nina (eds.). *Privatizacija na Slovenskem 1990–1992* [*Privatization in Slovenia 1990–1992*]. Ljubljana: Slovenski inštitut za management Ljubljana d.d., DZS, d. d., 1993.

Böhm, Andreja (ed.). *Privatization in Central & Eastern Europe 1994*. Ljubljana: CEEPN, 1995.

Böhm, Andreja (ed.). Privatization in Central & Eastern Europe 1995. Ljubljana: CEEPN, 1996.

Böhm, Andreja. Privatization through Restructuring. *Agens*, No. 7, March 1994, pp. 10–11.

Bole, Velimir. Denarno povpraševanje in monetarno stiskanje. Izkušnje iz 1990. leta [Money Demand and Monetary Squeezing. Experience from 1990s]. *Gospodarska gibanja* [*Economic Trends*], No. 212, 1990/12, Institute of Economics, Faculty of Law, pp. 23–33.

Bole, Velimir. Ekonomskopolitični pogoji v 1991 ali podajanje v neznano [Economic and Political Conditions in 1991 or Venturing into the Unknown]. *Gospodarska gibanja* [*Economic Trends*], No. 214, 1991/2, Institute of Economics, Faculty of Law, pp. 25–39.

Boncelj, Jože. *Bankrotirana družba, Izmišljeni lastniki* [*Bankrupt Society, Fictitious Owners*]. Ljubljana: SAN-PRO, 1999.

Borak, Neven (ed.). *Korporacijsko prestrukturiranje*, *6. Letno srečanje zveze ekonomistov Slovenije* [*Corporate Restructuring, 6th Annual Meeting of the Association of Economists of Slovenia*]. Ljubljana: Association of Economists of Slovenia, 1998.

Borak, Neven (ed.). *Slovensko podjetje v devetdesetih* [*Slovenian Company in the Nineties*]. Ljubljana: Association of Economists of Slovenia, 2000.

Borak, Neven, Lazarević, Žarko (eds.). *Prevrati in slovensko gospodarstvo v 20. stoletju; 1918–1945–1991* [*Coups and the Slovenian Economy in the 20th Century; 1918–1945–1991*]. Ljubljana: Cankarjeva založba, 1996.

Borak, Neven. *Denarne reforme* [*Monetary Reforms*]. Ljubljana: Cankarjeva založba, 1998.

Borak, Neven, Lazarević, Žarko (eds.). *Gospodarske krize in Slovenci* [*Economic Crises and Slovenians*]. Ljubljana: Institute of Contemporary History/Association of Economists of Slovenia, 1999.

Borak, Neven, Ovin, Rasto (eds.). *Prehod in prestrukturiranje slovenskega gospodarstva*, 1. Letna konferenca Znanstvene sekcije Zveze ekonomistov Slovenije [*Transition and Restructuring of the Slovenian Economy*, First Annual Conference of the Scientific Section of the Economists' Association of Slovenia]. Ljubljana: Economists' Association of Slovenia, 1997.

Borak, Neven. *Ekonomski vidiki delovanja in razpada Jugoslavije* [*Economic Aspects of the Operation and Disintegration of Yugoslavia*]. Ljubljana: Science and Journalism Centre, Spekter Collection, 2002.

Borak, Neven. *Gospodarski vzroki razpada Jugoslavije: ekonomsko-gospodarska razlaga, Doktorska disertacija* [*Economic Causes of the Disintegration of Yugoslavia: Economic Explanation, Doctoral Dissertation*]. Ljubljana: University of Ljubljana/Faculty of Arts, 2001.

Borak, Neven. *Iskanje Guliverja ali kako preživeti* [*Searching for Gulliver or How to Survive*]. Ljubljana: Science and Journalism Centre, 1994.

Borak, Neven. *Spočetje ekonomske samostojnosti* [*Conception of Economic Independence*]. Ljubljana: Science and Journalism Centre, Forum Collection, 1992.

Brabant van, Josef M. *The Political Economy of Transition: Coming to Grips with History and Methodology*. London/New York: Routledge Studies of Societies in Transition, 1998.

Brščič, Bernard. Tovarišijski kapitalizem je utemeljen na klientelizmu, kriminalu in korupciji [Comradely Capitalism is Based on Clientelism, Crime and Corruption]. *Finance*, No. 115/2759, 17 June 2008, pp. 10–11.

BS lahko naredi več. Intervju z dr. Janezom Šušteršičem: UMAR [The Bank of Slovenia can do more. Interview with Dr. Janez Šušteršič: IMAD]. In: *Gospodarski vestnik* [*Economic Journal*], Vol. 50, No. 28, 12 July 2001, pp. 14–15.

Bučar, France. *Resničnost in utvara* [*Reality and Illusion*]. Maribor: Obzorja, 1986.

Bučar, France. *Slovenci in prihodnost: slovenski narod po rojstvu države* [*Slovenians and the Future: Slovenian Nation after the Birth of the State*]. Radovljica: Didakta, 2009.

Chomsky, Noam, McChesney, Robert Waterman; Potokar, Jure, Rizman, Rudi (trans.). *Profit pred ljudmi: neoliberalizem in globalna ureditev* [*Profit Over People: Neoliberalism and Global Order*]. Ljubljana: Sanje, 2005.

Cirman, Andreja. Lastna nepremičnina – najpogostejša naložba v Sloveniji [Own Real Estate – The Most Common Investment in Slovenia]. *Moje Finance* [*My Finances*], Vol. 2, No. 2, 2002, pp. 4–8.

Csaba, Laszlo (ed). *Privatization, Liberalization and Destruction: Recreating the Market in Central and Eastern Europe*. Dartmouth: Aldershot, 1994.

Čeh, Silva. Intervju z Metodom Dragonjo [Interview with Metod Dragonja]. *Agens*, No. 6, February 1994, pp. 2–3.

Čeh, Silva. »Dobimo mi, da ne bi dobili drugi«. Intervju z Markom Simonetijem ["We Get It so Others Would Not". Interview with Marko Simoneti]. *Delo/Sobotna priloga*, Vol. 35, No. 122, 29 May 1993, p. 27.

Čeh, Silva. Intervju z Markom Simonetijem [Interview with Marko Simoneti]. *Agens*, No. 3, November 1993, pp. 2–3.

Čeh, Silva. Intervju z Miro Puc [Interview with Mira Puc]. *Agens*, No. 35, June 1996, pp. 2–4.

Čepič, Zdenko (ed.). *Slovenija – Jugoslavija, krize in reforme 1968/1988* [*Slovenia – Yugoslavia, Crises and Reforms 1968/1988*]. Ljubljana: Institute of Contemporary History, 2010.

Čepič, Zdenko et al. (ed.). *Slovenska novejša zgodovina 2, Od programa Zedinjena Slovenija do mednarodnega priznanja Republike Slovenije 1848–1992* [*Slovenian Contemporary History 2, From the United Slovenia Programme to the International Recognition of the Republic of Slovenia 1848–1992*]. Ljubljana: Mladinska knjiga/ Institute of Contemporary History, 2005.

Čerin, Aleš. *Najboljše moštvo. Vzpon in razrešitev Zorana Jankovića* [*The Best Team. Rise and Dismissal of Zoran Janković*]. Tržič: Učila International, 2006.

Češka, Roman et al. *Small privatization in Central and Eastern Europe*. Ljubljana: CEEPN, 1993.

Damijan, Jože. Slovenska privatizacijska burka [Slovenian Privatization Comedy]. *Gospodarski vestnik* [*Economic Journal*], No. 51, Vol. XLI, 24 December 1992, pp. 14–15.

Damijan, Jože. Šok, če bi šli po poti Poljske [Shocking If We Followed the Path of Poland]. *Gospodarski vestnik* [*Economic Journal*], No. 45, Vol. 42, 1993, pp. 18–20.

Demšar, Jakob. Gospodarski kriminal: Kje so meje dopustnega? [Economic Crime: Where Are the Limits of What is Permissible?]. *Delo/Sobotna priloga*, Vol. 51, No. 247, 24 October 2009, pp. 14–15.

Dernovšek, Igor. Nova slovenska realnost [A New Slovenian Reality]. *Gospodarski vestnik* [*Economic Journal*], Vol. 51, No. 21, 27 May 2002, pp. 22–23.

Dernovšek, Igor. Poslovno podzemlje se razrašča [The Business Underground is Growing]. *Gospodarski vestnik* [*Economic Journal*], Vol. 51, No. 15, 15 April 2002, pp. 21–26.

Devetaković, Stevan, Jovanović Gavrilović, Biljana, Rikalović, Gojko. *Nacionalna ekonomija*, Peto izmenjeno i dopunjeno izdanje [*National Economy*, Fifth Revised Edition]. Belgrade: Center for Publishing Activities of the Faculty of Economics in Belgrade, 2008.

Drenovec, Franček. Kaj se je zgodilo z zgodbo o uspehu? [What Happened with the Success Story?]. *Družboslovne razprave* [*Social Science Debates*], Vol. 21, No. 48, April 2005, pp. 13–25.

Eatwell, John et al., Brglez, Milan (trans.). *Iz tranzicije v evropsko povezovanje, Oblikovanje prihodnosti srednje in vzhodne Evrope* [*Transformation and Integration: Shaping the Future of Central and Eastern Europe*]. Ljubljana: Sophia Collection, Science and Journalism Centre, 1996.

Ekonomska tranzicija u Srbiji 2001–2005. Rezultati, strategije, perspektive, Savjetovanje ekonomista, privrednika i bankara, Ekonomski anali [*Economic Transition in Serbia 2001–2005*. Results, Strategies, Perspectives, Conference of Economists, Businessmen and Bankers, Economic Annals]. Belgrade: Serbian Scientific Society of Economists with the Academy of Economic Sciences and the Faculty of Economics in Belgrade, 2006.

Ferfila, Bogomil, Phillips, Paul Arthur. *Socioeconomic History of Slovenia: From Medieval Roots to European Union*. Ljubljana: Faculty of Social Sciences, 2009.

Fikfak, Jurij, Prinčič, Jože, Turk, Jeffrey David. *Biti direktor v času socializma: med idejami in praksami* [*To Be a Director in the Time of Socialism: Between Ideas and Practice*]. Ljubljana: Založba ZRC, ZRC SAZU, 2008.

Fink-Hafner Danica, Haček, Miro (ed.). *Demokratični prehodi II, Slovenija v primerjavi z drugimi nekdanjimi jugoslovanskimi republikami* [*Democratic Transitions II, Slovenia in Comparison to Other Former Yugoslav Republics*]. Ljubljana: Faculty of Social Sciences, 2001.

Fink-Hafner, Danica in Haček, Miro (ed.). *Demokratični prehodi I, Slovenija v primerjavi s srednjeevropskimi postsocialističnimi državami* [*Democratic Transitions I, Slovenia in Comparison to Central European Post-Socialist Countries*]. Ljubljana: Faculty of Social Sciences, 2000.

Franca, Valentina, Globočnik, Nina. Vsebina pogodbe o udeležbi delavcev pri dobičku [Contents of the Agreement on Employee Participation in Profits]. *Industrijska demokracija* [*Industrial Democracy*], No. 10, 2008, pp. 4–8

Gašparič, Jure. *Državni zbor 1992-2012: o slovenskem parlamentarizmu* [*National Assembly of the Republic of Slovenia 1992–2012: About Slovenian Parliamentarism*]. Ljubljana: Institute of Contemporary History, 2012.

Gerhard, Pohl (ed.). *Privatization and Restructuring in Central and Eastern Europe: Evidence and Policy Options*. Washington: The World Bank, 1997.

Gerovac, Ksenija. Šesta letna konferenca C.E.E.P.N [Sixth Annual C.E.E.P.N. Conference]. *Agens*, No. 29, December 1995, pp. 13–14.

Gerovac, Ksenija. Uprava Tama verjame v prihodnost novih družb [Tam's Management Believes in the Future of New Companies]. *Agens*, No. 34, May 1996, pp. 2–4.

Gjuričova, Adela, Kopeček, Michal (ed.). *Kapitoly z dejin česke demokracie po roce 1989* [*Chapters from the History of Czech Democracy after 1989*]. Prague: Paseka/ Litomyšl, 2008.

Glušič, Tanja. Delitev dobička delavcem [Distribution of Profits to Workers]. In: *Pravna praksa: Časopis za pravna vprašanja* [*Legal Practice, Journal for Legal Issues*], Vol. 28, No. 2, 2009, pp. 9–11.

Godec, Borut. Tranzicijska kriza je končana, gospodarski kriminal upada [The Transition Crisis is Over, Economic Crime is Declining]. *Finance/Priloga*, No. 51, 24 May 1999, p. 16.

Gorenčič, Dušan. *Financiranje stanovanjske gradnje z vidika nacionalne stanovanjske varčevalne sheme in evropske izkušnje s pogodbenim varčevanjem. Magistrsko delo* [*Financing of the Housing Construction from the Point of View of the National Savings*

Scheme for Housing and the European Experience with Contractual Savings. Master's Thesis]. Ljubljana: Faculty of Economics, 2005.
Granda, Stane. *Mala zgodovina Slovenije* [*A Brief History of Slovenia*]. Celje: Celjska Mohorjeva družba, 2008.
Gregorec, Zdravko (ed.). *OECD Gospodarski pregledi 1996–1997: Slovenija, Organizacija za ekonomsko sodelovanje in razvoj* [*OECD Economic Reviews 1996–1997: Slovenia, Organization for Economic Co-operation and Development*], Ljubljana: Centre for Co-Operation with Economies in Transition/Ministry of Foreign Affairs/Office for European Affairs, 1997.
Gregurek, Miroslav. *Stupanj i učinci privatizacije u Hrvatskoj* [*The Degree and Effects of Privatization in Croatia*]. Ekonomski pregled [Economic Review], Vol. 52, No. 1–2, pp. 155–188.
Hanžek, Matjaž, Gregorčič, Marta (ed.). P*oročilo o človekovem razvoju – Slovenija 2000–2001* [*Human Development Report – Slovenia 2000–2001*]. Ljubljana: Institute of Macroeconomic Analysis and Development, 2003.
Hoen, W. Herman. *The Transformation of Economic Systems in Central Europe*. Northampton: Studies in Comparative Economic Systems, 1998.
Horvat, Uroš. Razvoj prebivalstva v mestu Maribor v obdobju med letoma 1981–2002 [Population Development in the City of Maribor in the Years between 1981 and 2002]. *Revija za geografijo* [*Journal for Geography*], Vol. 1, No. 1, 2006, pp. 41–62.
Hren, Karmen (ed.). *Sloveniji za 20. rojstni dan: slovenski statistiki* [*To Slovenia for Its 20th Birthday: Slovenian Statisticians*]. Ljubljana: Statistical Office of the Republic of Slovenia, 2011.
Hribernik, Franc. Socialna varnost brezposelnih [Social Security of the Unemployed]. In: *Socialno delo* [*Social Work*], Vol. 34, No. 2, 1995, pp. 133–142.
Inflacijo povzroča in nato »zavira« država! [Inflation is Caused and then "Inhibited" by the State!]. *Gospodarska gibanja* [*Economic Trends*], No. 343, 2002/11, Institute of Economics, Faculty of Law, pp. 6–24.
Intervju z dr. Jožetom Mencingerjem [Interview with Dr. Jože Mencinger]. *Mladina*, No. 46, 10 November 2006, pp. 36–40.
Ivan Ribnikar. Drugi (in tretji) steber pokojninskega sistema in trg kapitala [The Second (and Third) Pillar of the Pension System and the Capital Market.]. *Bančni vestnik* [*Banking Journal*], Vol. 47, No. 5, May 1998, pp. 49–51.
Jaklin, Jože, Herič, Boštjan. Economic Transition in Slovenia – 1996. *CEEPN Annual Conference Series*, No. 7, 1996, pp. 466–501.
Jakomin L., Alenka. Intervju z Draškom Veselinovičem [Interview with Draško Veselinovič]. *Agens*, No. 15, October 1994, pp. 2–3.
Jakomin L., Alenka. Intervju z Dušanom Mramorjem [Interview with Dušan Mramor]. *Agens*, No. 8, April 1994, pp. 2–3.
Jakomin L., Alenka. Intervju z Richardom J. Waltersom [Interview with Richard J. Walters]. *Agens*, No. 33, April 1996, pp. 2–5.
Jakomin L., Alenka. Intervju z Antonom Ropom [Interview with Anton Rop]. *Agens*, No. 2, October 1993, pp. 2–3.

Jakomin L., Alenka. Intervju z Dušanom Trisko [Interview with Dušan Triska]. *Agens*, No. 4, December 1993, pp. 2–3.

Jančar, Mateja (ed.). *Kapitalizem, tranzicija, demokracija* [*Capitalism, Transition, Democracy*]. Ljubljana: Dr. Jože Pučnik Institute, 2009.

Javornik, Jana, Korošec, Valerija (eds.). *Poročilo o človekovem razvoju Slovenija 2002/2003. Človekov razvoj in zdravje* [*Human Development Report Slovenia 2002/2003. Human Development and Health*]. Ljubljana: IMAD, 2003.

Jedrzejczak, T. Gregory et al. *Reprivatization in Central & Eastern Europe: Country Privatization Reports & Specific Implementation issues*. Ljubljana: CEEPN, 1992.

Judt, Tony. *Povojna Evropa 1945–2005* [*Postwar: A History of Europe since 1945*]. Ljubljana: Mladinska knjiga, 2007.

Kanjuo-Mrčela, Aleksandra. Lastništvo zaposlenih – mednarodne izkušnje [Employee Ownership – International Experience]. *Industrijska demokracija* [*Industrial Democracy*], Vol. 1, No. 2, 1997, pp. 26–27.

Kanjuo-Mrčela, Aleksandra. Lastništvo zaposlenih na prelomu tisočletja [Employee Ownership in Slovenia at the Beginning of the Millennium]. *Industrijska demokracija* [*Industrial Democracy*], Vol. 6, No. 10, 2002, pp. 21–24.

Kazenski zakonik Republike Slovenije [*Criminal Code of the Republic of Slovenia*], Ljubljana: Ministry of the Interior, 1994.

Klemenčič M. Marijan (ed.). *Gospodarska problematika slovenskega alpskega sveta in slovenskih mest, št. 11* [*Economic Problems of the Slovenian Alpine World and Slovenian Cities, No. 11*]. Ljubljana: Department of Geography, Faculty of Arts, 1995.

Kmet Zupančič, Rotija (ed).: Poročilo o razvoju 2019 [Development Report 2019], Ljubljana: IMAD, 2019.

Kmet, Rotija. Zunanje neravnovesje in ekonomska politika v obdobju tranzicije (primer Češke, Madžarske in Poljske z možnimi zaključki za Slovenijo) [External Imbalances and Economic Policy in the Transition Period (the Case of the Czech Republic, Hungary and Poland with Possible Conclusions for Slovenia)]. IMAD, Workbook No. 10, Vol. VIII, 1999.

Kocjan, Vida. Tranzicijski botri tajkunov [Transitional Godfathers of Tycoons]. *Demokracija*, No. 22, Vol. XIII, 20 May 2008, pp. 24–27.

Koražija, Nataša. Pravična bi bila deprivatizacija! Intervju z Boštjanom Penkom [Deprivatization Would be Fair! Interview with Boštjan Penko]. *Gospodarski vestnik* [*Economic Journal*], Vol. 52, No. 14, 7–13 April 2003, pp. 30–33.

Korže, Uroš. Zlata pravila za uspešno prestrukturiranje [The Golden Rules for a Successful Restructuring]. *Agens*, No. 35, June 1996, p. 7

Kovač, Bogomir et al. Kako lastniniti slovensko podjetje [How to Privatize a Slovenian Company]. *Gospodarski vestnik* [*Economic Journal*], Ljubljana, 1993.

Kovač, Bogomir. Kot na začetku devetdesetih [As in the Early Nineties]. *Delo/Sobotna priloga*, 14 December 2002, p. 8.

Kovač, Bogomir. Obsojeni na uspeh? [Doomed to Success?]. *Mladina*, No. 26, 24 June 2006, p. 34.

Kovač, Bogomir. *Rekviem za socializem. Ekonomske reforme v socialističnih državah*. [*Requiem for Socialism. Economic Reforms in Socialist Countries*]. Ljubljana: DZS, 1990.

Kovač, Bogomir. *Uvod v podjetništvo: analiza poslovnega načrta* [*Introduction to Entrepreneurship*: *An Analysis of a Business Plan*]. Ljubljana: University, 1990.

Kovač, Matej. Roparski baroni [Robber Barons]. *Finance*, No. 105/2749, 3 June 2008, p. 12.

Kovač, Stanislav. Cvikl odhaja, Slovenija raja [Cvikl is Leaving, Slovenia is Rejoicing]. *Finance*, No. 50, 15 March 2010, p. 11.

Kovač, Stanislav. Divja privatizacija [Wild Privatization]. *Finance*, No. 106/2750, 4 June 2008, p. 16.

Kovač, Stanislav. Jože Mencinger je oče slovenske tajkunizacije [Jože Mencinger is the Father of Slovenian Tycoonization]. *Finance*, No. 85, 6 May 2009, p. 12.

Kovač, Stanislav. *Zamolčane zgodbe slovenske tranzicije* [*The Untold Stories of the Slovenian Transition*], Ljubljana: Mladinska knjiga, 1997.

Kračun, Davorin. *Economics of Transition: Stabilization and Economic Performance*, Maribor: Institute for Economic Diagnosis and Prognosis / Faculty of Economics and Business Maribor, 2000.

Kračun, Davorin. Tranzicija, stabilizacija i ekonomski rast: iskustvo Slovenije [Transition, Stabilization and Economic Growth: Slovenia's Experience]. *Ekonomski pregled* [*Economic Review*], Vol. 56, No. 3/4, 2005, pp. 145–162.

Krašovec, Tone. *Deset let gospodarskega razvoja v samostojni Sloveniji* [*Ten Years of Economic Development in Independent Slovenia*]. Ljubljana: Združenje Manager/Razum, dr. Krašovec & Co. d. n .o., 2001.

Križanič, France, Oplotnik, Žan. Ekonometrična ocena vpliva zaključka procesa lastninskega preoblikovanja podjetij na investiranje in dinamiko prilivov tujega kapitala v Slovenijo [Econometric Assessment of the Impact of the Completion of the Process of Ownership Transformation of Companies on Investments and the Dynamics of Foreign Capital Inflows into Slovenia]. *Gospodarska gibanja* [*Economic Trends*], No. 309, 1999/10, pp. 25–35.

Križanič, France. O zastoju gospodarske dejavnosti v Sloveniji [On the Stagnation of Economic Activity in Slovenia]. *Gospodarska gibanja* [*Economic Trends*], No. 225, 1992/2, Institute of Economics, Faculty of Law, pp. 23–41.

Krnc, Janez. Revizije predhodnega lastninjenja [Audits of Pre-Privatization]. *Gospodarska gibanja* [*Economic Trends*], No. 20, 22 May 1997, pp. 71–74. URL: http://www.ius-software.si (18 January 2010).

Lampe R., John. *Yugoslavia as History. Twice There was a Country*. Cambridge: Cambridge University Press, 1996.

Lane, David Stuart, Myant, Martin (ed.). *Varieties of Capitalism in Post-Communist Countries (Studies in Economic Transition)*. Basinstoke/New York: Palgrave Macmillan, 2007.

Lastninsko preoblikovanje slovenskih podjetij, *Poročilo o delu Agencije RS za prestrukturiranje in privatizacijo* [*Ownership Transformation of Slovenian Companies, Report on the Work of the Agency of the Republic of Slovenia for Restructuring and*

Privatization]. Ljubljana: Agency of the Republic of Slovenia for Restructuring and Privatization, 1999.

Lavigne, Marie. *The Economics of Transition. From Socialist Economy to Market Economy*. Houndmills etc.: Macmillan Press LTD, 1999.

Lavrač, Vladimir. *Slovenska pot do prevzema evra* [*Slovenia's Path to Adopting the Euro*]. Ljubljana: Institute for Economic Research, 2007.

Lazarević, Žarko, Lorenčič, Aleksander (eds.). *Podobe modernizacije* [*Images of Modernisation*]. Ljubljana: Razpoznavanja/Recognitiones Collection/Institute of Contemporary History, 2009.

Lazarević, Žarko. *Plasti prostora in časa. Iz gospodarske zgodovine Slovenije prve polovice 20. stoletja* [*The Layers of Space and Time. From the Economic History of Slovenia in the First Half of the 20th Century*]. Ljubljana: Razpoznavanja/Recognitiones Collection/ Institute of Contemporary History, 2009.

Lazarević, Žarko. Prostor, gospodarstvo in razmerja. Jugoslovanski ekonomski prostor in razmerja [Space, Economy and Relations. Yugoslav Economic Space and Slovenians]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLIX, No. 1, p. 279–292.

Lazarević, Žarko. Sočasnost slovenskega gospodarskega razvoja [Contemporaneity of Slovenian Economic Development]. *Zgodovinski časopis* [*Historical Newspaper*], No. 3/4, 2007, pp. 393–410.

Lorber, Lučka. Gospodarska tranzicija Slovenije v procesu globalizacije [The Economic Transition of Slovenia in the Process of Globalization]. *Geografski zbornik* [*Geographical Journal*], Vol. 39, 1999, pp. 133–166.

Lorber, Lučka. Strukturne spremembe mariborskega gospodarstva po letu 1991 [Structural Changes in the Maribor Economy after 1991]. *Revija za geografijo* [*Journal for Geography*], Vol. 1, No. 1, 2006, pp. 63–78.

Lorenčič, Aleksander, Prinčič, Jože. Slovenska industrija od nastanka do danes [Slovenian Industry from Its Inception to the Present Day]. Razpoznavanja/Recognitiones: Institute of Contemporary History, Ljubljana, 2018.

Lorenčič, Aleksander. Aspects of Economic Transition Illustrated by Examples from Slovenia, Serbia and Croatia. *Études balkaniques: revue trimestrielle* [*Balkan Studies: Quarterly Review*]. 2016, Vol. 52, No. 3, pp. 499–526.

Lorenčič, Aleksander. Aspects of the Slovenian Economic Transition and the Role of Banks in the Historical Perspective. *Analele Universitœații din Oradea. Istorie, arheologie* [*Annals of the University of Oradea. History, Archaeology*]. 2017, Vol. 27, No. 16, pp. 177–192.

Lorenčič, Aleksander. Atelšek, Ivan. In: Šterbenc Svetina, Barbara (ed). *Novi Slovenski biografski leksikon* [*New Slovenian Biographical Lexicon*]. 1st ed. Ljubljana: Založba ZRC, 2013, Vol. 1: a, pp. 284–285, portrait.

Lorenčič, Aleksander. Gospodarska kriminaliteta: »Temna stran kulturnega in tehnološkega razvoja človeštva« [Economic Crime: "The Dark Side of the Cultural and Technological Progress of Mankind"]. *Zgodovina za vse* [*History for Everyone*], Vol. XVI, No. 1, 2009, pp. 130–141.

Lorenčič, Aleksander. Gospodarstvo v ptujski občini v osemdesetih [The Economy in the Ptuj Municipality during the Eighties]. *Časopis za zgodovino in narodopisje* [*Review for History and Ethnography*], Vol. 78/43, No. 1, 2007, pp. 68–77.

Lorenčič, Aleksander. Lastniška struktura v podjetjih in participacija delavcev v njej po osamosvojitvi Slovenije [Ownership Structure in Companies and Employee Participation in It after the Independence of Slovenia]. *Svobodna misel* [*Free Thought*], Vol. 18, No. 21; Appendix: Vol 1, No. 21, 13 November 2009, pp. 10–12.

Lorenčič, Aleksander. Life in the Second Yugoslavia through the Prism of Selected Indicators: The Slovenian Experience. In: *Review of Croatian History*. 2015, Vol. 11, No. 1, pp. 101–120.

Lorenčič, Aleksander. Makroekonomski kazalci Slovenije v času tranzicije: od recesije in stabilizacije preko okrevanja do vstopa v Evropsko unijo [Slovenia's Macroeconomic Indicators during the Transition Period: From Recession and Stabilization through Recovery to Accession to the European Union]. *Časopis za zgodovino in narodopisje* [*Review for History and Ethnography*], Vol. 80, No. 2–3, 2009, pp. 179–199.

Lorenčič, Aleksander. Od »cokle« za razvoj do EU: osemdeseta – leta, ki so porodila spoznanje, da so razvojne možnosti izčrpane [From the "Obstacle" for Development to the EU: The Eighties – The Years that Gave Birth to the Realization that Development Opportunities are Exhausted]. *Mladina*. [Printed ed.]. 27 November 2020, special No. of *Mladina* – Zgodovina, rojstvo države, 1. del [History, the Birth of the State, Part 1], pp. 32–37.

Lorenčič, Aleksander. Oris gospodarskega razvoja Prekmurja od priključitve do danes [Outline of the Economic Development of Prekmurje from the Annexation to the Present Day]. In: Štih, Peter, Ajlec, Kornelija, Kovács, Attila (eds.). *»Mi vsi živeti ščemo«: Prekmurje 1919: okoliščine, dogajanje, posledice: zbornik prispevkov mednarodnega in interdisciplinarnega posveta na Slovenski akademiji znanosti in umetnosti, Ljubljana, 29.–30. maj 2019 ["We All Want to Live": Prekmurje 1919: Circumstances, Events, Consequences: summaries of the international and interdisciplinary conference at the Slovenian Academy of Sciences and Arts, Ljubljana, 29–30 May 2019*]. Ljubljana: Slovenian Academy of Sciences and Arts, 2020, pp. 463-492.

Lorenčič, Aleksander. *Prelom s starim in začetek novega: Tranzicija slovenskega gospodarstva iz socializma v kapitalizem (1990–2004).* [*A Break with the Old and the Beginning of Something New: Slovenian Economic Transition from Socialism to Capitalism (1990–2004)*]. Ljubljana: Razpoznavanja/Recognitiones Collection/ Institute of Contemporary History, 2012.

Lorenčič, Aleksander. Pretvorba družbene lastnine v privatno – osrednji problem slovenske gospodarske tranzicije [Transformation of Public Property into Private Property – Focal Problem of Slovenian Economic Transition]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLVIX, No. 2, Ljubljana 2009, pp. 189–206.

Lorenčič, Aleksander. Privatizacija: ozbiljan problem u slovenačkoj ekonomskoj tranziciji [Privatization: A Serious Problem in the Slovenian Economic Transition]. *Megatrend revija* [*Megatrend Magazine*], Vol. 6, No. 1, 2009, pp. 1–16.

Lorenčič, Aleksander. Process ekonomičeskogo preobrazovanija v Sloveniji v pervoj polovine 1990–h gg [The Process of Economic Transformation in Slovenia in the First Half of the 1990s]. *Istoričeskij vestnik Universitetov Ljubljany i Permi* [*Historical Journal of the Universities of Ljubljana and Perm*], No. 2, 2008, pp. 114–122.

Lorenčič, Aleksander. *Sanje o 'drugi Švici'* [*Dreams of a 'second Switzerland'*]. Mladina (Printed Edition), 26 March 2021, special No. of Mladina – Zgodovina, Rojstvo države, 2. del [History, The Birth of the State, Part 2], pp. 86–93.

Lorenčič, Aleksander. Slovenski sindikati in prehod v kapitalizem [Slovenian Trade Unions and the Transition to Capitalism]. In: Kavčič, Franček (ed.). *Delavsko gibanje in delavska enotnost: zbornik ob 75-letnici Delavske enotnosti* [The Workers' Movement and Workers' Unity: Journal on the Occasion of the 75th Anniversary of Workers' Unity]. Ljubljana: Federation of Free Trade Unions of Slovenia, 2017, pp. 172–179.

Lorenčič, Aleksander. Slovensko gospodarstvo med tranzicijo in globalno krizo (1990-2010) [Slovenian Economy between Transition and Global Crisis (1990–2010)]. In: Mihelič, Darja (ed.). *Vizija raziskav slovenske gospodarske in družbene zgodovine* [*The Vision of Research on Slovenian Economic and Social History*]. Ljubljana: Založba ZRC, 2014, pp. 311-325.

Lorenčič, Aleksander. Stečaji in usoda večjih podjetij na Ptujskem v tranzicijskem obdobju [Bankruptcies and the Fate of Major Enterprises in the Ptuj Region during the Transition Period]. *Časopis za zgodovino in narodopisje* [*Review for History and Ethnography*], Vol. 78/43, No. 2–3, 2007, pp. 180–190.

Lorenčič, Aleksander. Strukturni premiki na področju slovenskega podjetništva v času »prve recesije« [Structural Changes in Slovene Entrepreneurship during the "First Recession"]. *Zgodovina za vse* [*History for Everyone*], Vol. XVI, No. 2, 2009, p. 133–143.

Lorenčič, Aleksander. Vpliv politike na gospodarstvo v ptujski občini od leta 1980 do leta 1995 [The Impact of Politics on the Economy in the Ptuj Municipality from 1980 to 1995]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLVII, No. 2, 2007, pp. 175–186.

Lorenčič, Aleksander: Prva leta gospodarske tranzicije v Sloveniji [The First Years of Economic Transition in Slovenia]. *Prispevki za novejšo zgodovino* [*Contributions to Contemporary History*], Vol. XLVIII, No. 2, 2008, pp. 149–164.

Lužnik Pohar, Milka. *Trgovec z življenjem: zgodba Miloša Kovačiča* [*Trading with Life: The Story of Miloš Kovačič*]. Ljubljana: Darila Rokus, 2005.

Maček, Jure et al. *Metalna Maribor, Sledovi mariborskega gospodarstva v arhivskem gradivu Pokrajinskega arhiva Maribor, Katalogi XXV* [*Metalna Maribor, Traces of the Maribor Economy in the Materials of the Regional Archives Maribor, Catalogues XXV*]. Maribor: Regional Archives Maribor, 2006.

Majcen, Boris et al. *Ekonomske posledice spreminjanja demografske strukture slovenskega prebivalstva* [*Economic Consequences of Changing Demographic Structure of the Slovenian Population*] Ljubljana: Institute for Economic Research, 2005.

Markeš, Janez. Pogovor s filozofom in sociologom dr. Veljkom Rusom [Conversation with the philosopher and sociologist Dr. Veljko Rus]. *Delo/Sobotna priloga*, Vol. 51, No. 247, 24 October 2009, pp. 4–7.

Matesova, Jana. *Does Mass Privatization Spur Restructuring?* Čelakovice: Czechoslovak Management Center, 1995, p. 1.

Matos, Urša. Žrtve tranzicije. Novi Stanovanjski zakon bo še poslabšal položaj najemnikov v denacionaliziranih stanovanjih [Victims of Transition. The New Housing Act Will Further Worsen the Position of Tenants in Denationalized Housing]. *Tednik Mladina* [*Mladina Newspaper*], No. 11, 17 March 2003, pp. 30–31.

Maver, Darko et al. (ed.). *Posvet »Problematika odkrivanja in pregona gospodarske kriminalitete«. 27. November 2002* [*Conference "Problems of Detecting and Prosecuting Economic Crimes". 27 November 2002*]. Ljubljana: Ministry of the Interior of the Republic of Slovenia, 2003.

Meier, Viktor. *Zakaj je razpadla Jugoslavija* [*Why Yugoslavia Collapsed*]. Ljubljana: Science and Journalism Centre, 1996, pp. 26–43.

Mekina, Borut. V četrtem krogu pekla. Cerkvene finance so zaradi špekulativnih naložb tik pred zlomom [In the Fourth Circle of Hell. Church Finances are on the Verge of Collapse due to Speculative Investments]. *Mladina*, No. 31, 2 April 1010, pp. 21–23.

Melik, Jelka. Družbeni pravobranilec Republike Slovenije, pomemben ustvarjalec arhivskega gradiva [Social Attorney of the Republic of Slovenia, an Important Creator of Archival Material]. *Arhivi, Glasilo Arhivskega društva in arhivov Slovenije* [*Archives, The Gazette of the Archival Association and Archives of Slovenia*], Vol. XXV, No. 2, Ljubljana 2002, pp. 15–18.

Melik, Jelka. Slovensko pravosodje in njegovo arhivsko gradivo po letu 1991 [Slovenian Justice and its Archival Material after 1991]. Mravlja, Mija, Nared, Andrej (ed.). *Arhivi in arhivsko gradivo v času tranzicijskih sprememb/Infoarh* [*Archives and Archival Material in the Time of Transitional Changes/Infoarh*]. Ljubljana: Archival Association of Slovenia, 2003, pp. 35–38.

Mencinger, Jože. Deset let pozneje. Tranzicija – uspeh, polom ali nekaj vmes? [Ten Years After. Transition – Success, Failure or Something In Between?]. *Gospodarska gibanja* [*Economic Trends*], No. 317, 2000/6, Institute of Economics, Faculty of Law, pp. 25–42.

Mencinger, Jože. *Gospodarski sistem in politika Slovenije* [*Slovenian Economic System and Policy*]. Ljubljana: Official Gazette of the Republic of Slovenia, 1995.

Mencinger, Jože. Leto, v katerem smo krenili na vzhod [The Year We Headed East]. *Delo/Sobotna priloga*, 28 December 2002, pp. 8–9.

Mencinger, Jože. Makroekonomske dileme Republike Slovenije [Macroeconomic Dilemmas of the Republic of Slovenia]. *Gospodarska gibanja* [*Economic Trends*], No. 217, 1991, Institute of Economics, Faculty of Law, pp. 25–35.

Mencinger, Jože. Plesala je eno polletje [It Danced for One Midterm]. *Gospodarski vestnik* [*Economic Journal*], No. 50, Vol. XLI, 17 December 1992, pp. 4–5.

Mencinger, Jože. Podobnosti oblasti. Odbor za reforme bo najbrž kar Kraigherjeva komisija [Similarities of Authority. The Reform Committee will Probably be the

Kraigher Commission]. Mladina.si/Tednik, No. 41, URL: http://www.mladina.si/tednik/200541/clanek/slo--mnenje-joze_mencinger/ (17 November 2008).

Mencinger, Jože. Privatization in Slovenia. *Slovenian Law Review*, Vol. 3, No.1/2, December 2006, pp. 65–81.

Mencinger, Jože. Rojstvo in otroštvo tolarja [The Birth and Childhood of the Tolar]. *Slovenska ekonomska revija* [*Slovenian Economic Journal*], No. 1–2, 1993, pp. 24–47.

Mencinger, Jože. Slovensko gospodarstvo med centralizmom in neodvisnostjo [Slovenian Economy between Centralism and Independence]. *Nova revija* [*New Magazine*], Vol. IX, No. 95, March 1990, pp. 490–495.

Mencinger, Jože. Tajkunizacija in nacionalni interes [Tycoonization and National Interest]. *Mladina*, No. 21, 23 May 2008, pp. 26–27.

Mencinger, Jože. Tajkunstvo po slovensko [Tycoonism the Slovenian Way]. *Delo/Sobotna priloga*, Vol. LI, No. 99, 30 April 2009, pp. 8–9.

Mencinger, Jože. Začasnost samostojnosti? [Temporariness of Independence?]. *Nova Revija* [*New Magazine*], No. 134/135, June/July 1993, pp. 303–312.

Možina, Jože. »Politika postane manj pomembna«. Pogovor z Janezom Drnovškom ["Politics Becomes Less Important". Conversation with Janez Drnovšek]. *Revija Ampak* [*Ampak Magazine*], Vol. 4, No. 4, April 2003, pp. 26–30.

Mravlja, Mija, Nared, Andrej (ed.). *Arhivi in arhivsko gradivo v času tranzicijskih sprememb/Infoarh* [*Archives and Archival Material in the Time of Transitional Changes/Infoarh*]. Ljubljana: Archival Society of Slovenia, 2003.

Mrkaić, Mićo. Je BS žrtev ali tihi kolaborant? [Is the Bank of Slovenia a Victim or a Silent Collaborator?]. *Gospodarski vestnik* [*Economic Journal*], Vol. 51, No. 21, 27 May–2 June 2002, p. 17.

Mrkaić, Mićo. *To so bile svete krave* [*These Were Sacred Cows*]. Ljubljana: Pasadena, 2007.

Murn, Ana, Kmet, Rostja (eds.). *Poročilo o razvoju 2003* [*Development Report 2003*], Ljubljana: Institute of Macroeconomic Analysis and Development, 2003.

Muršec, Zlatko, Zidarič, Bojan. *Poslovati z Madžarsko* [*Doing Business with Hungary*]. Ljubljana: Centre for International Cooperation and Development, 1998.

Myant, Martin. *The Rise and Fall of Czech Capitalism. Economic Development in the Czech Republic Since 1989*. Cheltenham/Northampton: Edward Elgar Publishing, 2003.

Nežmah, Bernard. Doba sindikatov [The Age of Unions]. *Mladina*, 16 April 2009.

Novković, Goran. Intervju z Andrejo Böhm [Interview with Andreja Böhm]. *Agens*, No. 64, November 1998, pp. 2–5.

Oblak, Bogdan. Lasten denar in fiskalna politika sta temelj ekonomske suverenosti [Own Money and Fiscal Policy are the Foundation of Economic Sovereignty]. *Nova revija* [*New Magazine*], Vol. IX, No. 95, March 1990, pp. 504–512.

Omerza, Igor. Atributi ekonomske suverenosti slovenske republike [Attributes of the Economic Sovereignty of the Slovenian Republic]. *Nova revija* [*New Magazine*], Vol. IX, No. 95, March 1990, pp. 496–503.

Oset, Željko, Berberih Slana, Aleksandra, Lazarević, Žarko (eds.). *Mesto in gospodarstvo. Mariborsko gospodarstvo v 20. Stoletju* [*City and Economy. Maribor Economy in the*

20th Century]. Ljubljana/Maribor: Institute of Contemporary History/Museum of National Liberation Maribor, 2010.
Ovin, Rasto. Komentar k privatizacijskim razpravam o privatizaciji [Commentary on Privatization Discussions on Privatization]. *Bilten EDP* [*EDP Bulletin*]. Institute for Economic Diagnosis and Prognosis, Vol. 14, No. 4, 1992, pp. 17–25.
Pavšič, Vladimir, Bor, Matej. Epigrami [Epigrams]. *Delo*, Vol. XXXIV, No. 174, 30 July 1992, p. 8.
Pečar, Janja, Farič, Metka. Regionalni vidiki razvoja Slovenije s poudarkom na finančnih rezultatih poslovanja gospodarskih družb v letu 1999 [Regional Aspects of Slovenia's Development with a Focus on Company Performance in 1999]. Ljubljana: IMAD, Workbook, No. 8, Vol. I, 2000, pp. 11–15.
Pelikan, Jan, Tejchman, Miroslav. *Dejiny Jugoslavie: 1918–1991* [*The History of Yugoslavia: 1918–1991*]. Prague: Karolinum, 1994.
Perovšek, Jurij et al. (ed.). *Slovenska osamosvojitev 1991. Pričevanja in analize*. [*Slovene Independence 1991. Testimony and Analysis*]. Brežice Symposium: Association of Historical Societies of Slovenia/National Assembly, 2002.
Pesek, Rosvita. Osamosvojitev Slovenije. »Ali naj Republika Slovenija postane samostojna in neodvisna država?« [Independence of Slovenia. "Should the Republic of Slovenia Become an Independent and Sovereign State?"]. *Nova revija* [*New Magazine*], 2007.
Petković, Vladimir. *Tranzicija u Srbiji – Osam godina reforme* [*Transition in Serbia – Eight Years of Reform*]. Radni dokument [Working Document], Leskovac: Serbian Economic Forum, 2008.
Petra Sovdat et al. Zemonski avtocestni posli [Zemon Highway Business]. *Finance*, No. 71, 14 April 2010, pp. 4–5.
Petrov, Sabina. Intervju z Alenko Kovač Arh [Interview with Alenka Kovač Arh]. *Agens*, No. 41, December 1996, pp. 2–4.
Petrov, Sabina. Intervju z Binetom Kordežem [Interview with Bine Kordež]. *Agens*, No. 27, October 1995, pp. 2–4.
Petrov, Sabina. Intervju z dr. Janezom Drnovškom [Interview with Dr. Janez Drnovšek]. *Agens*, No. 18, January 1995, pp. 2–3.
Petrov, Sabina. Intervju z Vladom Dimovskim [Interview with Vlado Dimovski]. *Agens*, No. 22, May 1995, pp. 2–3.
Petrovčič, Vida. Intervju z Brunom Koreličem [Interview with Bruno Korelič]. *Agens*, No. 16, December 1994, pp. 2–3.
Petrovčič, Vida. Intervju z Giuliom Bonazzijem [Interview with Giulio Bonazzi]. *Agens*, No. 24/25, July/August 1995, pp. 2–4.
Petrovčič, Vida. Intervju z Jankom Deželakom [Interview with Janko Deželak]. *Agens*, No. 21, April 1995, pp. 2–4.
Pezdir, Rado. *Gradualizem – inhibitor tranzicije v Sloveniji* [*Gradualism – An Inhibitor of Transition in Slovenia*]. Ljubljana: The Institute for Civilization and Culture – ICK, 2005.

Pezdir, Rado. *Slovenska tranzicija od Kardelja do tajkunov* [*The Slovenian Transition from Kardelj to Tycoons*]. Ljubljana: Časnik Finance, 2008.

Pinterič, Jan. Prosim, naj me kdo podkupi [Please, Let Someone Bribe Me]. *Gospodarski vestnik* [*Economic Journal*], Vol. 51, No. 21, 27 May 2002, pp. 18–21.

Pirc, Vanja. Hitra rešitev s specialnimi efekti [Fast Solution with Special Effects]. *Mladina*, No. 10, 2008, pp. 26–27

Pirjevec, Jože. *Jugoslavija 1918–1992. Nastanek, razvoj ter razpad Karadjordjevićeve in Titove Jugoslavije* [*Yugoslavia 1918–1992. Establishment, Development and Dissolution of Karadjordjevic and Tito's Yugoslavia*]. Koper: Založba Lipa, 1995.

Ploj Ratajc, Sonja, Čokl, Vanessa. Intervju z Davorinom Kračunom [Interview with Davorin Kračun]. *V soboto/Večer*, 28 July 2012, pp. 3–5.

Plut, Tadeja, Plut, Helena. *Podjetnik in podjetništvo* [*Entrepreneur and Entrepreneurship*]. Ljubljana: Spekter Collection/Science and Journalism Centre, 1995.

Popit, Ilija. Prof. Aleksander Bajt o slovenski gospodarski politiki (2). Napačna pot privatizacije [Prof. Aleksander Bajt on Slovenian Economic Policy (2). The Wrong Path of Privatization]. *Delo*, Vol. 33, No. 207, 4 September 1991, p. 2.

Popovič, Anica. »Sporno lastninjenje« ["Controversial Privatization"]. *Pravna praksa* [*Legal Practice*], No. 259, 15 October 1992, p. 29. URL: http://www.ius-software.si (18 January 2010).

Popovič, Anica. Lastninjenje pred koncem – o oškodovanjih pa še novi postopki [Privatization Before the End – New Procedures on Damages]. *Pravna praksa* [*Legal Practice*], No. 6, 2 April 1998, pp. 1–2. URL: http://www.ius-software.si (18 January 2010).

Popovič, Anica. Primer oškodovanja družbene lastnine oziroma divje privatizacije [An Example of Damage to Socially-Owned Property or Wild Privatization]. *Podjetje in delo* [*Company and Work*], No. 7, 9 November 1992, pp. 756–760. URL: http://www.ius-software.si (18. 1. 2010).

Popovič, Anica: Zakon o lastninskem preoblikovanju podjetij [Ownership Transformation of Companies Act]. *Podjetje in delo* [*Company and Work*], No. 2, 10 May 1993, p. 85. URL: http://www.ius-software.si (18 January 2010).

Poročilo o lastninskem preoblikovanju podjetij [*Report on the Ownership Transformation of Companies*]. Ljubljana: Agency of the Republic of Slovenia for Restructuring and Privatization, 1997.

Pospešeno umirjanje inflacije? [Accelerated Inflation Moderation?]. Gospodarska gibanja [Economic Trends], No. 352, 2003/10, Institute of Economics, Faculty of Law, pp. 6–25.

Praprotnik, Rok. Počutiš se, kot da bi iz vrtca prišel na fakulteto: Boštjan Penko o omejenih zmožnostih tožilcev, Intervju [You Feel like You Came to the Faculty from Kindergarten: Boštjan Penko on the Limited Abilities of Prosecutors, Interview]. *Delo*, Vol. 47, No. 13, 17 January 2005, p. 2.

Prašnikar, Janez (ed.). *Poprivatizacijsko obnašanje slovenskih podjetij* [*Post-Privatization Behaviour of Slovenian Companies*]. Ljubljana: Gospodarski vestnik [Economic Journal], 1999.

Prinčič, Jože, Borak, Neven. *Iz reforme v reformo. Slovensko gospodarstvo 1970–1991* [*From Reform to Reform. Slovenian Economy 1970–1991*]. Ljubljana: Faculty of Social Sciences, 2006.

Prinčič, Jože: Pot do slovenske narodnogospodarske suverenosti 1945–1991 [Path Towards Slovenian National-Economic Sovereignty 1945–1991]. Institute for Contemporary History: Ljubljana, 2013, p. 225.

Prinčič, Jože. *Slovensko gospodarstvo v drugi Jugoslaviji* [*Slovenian Economy in the Second Yugoslavia*]. Ljubljana: Modrijan, 1997.

Prinčič, Jože. *Tovarna vijakov Plamen Kropa: od konca druge svetovne vojne do stečaja in novega začetka (1945–1997)* [*The Plamen Kropa Screw Factory: From the End of the Second World War to Bankruptcy and a New Beginning (1945–1997)*]. Radovljica: Gazette of the Blacksmith Museum in Kropa, Museums of the Municipality of Radovljica, 2007.

Privatization in the Transition Process: Recent Experience in Eastern Europe. United Nations Conference on Trade and Development. Geneva: United Nations, 1994.

Pšeničny, Viljem et al. *Podjetništvo: Podjetnik, podjetniška priložnost, podjetniški proces, podjem* [*Entrepreneurship: Entrepreneur, Entrepreneurial Opportunity, Entrepreneurial Process, Venture*]. Portorož: College of Entrepreneurship/Gea College, 2000.

Ramet, P. Sabrina. *Serbia, Croatia and Slovenia at Peace and at War, Selected Writings, 1983–2007*. Vienna/Zürich/Berlin/Münster/ Lit Verlag, 2008.

Repe, Božo. *Jutri je nov dan. Slovenci in razpad Jugoslavije* [*Tomorrow is a New Day. Slovenes and the Disintegration of Yugoslavia*]. Ljubljana: Modrijan, 2002.

Repe, Božo, Nečak, Dušan. *Oris sodobne obče in slovenske zgodovine: učbenik za študente 4. letnika* [*Outline of Contemporary General and Slovenian History: A Textbook for 4th Year Students*]. Ljubljana: Department of History, Faculty of Arts, University of Ljubljana, 2003.

Repe, Božo. Razmere v Sloveniji do leta 1989. Osamosvojitev Slovenije – 15 let kasneje [Situation in Slovenia until 1989. Slovenia's Independence – 15 Years Later] (manuscript).

Repe, Božo. *Slovenci v osemdesetih letih* [*Slovenes in the 1980s*]. Ljubljana: Historical Review Collection – 23, Association of Historical Societies of Slovenia, 2001.

Repovž, Grega. Intervju z dr. Jožetom Mencingerjem [Interview with Dr. Jože Mencinger]. *Mladina*, No. 46, 10 November 2006, pp. 36–40.

Repovž, Mija. Intervju s prof. Jožetom Mencingerjem [Interview with prof. Jože Mencinger]. *Agens*, No. 42, January 1997, pp. 2–7.

Repovž, Mija. Intervju z Urošem Koržetom [Interview with Uroš Korže]. *Agens*, No. 7, March 1994, pp. 2–3.

Ribnikar, Ivan. Denar, denarna politika in bančni sistem [Money, Monetary Policy and the Banking System]. In: *Splošni pogoji za gospodarski razvoj* [*General Conditions for Economic Development*]. Ljubljana: Institute of the Republic of Slovenia for Macroeconomic Analysis and Development, 1995, pp. 235–248.

Ribnikar, Ivan. Družbena lastnina in narobe poskusi njene odprave: od leta 1989 do dandanes [Socially-Owned Property and the Wrong Attempts to Abolish It: From

1989 to the Present Day]. *Teorija in praksa* [*Theory and Practice*], Vol. 29, No. 9–10, 1992, pp. 877–890.

Ribnikar, Ivan. Odprava družbene lastnine podjetij, privatizacija … [Abolition of Socially-Owned Property of Companies, Privatization …]. *Bančni vestnik* [*Banking Journal*], Vol. 47, No. 1/2, Jan.–Feb. 1998, pp. 60–62.

Ribnikar, Ivan. *Pot od družbene lastnine k lastnini gospodarskih podjetij* [*The Path from Social Ownership to Ownership of Business Enterprises*]. Journal for Institutional Innovation Development and Transition, Institute of Macroeconomic Analysis and Development, No. 1, 1997.

Ribnikar, Ivan. *Prehod v tržno gospodarstvo po slovensko* [*The Transition to a Market Economy the Slovenian Way*]. Ljubljana: CISEF – Center for Professional Development and Consulting Activities of the Faculty of Economics, 1994.

Roglič, Meta. Janša: Do leta 2005 je bila korupcija del sistema [Janša: Until 2005, Corruption Was Part of the System]. *Dnevnik*, No. 128, Vol. LVIII, 4 June 2008, pp. 1–2.

Rojec, Matija. *Tuje investicije v slovenski razvoj* [*Foreign Investments in Slovenian Development*]. Ljubljana: Science and Journalism Centre, 1994.

Roland, Gerard. *Transition and Economics: Politics, Markets, and Firms*. Cambridge (Massachusetts)/London: The MIT Press, 2000.

Rop, Anton. Privatizacija, gospodarski kriminal in gospodarski razvoj [Privatization, Commercial Crime and Economic Development]. *Podjetje in delo* [*Company and Work*], Vol. 22, No. 7, 1996, pp. 1179–1187.

Rupel, Dimitrij (ed.). *Vzpon med evropske zvezde. Slovenska pot v evropsko unijo* [*Ascent to the European Stars. Slovenia's Path towards the European Union*]. Ljubljana: Ministry of Foreign Affairs, 2004.

Rus, Veljko. *Podjetizacija in socializacija države* [*The Enterprisation and Socialization of the State*]. Ljubljana: Theory and Practice Book Collection/Faculty of Social Sciences, 2001.

Schwartz, H. Andrew. *The Politics of Greed, How Privatization Structured Politics in Central and Eastern Europe*, Lanham: Rowman and Littlefield Publishers, 2006.

Senjur, Marjan (ed.). *Slovenia – A Small Country in the Global Economy*. Ljubljana: Centre for International Cooperation and Development – CICD, 1993.

Sicherl, Pavle. Scenariji gospodarskega razvoja Slovenije – približevanje Evropi [Scenarios of Slovenia's Economic Development – Approaching Europe]. In: *Splošni pogoji za gospodarski razvoj. Strategija gospodarskega razvoja Slovenije* [*General Conditions for Economic Development. Slovenia's Economic Development Strategy*]. Ljubljana: Institute of the Republic of Slovenia for Macroeconomic Analysis and Development, 1995.

Simoneti, Marko et al. *Spremembe v strukturi in koncentraciji lastništva ter poslovanje podjetij po razdelitveni privatizaciji v Sloveniji v razdobju 1995–99. Empirična in institucionalna analiza* [*Changes in the Structure and Concentration of Ownership and the Operation of Companies after Distributive Privatization in Slovenia in the Period 1995–99. Empirical and Institutional Analysis*]. Ljubljana: CEEPN Research, 2001.

Simoneti, Marko, Böhm, Andreja (eds.). *Privatization in Central & Eastern Europe 1991: country privatization reports & specific implementation issues.* Ljubljana: CEEPN, 1992.

Simoneti, Marko, Böhm, Andreja (eds.). *Privatization in Central & Eastern Europe 1992*. Ljubljana: CEEPN, 1993.

Simoneti, Marko, Böhm, Andreja (eds.). *Privatization in Central & Eastern Europe 1993*. Ljubljana: CEEPN, 1994.

Simoneti, Marko, Estrin, Saul, Böhm, Andreja (eds.). *The Governance of Privatization Funds, Experience of the Czech Republic, Poland and Slovenia*. Cheltenham: Elgar, 1999.

Simoneti, Marko, Rojec, Matija, Rems, Marko. Koncentracija lastništva v podjetjih ob privatizaciji [Concentration of Ownership in Companies at the Time of Privatization]. *Ekonomsko ogledalo* [*Slovenian Economic Mirror*], Vol. 7, No. 6, IMAD, 2001, p. 8.

Simoneti, Marko, Rojec, Matija, Rems, Marko. Koncentracija lastništva v podjetjih leta 1999 [Concentration of Ownership in Companies in 1999]. *Ekonomsko ogledalo* [*Slovenian Economic Mirror*], Vol. 7, No. 7, IMAD, 2001, p. 7.

Simoneti, Marko, Rojec, Matija, Rems, Marko. Lastniška struktura podjetij ob privatizaciji [Ownership Structure of Companies at the Time of Privatization.]. *Ekonomsko ogledalo* [*Slovenian Economic Mirror*], Vol. 7, No. 5, IMAD, 2001, p. 11.

Slavec, Andreja. Razvoj industrije v Mariboru s posebnim poudarkom na razvojnih dejavnikih [Industry Development in Maribor with Special Emphasis on Development Factors]. *S.l., s.n.*, 1989, pp. 54–64.

Slovenija v Evropski uniji: strategija gospodarskega razvoja Slovenije: prvi osnutek [*Slovenia in the European Union: Slovenia's Economic Development Strategy*: First Draft]. Ljubljana: IMAD, 2000.

Slovenski almanah '92–2001 [*Slovenian Almanac '92–2001*]. Delo/Novice (since 1998, Delo d. d. and Slovenske novice d. d.). Ljubljana, 1991–2000.

Smolnikar, Marjeta. Naj verjame, kdor hoče [Let Whoever Wants to Believe, Believe]. *Gorenjski glas*, Vol. 57, No. 18, 5 March 2004, p. 8.

Stojan, Jure. Intervju s Petrom Kraljičem [Interview with Peter Kraljič]. *V soboto/Večer*, 1 September 2012, pp. 3–5.

Strategija regionalnega razvoja Slovenije [*Slovenia 's Regional Development Strategy*]. Ljubljana: Ministry of the Economy/Agency of the Republic of Slovenia for Regional Development, 2001.

Strgar, Jože (ed.). *Slovenija v novi Evropi* [*Slovenia in the New Europe*]. Celje: Mohorjeva družba, 1996.

Strmšnik Igor. *Transformacijsko okrevanje v Sloveniji* [*Transition Progress in Slovenia*]. Ljubljana: Faculty of Economics, 1997.

Strniša, Maja. Slovenci o lastninjenju [Slovenians on Privatization]. *Agens*, No. 15, October 1994, p. 14.

Studen, Andrej (ed.). *Pomisli na jutri. O zgodovini (samo)odgovornosti* [*Think of Tomorrow. About the History of (Self-)Responsibility*]. Ljubljana: Institute of Contemporary History (Vpogledi 6 [Insights 6]), 2012.

Sutherland, Edwin Hardin. *White Collar Crime: The Uncut Version*. London/New Haven: Yale University Press, 1983.

Šijakovič, Gordana, Derenčin, Branka (eds.). *Kazenski zakonik Republike Slovenije* [*Criminal Code of the Republic of Slovenia*]. Ljubljana: Ministry of the Interior, 1994.

Šimac, Igor. MPP – Mariborski projekt prestrukturiranja [MPP – Maribor Restructuring Project]. *Agens*, No. 43, February 1997, pp. 11–12.

Štiblar, Franjo. *Bančništvo kot hrbtenica samostojne Slovenije* [*Banking as the Backbone of the Independent Slovenia*]. Ljubljana: Založba ZRC SAZU, 2010.

Štiblar, Franjo. Prispevek ekonomske politike k poslabšanju rezultatov v 1997 zahteva njen aktivnejši in bolj koordiniran pristop v bodoče [The Contribution of Economic Policy to the Deterioration of Results in 1997 Calls for Its More Active and Coordinated Approach in the Future]. *Gospodarska gibanja* [*Economic Trends*], No. 292, 1998/3, pp. 23–40.

Štiblar, Franjo. Razvoj trgov Ex-Jugoslavije [Development of Markets of Ex-Yugoslavia]. *Gospodarska gibanja* [*Economic Trends*], No. 267, 1995/12, Institute of Economics, Faculty of Law, pp. 23–43.

Štiblar, Franjo. Sanacija bank v Sloveniji [Bank Rehabilitation in Slovenia]. In: *Bančni vestnik* [*Banking Journal*], Vol. 50, No. 5, May 2001, p. 62.

Štiblar, Franjo. Strategija Slovenije v ekonomskih odnosih s tujino [Slovenia's Strategy in Economic Relations with Foreign Countries]. *Gospodarska gibanja* [*Economic Trends*], No. 242, 1993/9, Institute of Economics, Faculty of Law, pp. 21–35.

Štiblar, Franjo. Globalna kriza in Slovenija [The Global Crisis and Slovenia]. In: *Gospodarska gibanja* [*Economic Trends*], No. 406, September 2008, pp. 6–18.

Štoka Debevec, Meta. Plačna politika od leta 1990 dalje ter razlogi zanjo [Wage Policy since 1990 and the Reasons for It]. In: *Slovenska ekonomska revija* [*Slovenian Economic Journal*], Vol. 48, No. 1/2, 1997/2, pp. 166–184.

Šurla, Silvester. Podzemlje z blagoslovom [The Underworld with a Blessing]. *Mag*, Vol. 9, No. 7, 12 February 2003, pp. 28–31.

Šurla, Silvester. Varuhi kraje stoletja [Guardians of the Theft of the Century]. *Mag*, Vol. 10, No. 27, 30 June 2004, pp. 28–31.

Šušteršič, Janez. *Politično gospodarski cikli v socialističnih državah in tranzicija. Doktorska dizertacija* [*Political and Economic Cycles in Socialist States and Transition. Doctoral Dissertation*]. Ljubljana: University of Ljubljana, Faculty of Economics, 1999.

Šušteršič, Janez. *Tranzicija kot politično gospodarski cikel: (post mortem analiza)* [*Transition as a Political-Economic Cycle: (post mortem analysis)*]. Ljubljana: Faculty of Social Sciences, 2003.

Tajnikar, Maks. Preobrazba velikih podjetij še ni končana [The Transformation of Large Companies is Not Finished]. *Gospodarski vestnik* [*Economic Journal*], Vol. 48, No. 49, 9 December 1999, pp. 20–22.

Tavzes, Miloš et al. *Veliki slovar tujk* [*The Great Dictionary of Foreign Words*]. Ljubljana: Cankarjeva založba, 2002.

The European Observatory for SMEs. First Annual Report. European Network for SME Research, p. 15.

Todorovski, Ilinka, Sovdat, Petra. *Vsa življenja Igorja Bavčarja* [*All the Lives of Igor Bavčar*]. Ljubljana: Časnik Finance, 2009.

Toplak, Simona. Intervju z Jožetom Jaklinom [Interview with Jože Jaklin]. *Agens*, No. 55, February 1998, pp. 2–4.

Tranzicija, dostizanje EU i povezane teme. Uloga investitora iz Slovenije, Ruske federacije i Austrije, Kopaonik biznis forum 2008 [*Transition, Reaching the EU and Related Topics. The Role of Investors from Slovenia, the Russian Federation and Austria*, Kopaonik Business Forum 2008]. Kopaonik: Serbian Association of Economists and the Association of Corporate Directors of Serbia, 2008.

Večernik, Jirri, Flek, Vladislav. *Employment and Wage Structures in the Czech Republic*. Czech National Bank, Prague, 1998.

Večernik, Jirri. *Markets and People, the Czech Reform Experience in a Comparative Perspective*. Avebury, Aldershot, 1996.

Verhovnik M., Andrej. *Poslovati s Češko republiko* [*Doing Business with the Czech Republic*]. Ljubljana: Ministry of Economic Relations and Development/Office of the Republic of Slovenia for Economic Promotion and Foreign Investments, 1999.

Verhovnik M., Andrej. *Poslovati s Poljsko* [*Doing Business with Poland*]. Ljubljana: Ministry of Economic Relations and Development/Office of the Republic of Slovenia for Economic Promotion and Foreign Investments, 2000.

Vidmajer, Saša. Intervju z Iztokom Simonitijem [Interview with Iztok Simoniti]. *Delo/Sobotna priloga*, 22 September 2012, pp. 4–6.

Vizovišek, Slavko. Gradualizem odhaja? [Is Gradualism Leaving?] *Večer*, 30 May 2005, p. 2

Vodopivec, Jedert et al. (eds.). *Od Istra benza do Istrabenza: 1948-1996* [*From Istra benz to Istrabenz : 1948-1996*]. Koper: Regional Archives Koper, 2021.

Vodopivec, Nina. *Tu se ne bo nikoli več šivalo: doživljanja izgube dela in propada tovarne* [*Here, No One Will Ever Sew Again: Experiencing Job Loss and Factory Collapse*]. Ljubljana: Institute for Contemporary History, 2021, Razpoznavanja/Recognitiones Collection.

Vodopivec, Peter. *Od Pohlinove slovnice do samostojne države. Slovenska zgodovina od konca 18. stoletja do konca 20. stoletja* [*From Pohlin's Grammar Book to an Independent State. Slovene History from the End of the 18th Century to the End of the 20th Century*]. Ljubljana: Modrijan, 2002.

Vodušek, Branko. Intervju s Tonetom Simoničem [Interview with Tone Simonič]. *Agens*, No. 20, March 1995, pp. 2–3.

Vodušek, Branko. Letna konferenca [Annual Conference]. *Agens*, No. 17, December 1994, pp. 8–9.

Voucher Privatization in Facts and Figures, Centre for Voucher Privatization, Prague, 1995.

Winiecki, Jan. *Five Years After June, The Polish Transformation 1989–1994*. The Centre for Research into Communist Economies, London, 1996.

Zbornik povzetkov člankov: 1946–1996. Mednarodna konferenca, posvečena petdesetletnici Ekonomske fakultete. 18.–19. September 1996 [*Collection of abstracts of articles:*

1946–1996. International conference dedicated to the fiftieth anniversary of the Faculty of Economics. 18–19 September 1996]. Ljubljana: Faculty of Economics, 1996.

Zec, Miodrag, Cerović, Božidar (eds.). *Kuda ide Srbija. Ostvarenja i dometi reformi* [Where is Serbia Going. Achievements and Scope of Reforms]. Belgrade: Serbian Scientific Society of Economists with the Academy of Economic Sciences and the Faculty of Economics in Belgrade, 2008.

Zidarič, Bojan (ed.). *Izvozni vodič* [*Export Guide*]. Ljubljana: Centre for International Cooperation and Development, 1995.

Zidarič, Bojan et al. (eds.). *Poslovati s Češko* [*Doing Business with the Czech Republic*]. Ljubljana: Centre for International Cooperation and Development, 1994.

Zidarič, Bojan. Prvi – vendar na slepem tiru [The First – But on a Dead End]. *Dnevnik*, Vol. 43, No. 33, 4 February 1993, p. 16.

Zidarič, Bojan. Skromni rezultati na Poljskem [Modest Results in Poland]. *Dnevnik*, Vol. 43, No. 35, 6 February 1993, p. 15.

Žakelj, Luka. Podjetniška aktivnost in podjetniško okolje v Sloveniji [Entrepreneurial Activity and Entrepreneurial Environment in Slovenia]. *UMAR/Delovni zvezek* [*IMAD/Workbook*], No. 4, 2006, p. 11.

Žakelj, Luka. Razvoj malih in srednje velikih podjetij v Sloveniji in Evropski uniji [Development of Small and Medium-Sized Enterprises in Slovenia and the European Union]. *UMAR/Delovni zvezek* [*IMAD/Workbook*], No. 6, 2004, pp. 7–12, 31–38, 42.

Židek, Libor. *Transformace Česke Ekonomiky 1989–2004* [*Transformation of the Czech Economy 1989–2004*]. Prague: C.H. Beck, 2006.

Žižmond, Egon (ed.). Konjunktura in ekonomska politika [Conjuncture and Economic Policy]. *Bilten EDP* [*EDP Bulletin*], Vol. 22, No. 2/3, Maribor: Faculty of Economics and Business/Institute for Economic Diagnosis and Prognosis, 1999.

Žižmond, Egon (ed.). Reforme in gospodarska rast [Reforms and Economic Growth]. *Bilten EDP* [*EDP Bulletin*], Vol. 21, No. 1, Maribor: Faculty of Economics and Business/Institute for Economic Diagnosis and Prognosis, 1998.

Žižmond, Egon (ed.). Slovensko gospodarstvo pred novimi izzivi [Slovenian Economy Facing New Challenges]. *Bilten EDP* [*EDP Bulletin*], Vol. 24, No. 1, Maribor: Faculty of Economics and Business/Institute for Economic Diagnosis and Prognosis, 2001.

Žižmond, Egon. *Slovenia: 1991–1996.* Working Papers EDP, Vol. VIII, No. 1, Maribor: Faculty of Economics and Business/Institute for Economic Diagnosis and Prognosis, 1997.

Žnidaršič Kranjc, Alenka. *Investicijski skladi v Sloveniji – (ne)uspeh in za koga* [*Investment Funds in Slovenia – (Un)Success and for Whom*]. Postojna: Dej, 1999.

Žnidaršič Kranjc, Alenka. Kraja po slovensko [Theft the Slovenian Way]. *Finance*, 20 March 1996, p. 2.

Žnidaršič Kranjc, Alenka. *Planirani stečaji? Značilnosti, razlogi, koristi in škoda v stečajih slovenskih podjetij* [*Planned Bankruptcies? Characteristics, Reasons, Benefits and Damage in Bankruptcies of Slovenian Companies*]. Radovljica: Didakta, 1993.

Žnidaršič Kranjc, Alenka. *Privatizacija ali zakonita kraja. Divja privatizacija, načrtovana kraja, neznanje ali slovenska nevoščljivost?* [*Privatization or Legal Theft. Wild Privatization, Planned Theft, Ignorance or Slovenian Envy?*]. Postojna: DEJ d.o.o., 1994.
Žugelj, Damjan et al.. *Tvegani kapital: si upate tvegati?* Ljubljana: Lisac & Lisac, 2001.
Žugelj, Damjan et al.. *Tvegani kapital: si upate tvegati?* [*Venture Capital: Do You Dare to Take a Risk?*]. Ljubljana: Lisac & Lisac, 2001.
Žužek, Aleš. *Prehod iz samoupravnega v tržno gospodarstvo. Magistrska naloga* [*Transition from a Self-Governing to a Market Economy. Master's Thesis*]. Ljubljana: University of Ljubljana, Faculty of Arts, 2006.

Newspaper sources and magazines

Agens: časopis za privatizacijo, prestrukturiranje in razvoj, Agencija Republike Slovenije za prestrukturiranje in privatizacijo in Sklad Republike za razvoj [Agens: Journal for Privatization, Restructuring and Development, Agency of the Republic of Slovenia for Restructuring and Privatization and Fund of the Republic of Slovenia for Development], Ljubljana, 1993–2000.
Arhivi, Glasilo Arhivskega društva in arhivov Slovenije [Archives, The Gazette of the Archival Association and Archives of Slovenia].
Časopis za zgodovino in narodopisje [Review for History and Ethnography].
Delo.
Demokracija.
Dnevnik.
Družboslovne razprave [Social Science Debates].
Economic and Business Review.
Ekonomski pregled [Economic Review].
Finance.
Gospodarska gibanja [Economic Trends].
Gospodarski vestnik [Economic Journal].
Industrijska demokracija [Industrial Democracy].
Megatrend revija [Megatrend Magazine].
Mladina.
Naše gospodarstvo [Our Economy].
Naši razgledi [Our Views].
Nova revija [New Magazine].
Patria Finance, Prague.
Podjetje in delo [Company and Work].
Prispevki za novejšo zgodovino [Contributions to Contemporary History].
Revija Ampak [Ampak Magazine].
Revija za geografijo [Journal for Geography].
Slovenska ekonomska revija [Slovenian Economic Journal].
Slovenian Law Review.
Socialno delo [Social Work].

Svobodna misel [Free Thought].
Večer.
Zgodovina za vse [History for Everyone].

Printed and electronic sources

16. poročilo o uresničevanju Zakona o denacionalizaciji za obdobje od 30. 06. 2000 do 30. 06. 2001 [16th Report on the implementation of the Denationalization Act for the period from 30 June 2000 to 30 June 2001], Ministry of Justice / July 2001, pp. 4–6. URL: http://www.mp.gov.si/fileadmin/mp.gov.si/pageuploads/2005/PDF/porocila/poroc_zden_16.pdf (9 November 2009).

Agencija Republike Slovenije za revidiranje lastninskega preoblikovanja podjetij. Arhivska stran [Agency of the Republic of Slovenia for the Audit of the Ownership Transformation of Companies. Archive Page]. URL: http://www.arlpp.gov.si7Revizija_LP_.htm (20 January 2010).

Aneks h kolektivni pogodbi za negospodarstvo [Annex to the Collective Agreement for Non-Economy], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 64, 10 November 1995.

Banka Slovenije [Bank of Slovenia].
- Bilteni BS [Bulletins of the Bank of Slovenia].
- Letna poročila 1991–2004 [Annual Reports 1991–2004].

Bilteni javnih financ, Ministrstvo za finance [Public Finance Bulletins, Ministry of Finance].

Center za mednarodno sodelovanje in razvoj [Centre for International Cooperation and Development].

Central Statistical Office of Poland. URL: http://www.stat.gov.pl/english/.

Country data. URL: http://www.country-data.com.

Country studies. URL: http://countrystudies.us.

Czech National Bank. URL: http://www.cnb.cz/en/.

Czech Statistical Office. URL: http://www.czso.cz/eng/redakce.nsf/i/home.

EBRD – European Bank for Reconstruction and Development. URL: http://www.ebrd.com.

Letna poročila (Transition reports) in druge študije in analize za države Srednje in Vzhodne Evrope [Transition reports and other studies and analyses for the countries of Central and Eastern Europe].

Dejstva o (menedžerskih) prevzemih podjetij. Primer: Slovenija [Facts about (Managerial) Takeovers of Companies. Example: Slovenia], Ljubljana: Federation of Free Trade Unions of Slovenia, 31 January 2011.

Državni svet Republike Slovenije [National Council of the Republic of Slovenia]. URL: http://www.ds-rs.si.

Esih, Uroš. »Sloveniji ne bi priporočil, da posnema Švico«. Intervju z Jeffreyjem Sachsom ["I Would Not Recommend Slovenia to Imitate Switzerland". Interview with Jeffrey Sachs]. Accessible at: https://www.vecer.com/

intervju-jeffrey-sachs-sloveniji-ne-bi-priporocil-da-posnema-svico-10063140 (23 September 2019).
Eurostat – Evropski statistični urad [Eurostat – European Statistical Office]. URL: http://epp.eurostat.ec.europa.eu.
Evropsko združenje borz [European Federation of Stock Exchanges]. URL: www.fese.be.
Govor predsednika Vlade Republike Slovenije mag. Antona Ropa ob ratifikaciji pristopne pogodbe med Slovenijo in EU [Speech by the Prime Minister of the Republic of Slovenia, mag. Anton Rop, upon the ratification of the Accession Treaty between Slovenia and the EU] (URL: http://www.nekdanji-pv.gov.si/2002-2004/index.php?vsebina=govor-28-01-04 (30 November 2007)).
Hungarian Central Statistical Office (URL: http://portal.ksh.hu/).
Informacija o gospodarskih gibanjih v Mestni občini Maribor [Information on economic trends in the City Municipality of Maribor], City Municipality of Maribor, City Administration, Department of Economic Activities, 31 January 2005.
Informacija o gospodarskih gibanjih v Mestni občini Maribor [Information on economic trends in the City Municipality of Maribor], City Municipality of Maribor, City Administration, Department of Economic Activities, 10 November 2005.
Informacija o mariborskem gospodarstvu za leto 1999 in 2000 [Information on the Maribor Economy for 1999 and 2000], City Municipality of Maribor, City Administration, Department of Economic Activities, 2001. IUS-INFO: Legal Information System. URL: http://www.ius-software.si/.
Izjava dr. Dimitrija Rupla [Statement by Dr. Dimitrij Rupel]. Informativna oddaja Omizje (Ko se decembra zgosti čas…) [Omizje News Programme (When Time Thickens in December…)]. TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).
Izjava dr. Franca Zagožna [Statement by Dr. Franc Zagožen]. Informativna oddaja Omizje (Ko se decembra zgosti čas…) [Omizje News Programme (When Time Thickens in December…)]. TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).
Izjava dr. Franceta Bučarja [Statement by Dr. France Bučar]. Informativna oddaja Omizje (Ko se decembra zgosti čas …) [Omizje News Programme (When Time Thickens in December …)]. TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).
Izjava dr. Franceta Bučarja [Statement by Dr. France Bučar]. Odmevi, 30 April 2009, TV SLO 1. URL: http://www.rtvslo.si/play/odmevi/ava2.33578946/ (30 April 2009).
Izjava Mirana Potrča [Statement by Miran Potrč]. Informativna oddaja Omizje (Ko se decembra zgosti čas…) [Omizje News Programme (When Time Thickens in December…)], TV SLO 1, 26 December 2007. URL: http://www.rtvslo.si/modload.php?&c_mod=rtvoddaje&op=web&func=read&c_id=175… (8 January 2008).
Letno poročilo za leto 2001 [Annual Report for 2001], Urad Varuha človekovih pravic Republike Slovenije [Office of the Ombudsman of the Republic of Slovenia]. URL:

http://www.varuh-rs.si/publikacije-gradiva-izjave/letna-porocila/letno-porocilo-2001/2-obravnavana-problematika/26-upravne-zadeve/264-denacionalizacija/ (9 November 2009).

Kaj se je v Sloveniji spremenilo od osamosvojitve do danes? [What Has Changed in Slovenia since Independence until Today?]. Statistični urad Republike Slovenije (SURS) [Statistical Office of the Republic of Slovenia (SORS)]. Accessible at: https://www.stat.si/statweb/News/Index/8094 (30 June 2019).

Kako je potekala tajkunizacija v Sloveniji? [How Did Tycoonization Take Place in Slovenia?]. Odmevi, RTV SLO 1, 24 April 2009. URL: http://www.rtvslo.si/play/kako-je-potekala-tajkunizacija/ava2.33130690/ (25 April 2009).

Kovač, Stanislav. Kdo nam spet TAM krade? [Who Is Stealing TAM from Us Again?] Finance.si. URL: http://www.finance.si/247398/Public_enemy_Kdo_nam_TAM_spet_krade (10 August 2009).

Maribor v številkah (1991–1994) [Maribor in Numbers (1991–1994)], Executive Council of the Assembly of the Municipality of Maribor, Department of the Economy.

Mekina, Borut. Rojstvo podalpskih oligarhov [The Birth of Subalpine Oligarchs]. Mladina.si/Tednik. URL: http://www.mladina.si/tednik/200732/clanek/slo-tema--borut_mekina/ (29 May 2009).

Ministrstvo za gospodarski razvoj in tehnologijo [Ministry of Economic Development and Technology]. Accessible at: http://www.mgrt.gov.si/delovna_podrocja/regionalni_razvoj/regionalna_politika/pomurski_zakon/ (4 February 2019).

Ministrstvo za pravosodje [Ministry of Justice]. URL: http://www.mp.gov.si.

Neffat, Branka. Privatizacija po stanovanjskem zakonu – ugotavljanje vrednosti stanovanja [Privatization under the Housing Act – Determining the Value of Housing]. URL: http://www.iusinfo.si/ (23 March 2010).

Ocena gospodarskega stanja v Republiki Sloveniji leta 1990. Jesenska analiza 1990 [Assessment of the Economic Situation in the Republic of Slovenia in 1990. Autumn Analysis 1990]. Ljubljana: Institute of the Republic of Slovenia for Social Planning, 1990.

OECD – Organisation for Economic Co-operation and Development. URL: http://www.oecd.org.

Polanc, Mateja. Ekstremno ravnanje ne daje optimalnih rezultatov. Intervju s Stanislavom Valantom 2003 [Extreme Behaviour Does Not Give Optimal Results. Interview with Stanislav Valant 2003]. Published on SOCIUS' pages (Corporate Performance and Governance Network). URL: http://www.socius.si/file/3985/file.html (17 June 2008).

Poročevalec Državnega zbora Republike Slovenije [Rapporteur of the National Assembly of the Republic of Slovenia], No. 34, 20 September 1996, p. 133.

Poročevalec Skupščine Republike Slovenije [Rapporteur of the Assembly of the Republic of Slovenia].

Pukšič, Franc. Javni poziv generalni državni tožilki ga. Zdenki Cerar za odreditev strokovnega nadzora nad okrožnim državnim tožilstvom v Kranju [Public call to the Attorney General Zdenka Cerar for ordering professional supervision over the

District State Prosecutor's Office in Kranj]. URL: http://www2.sds.si/news/21442 (4 May 2009).
Predlog zakona o zaključku postopkov vračanja podržavljenega premoženja [Bill on the Completion of Procedures for the Return of Nationalized Property] – 26 March 2007, Ministry of Justice, Ljubljana. URL: http://www.mp.gov.si/fileadmin/mp.gov.si/pageuploads/2005/PDF/zakonodaja/2007_04_18_predlog_zakona_zakljucek_vracanja_premozenja.pdf (20 January 2010).
Raziskave in publikacije CEEPN (Central and Eastern European Privatization Network) [CEEPN (Central and Eastern European Privatization Network) Research and Publications].
Seje Državnega zbora Republike Slovenije (zapisniki) [Sessions of the National Assembly of the Republic of Slovenia (minutes)].
Sklad Republike Slovenije za razvoj [Development Fund of the Republic of Slovenia].
Slovenija. Doma v Evropi, Vladni portal z informacijami o življenju v Evropski uniji [Slovenia. At Home in Europe, Government portal with information on life in the European Union]. URL: http://www.evropa.gov.si/si/vkljucevanje-v-eu/program-phare/ (22 February 2010).
Spletna stran Republike Srbije/gospodarstvo [Website of the Republic of Serbia/economy].
URL: http://www.ambasadasrbije.si/srbsko_gospodarstvo.html (30 June 2010).
Spremenjeni program spodbujanja konkurenčnosti Pomurske regije v obdobju 2010–2019 [A Modified Programme for Promoting the Competitiveness of the Mura Region in the Period 2010–2019], Government of the Republic of Slovenia, 14 September 2017. Accessible at: https://www.rcms.si/upload/files/Spremenjeni_program_spodbujanja_konkurencnosti_Pomurske-regije_v_obdobju_2010-2019.pdf (4 March 2019).
Statistične informacije (1991–1995) [Statistical information (1991–1995)], Municipality of Maribor, Institute for Planning and Urban Planning (after that the Department of Economics).
Statistični letopisi ONZ (od leta 1994 MNZ) [Statistical Yearbooks of Internal Affairs Bodies (since 1994 Ministry of the Interior)].
Statistični urad Republike Slovenije [Statistical Office of the Republic of Slovenia]. URL: http://www.stat.si.
Urad Vlade Republike Slovenije za informiranje, Sporočilo za javnost o sklepih, ki jih je Vlada RS sprejela na 63. seji, 2. marca 2006 [Government Communication Office of the Republic of Slovenia, Press release on resolutions adopted by the Government of the Republic of Slovenia at its 63rd session, 2 March 2006], Ljubljana 2006. URL: http://193.2.236.95/dato3.nsf/OC/060302163630A/$file/sevl63.doc (10 November 2009).
Urad za makroekonomske analize in razvoj – UMAR (do leta 1994 Zavod za makroekonomske analize in razvoj – ZMAR) [Institute of Macroeconomic Analysis and Development – IMAD, until 1994 ZMAR]. Recent publications accessible at: URL: http://www.umar.gov.si.
- Delovni zvezki [Workbooks].

- Ekonomska ogledala [Economic Mirrors].
- Journal for Institutional Innovation Development and Transition.
- Pomladanska/jesenska poročila [Spring/Autumn Reports].
- Poročila o človekovem razvoju [Human Development Reports].
- SGRS (Strategija gospodarskega razvoja) [Economic Development Strategy].
- Socialni razgledi [Social Overview].
- IB Revija [IB Magazine].
- Napoved gospodarskih gibanj [Forecast of Economic Trends].

Tekavc, Janez. Tujci in privatizacija stanovanj [Foreigners and Housing Privatization]. URL: http://www.iusinfo.si/ (23 March 2010).

Vidmajer, Saša. Intervju z Ivanom T. Berendom [Interview with Ivan T. Berend]. *Delo/ Sobotna priloga*. Accessible at: http://www.delo.si/zgodbe/sobotnapriloga/zgodovinar-ivan-t-berend-krizo-je-povzrocila-periferna-mentaliteta.html (25 March 2012).

Vlada je dolžna nadzorovati tajno službo – Intervju z ministrom Lovrom Šturmom [The Government is Obliged to Control the Secret Service – Interview with Minister Lovro Šturm], Spletna Demokracija. URL: www.mp.gov.si/…/2007_07_12_intervju_ministra_Demokracija.pdf (15 *July 2007).*

Zadnje poročilo o delu Agencije RS za revidiranje lastninskega preoblikovanja na dan 31. 07. 2004 [The latest report on the work of the Agency of the Republic of Slovenia for the Audit of the Ownership Transformation on 31 July 2004]. URL: http://www.arlpp.gov.si/aktualno.htm (27 February 2008). Agency of the Republic of Slovenia for the Audit of the Ownership Transformation.

Zavod Republike Slovenije za družbeno planiranje (Ocene gospodarskega stanja – pomladanska in jesenska poročila) [Institute of the Republic of Slovenia for Social Planning (Assessments of the Economic Situation – Spring and Autumn Reports)].

Zavod Republike Slovenije za zaposlovanje [Employment Service of Slovenia]. URL: https://www.ess.gov.si/.

Združenje lastnikov razlaščenega premoženja Slovenije [Slovenian Association of Owners of Expropriated Property]. URL: http://www.zlrp-zdruzenje.si/new14.html.

Denacionalizacija v postopkih lastninskega preoblikovanja podjetij (Zakon o denacionalizaciji) [Denationalization in the Procedures of Ownership Transformation of Companies (the Denationalization Act)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 27, 29 November 1991.

Dogovor o politiki plač v gospodarstvu za leto 1994 [Wage Policy in the Economy for 1994], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 23, 6 May 1994.

Kazenski zakonik (KZ) 1994 [Criminal Code (KZ) 1994], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 63, 13 October 1994.

Kolektivna pogodba za gospodarstvo [Collective Agreement for the Economy], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 31, 24 August 1990.

Kolektivna pogodba za negospodarske dejavnosti v Republiki Sloveniji [Collective Agreement for Non-Economic Activities in the Republic of Slovenia], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 18, 11 October 1991.

Lastninsko preoblikovanje pravnih oseb z družbenim kapitalom, ki prirejajo posebne igre na srečo [Ownership Transformation of Legal Entities with Socially-Owned Capital Organizing Special Games of Chance], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 27, 29 November 1991.

Obrtni zakon 1988 [Small Business Act 1988], Uradni list SRS [Official Gazette of the Socialist Republic of Slovenia], No. 35, 14 October 1988.

Obrtni zakon 1994 [Small Business Act 1994], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 50, 12 August 1994.

Po sprejetju Zakona o socialnem varstvu [After the adoption of the Social Assistance Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 54, 13 November 1992.

Sendi, Richard. Mehurček ali kreditni krč: kaj se dogaja na slovenskem stanovanjskem trgu? [Housing Bubble Burst or Credit Crunch Effect: Slovenia's Housing Market]. Available at: http://urbani-izziv.uirs.si/Portals/uizziv/papers/urbani-izziv-2010-21-02-003.pdf (18 September 2012), p. 28.

Socialni sporazum [Social Agreement], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 29, 31 May 1996.

Sprememba Zakona o načinu obračunavanja plač [Amendment to the Method of Accounting and Payment of Salaries Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 17, 5 April 1993.

Stanovanjski zakon (SZ-1) [Housing Act (SZ-1)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 69, 16 July 2003.

Ukaz o razglasitvi Zakona o družbenem pravobranilcu Republike Slovenije [Order promulgating the Act on the Social Attorney of the Republic of Slovenia], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 71, 18 November 1994.

Ukaz o razglasitvi Zakona o družbenem pravobranilcu Republike Slovenije [Order promulgating the Act on the Social Attorney of the Republic of Slovenia], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 69, 1 December 1995.

Ukaz o razglasitvi Zakona o prenehanju veljavnosti Zakona o družbenem pravobranilcu Republike Slovenije (ZPVZDruP) [Order promulgating the Act terminating the validity of the Act on the Social Attorney of the Republic of Slovenia (ZPVZDruP)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 53, 31 May 2005.

Uradni list RS [Official Gazette of the Republic of Slovenia], No. 58, 13 October 1995.

Uredba o izdaji, razdelitvi in uporabi lastniških certifikatov [Decree on the Issuance, Distribution and Use of Ownership Certificates], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 40, 17 July 1993.

Ustava Republike Slovenije (URS) [The Constitution of the Republic of Slovenia (URS)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 33, 28 December 1991, p. 1373.

Zakon o Banki Slovenije [Bank of Slovenia Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 1, 25 June 1991-l.

Zakon o davku na dodano vrednost [Value Added Tax Act], Uradni list Republike Slovenije [Official Gazette of the Republic of Slovenia], No. 89, 23 December 1998.

Zakon o delavcih v državnih organih [State Employees Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 15, 20 April 1990.
Zakon o denarni enoti Republike Slovenije [The Republic of Slovenia's National Currency Unit Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 17I, 8 October 1991-I.
Zakon o družbenem pravobranilcu samoupravljanja [Social Attorney of Self-Management Act], Uradni list SRS [Official Gazette of the Socialist Republic of Slovenia], No. 21, 1975.
Zakon o družinskih prejemkih [Family Benefits Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 65, 3 December 1993.
Zakon o evidencah na področju dela in socialne varnosti (ZEPDSV) [Labour and Social Security Registers Act (ZEPDSV)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 40, 14 April 2006.
Zakon o funkcionarjih v državnih organih [Officials in the State Administration Bodies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 30, 10 August 1990.
Zakon o gospodarskih družbah – F (ZGD – F) iz leta 2001 [Companies Act – F (ZGD – F) from 2001], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 45, 7 June 2001.
Zakon o gospodarskih družbah [Companies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 30, 10 June 1993.
Zakon o gospodarskih javnih službah [Services of General Economic Interest Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 32, 17 June 1993.
Zakon o gozdovih [Act on Forests], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 30, 10 June 1993.
Zakon o investicijskih skladih in družbah za upravljanje (ZISDU – 1) [Investment Funds and Management Companies Act (ZISDU – 1)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 110, 18 December 2002.
Zakon o investicijskih skladih in družbah za upravljanje [Investment Funds and Management Companies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 06, 11 February 1994.
Zakon o izvajanju dogovora o politiki plač v gospodarstvu [Act on the Implementation of the Agreement on Wage Policy in the Economy], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 30, 3 June 1994.
Zakon o javnih financah [Public Finance Act], Uradni list Republike Slovenije [Official Gazette of the Republic of Slovenia], No. 79 , 30 September 1999.
Zakon o lastninjenju spomenikov in znamenitosti v družbeni lastnini [Act Regulating the Privatization of Socially Owned Monuments and Sites of Special Interest], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 16, 22 March 1996.
Zakon o lastninskem preoblikovanju podjetij (z družbenim kapitalom), ki opravljajo turistično dejavnost in katerih nepremičnine se nahajajo na območju Triglavskega narodnega parka [Ownership Transformation of Companies (with Socially-Owned Capital) Engaged in Tourist Activity whose Real Estate is Located on the Territory

of the Triglav National Park Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 24, 10 May 1996.
Zakon o lastninskem preoblikovanju podjetij [Ownership Transformation of Companies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 55, 20 November 1992.
Zakon o načinu obračunavanja plač [Method of Accounting and Payment of Salaries Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 13, 12 March 1993.
Zakon o nematerializiranih vrednostnih papirjih [Book-Entry Securities Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 23, 8 April 1999.
Zakon o podjetjih [Enterprises Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 77, 31 December 1988.
Zakon o pokojninskem in invalidskem zavarovanju [Pension and Disability Insurance Act], Uradni list Republike Slovenije [Official Gazette of the Republic of Slovenia], No. 106, 23 December 1999.
Zakon o pokojninskem in invalidskem zavarovanju [Pension and Disability Insurance Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 12, 13 March 1992.
Zakon o političnem združevanju [Political Association Act], Uradni list SRS [Official Gazette of the Socialist Republic of Slovenia], No. 42, 29 December 1989.
Zakon o poslancih [Deputies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 48, 3 October 1992.
Zakon o pravnih naslednicah pooblaščenih investicijskih družb (ZPN PID) [Legal Successors of Authorized Investment Companies Act (ZPN PID)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 68, 30 July 2007.
Zakon o predsanaciji, sanaciji, stečaju in likvidaciji bank in hranilnic iz leta 1991 [Preliminary Rehabilitation, Rehabilitation, Bankruptcy and Liquidation of Banks and Savings Banks Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 1, 25 June 1991-l.
Zakon o prisilni poravnavi, stečaju in likvidaciji [Compulsory Composition, Bankruptcy and Liquidation Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 67, 17 December 1993.
Zakon o privatizaciji stanovanj [Housing Privatization Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 18, 11 October 1991.
Zakon o prometu in razpolaganju z družbenim kapitalom [Traffic and Disposal of Social Capital Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 84, 22 December 1989.
Zakon o proračunu RS za leto 1992 [Implementation of the Republic of Slovenia Budget for 1992 Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 16, 31 March 1992.
Zakon o prvem pokojninskem skladu in preoblikovanju pooblaščenih investicijskih družb (ZPS PID) [First Pension Fund of the Republic of Slovenia and Transformation of Authorized Investment Corporations Act (ZPS PID)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 50, 28 June 1999.

Zakon o prvem pokojninskem skladu Republike Slovenije in preoblikovanju pooblaščenih investicijskih družb [First Pension Fund of the Republic of Slovenia and Transformation of Authorized Investment Corporations Act (ZPS PID)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 50, 28 June 1998.

Zakon o računovodstvu [Accounting Act], Uradni list Republike Slovenije [Official Gazette of the Republic of Slovenia], No. 23, 8 August 1999.

Zakon o ratifikaciji Sporazuma o prosti trgovini med Republiko Slovenijo in Republiko Madžarsko [Free Trade Agreement between the Republic of Slovenia and the Republic of Hungary], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 14, 11 August 1994.

Zakon o ratifikaciji Sporazuma o prosti trgovini med Republiko Slovenijo in Češko republiko (BCZPT) [Free Trade Agreement between the Republic of Slovenia and the Czech Republic (BCZPT)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 11, 21 July 1994.

Zakon o razvoju malega gospodarstva [Small Business Development Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 18, 11 October 1991.

Zakon o sanaciji in prenehanju organizacije združenega dela [Rehabilitation and Termination of Organizations of Associated Labour Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 72, 1986.

Zakon o sistemu plač [Salary System Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 56/02, 28 June 2002.

Zakon o Skladu kmetijskih zemljišč in gozdov Republike Slovenije [National Farm Land and Forest Fund Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 10, 24 February 1993.

Zakon o spodbujanju razvoja demografsko ogroženih območij v Republiki Sloveniji [Development Promotion in Demographically Endangered Areas Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 48, 31 December 1990.

Zakon o spodbujanju skladnega regionalnega razvoja [Act on the Promotion of Harmonious Regional Development], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 60, 29 July 1999.

Zakon o spremembah in dopolnitvah zakona o gospodarskih družbah [Act Amending the Companies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 45, 7 June 2001.

Zakon o spremembah in dopolnitvah Zakona o lastninskem preoblikovanju podjetij [Act Amending the Ownership Transformation of Companies Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 31, 11 June 1993.

Zakon o spremembah in dopolnitvah zakona o podjetjih [Act Amending the Enterprises Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 46, 10 August 1990.

Zakon o stavki [Strike Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 23, 5 April 1991.

Zakon o temeljnih pravicah iz delovnega razmerja [Basic Rights Stemming from Employment Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 60, 6 October 1989.
Zakon o trgu denarja in trgu kapitala [Money Market and Capital Market Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 64, 20 October 1989.
Zakon o trgu vrednostnih papirjev [Securities Market Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 56, 13 July 1999.
Zakon o trošarinah [Excise Duty Act], Uradni list Republike Slovenije [Official Gazette of the Republic of Slovenia], No. 84, 11 December 1998.
Zakon o ukinitvi Agencije RS za revidiranje lastninskega preoblikovanja podjetij [Act abolishing the Agency of the Republic of Slovenia for Audit of Ownership Transformation of Companies], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 80, 23 July 2004.
Zakon o ukrepih za pospeševanje razvoja manj razvitih območij [Act on Measures to Promote the Progress of Less Developed Areas], Uradni list SRS [Official Gazette of the Socialist Republic of Slovenia], No. 16, 1971.
Zakon o ukrepih za sanacijo gospodarskega položaja TAM Maribor d. d. in njegovih odvisnih družb ter Avtomontaže AM Bus d.o.o., Ljubljana (ZSTAMA) [Act on Measures to Improve the Economic Position of TAM Maribor, d.d. and Its Subsidiaries and Avtomontaža AM BUS, d.o.o. Ljubljana (ZSTAMA)], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 20, 7 April 1995.
Zakon o uresničevanju javnega interesa na področju kulture [Exercising of the Public Interest in Culture Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 75, 2 December 1994.
Zakon o veterinarstvu [Veterinary Practice Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 82, 30 December 1994.
Zakon o volitvah v skupščine [Assembly Elections Act], Uradni list SRS [Official Gazette of the Socialist Republic of Slovenia], No. 42, 29 December 1989.
Zakon o vrednostnih papirjih [Securities Act], Uradni list SFRJ [Official Gazette of the Socialist Federal Republic of Yugoslavia], No. 64, 20 October 1989.
Zakon o zadrugah [Cooperatives Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 13, 20 March 1992.
Zakon o zajamčenih osebnih dohodkih [Guaranteed Personal Income Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 48, 31 December 1990.
Zakon o zaključku lastninjenja in privatizaciji pravnih oseb v lasti Slovenske razvojne družbe [Act Concluding Ownership Transformation and Privatization of Legal Entities Owned by the Development Corporation of Slovenia], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 30, 16 April 1998.
Zakon o zaposlovanju in zavarovanju za primer brezposelnosti [Employment and Insurance Against Unemployment Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 5, 8 February 1991.

Zakon o Agenciji RS za prestrukturiranje in privatizacijo [Agency of the Republic of Slovenia for Restructuring and Privatization Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 7, 4 February 1993.

Zakon o arhivskem gradivu in arhivih [Archives and Archives Material Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 20, 10 April 1997.

Zakon o izplačevanju osebnih dohodkov in nekaterih prejemkov delavcev za leto 1991 [Act on Payment of Personal Income and Certain Remuneration of Workers for 1991], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 48, 31 December 1990.

Zakon o podpornem okolju za podjetništvo [Supportive Environment for Entrepreneurship Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 40, 20 April 2004.

Zakon o bankah in hranilnicah [Banks and Savings Banks Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 1, 25 June 1991-l.

Zakon o deviznem poslovanju [Foreign Exchange Act], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 1, 25 June 1991-l.

Zakon o kreditnih poslih s tujino [Act on Loan Transactions with Foreign Countries], Uradni list RS [Official Gazette of the Republic of Slovenia], No. 1, 25 June 1991-l.

Zupanič, Jelka. Zadnja tranzicijska vlada opravila delo [The Last Transition Government Has Done Its Job]. Večer website. URL: http://213.250.55.115/Ris2007/default.asp?kaj=3&id=2004120202207810 (15 January 2008).

Žužek, Aleš. Intervju z Bernardom Brščičem za STA [Interview with Bernard Brščič for the Slovenian Press Agency], 28 July 2008. URL: http://www.sta.si/vest.php?id=1305683 (1 August 2008).

Three decades of an independent state are certainly a long enough period to give an opinion on the transition process, which formally ended with the country's accession to the EU, even from a historical point of view. Until its formal conclusion, the Slovenian economic transition was described primarily as a story of success, but the period after 2004 was marked by everything but positive opinions and assessments. The book discusses the central processes of economic transition, which changed Slovenia's economic structure, strengthening and modernizing it to such an extent that the country was able to catch up with the developed world much more quickly. The aims of the author's historical search and inquiry are the path to transition, Slovenia's entry into various international integrations, macroeconomic stabilization, privatization, and economic restructuring. He also sheds light on the issue of regional development and identifies the reasons why the intended reduction of interregional disparities did not take place in the period under examination. Special attention is paid to economic crime, which caused enormous financial damage to citizens, companies, and the state as a whole. In a substantiated narrative, the author also presents the characteristics and achievements of the process of economic transformation in Croatia, Serbia, the Czech Republic, Hungary, and Poland.

Slovenian historiography has traditionally focused on the study of political history. The problems of economic, cultural, social, diplomatic, local, "gender study" ... history have long remained on the fringes of historical research. This situation has changed radically in the last few decades. Today, historians address a wide range of subjects, including economic ones. One of these researchers is Aleksander Lorenčič, who has tackled a topic from the economic history of contemporary times, from the "time we live in", so to speak.

(From the review by Dr. Dušan Nećak, Full Professor)

In his book, Aleksander Lorenčič comprehensively presents the transition, its turbulence, and all the highs and lows of the Slovenian economy in the thirty years of the independent state. He notes that the expectation of capitalism with a human face, to paraphrase a term from socialist times, was unfortunately a utopia. On the other hand, Slovenia's independence, gaining international recognition and joining various international integrations, including the EU, were great achievements.

(From the review by Dr. Jure Gašparič)

http://zalozba.zrc-sazu.si

9 789610 505693

34 €

Založba ZRC

SLOVENSKA MATICA

INŠTITUT
ZA NOVEJŠO ZGODOVINO