

**Mojmir Mrak, Matija Rojec and Carlos Silva-Jáuregui**, eds. *Slovenia: From Yugoslavia to the European Union*. Washington, DC: The International Bank for Reconstruction and Development/The World Bank, 2004. 446 pp., \$28.00 (paper). ISBN: 0-8213-5718-2.

When one hears the term “World Bank publication,” one’s mind is likely to form several associations, such as “dry,” “boring,” and “incomprehensible.” Although parts of the recently-published *Slovenia: From Yugoslavia to the European Union* do live up to those associations, to discount the entire work as such would be a mistake.

The book is substantial—a preface, an overview, twenty-four essays, a full index, dozens of figures and tables, all spread across just under 450 pages—and it certainly offers something for everyone. Contributors include a wide array of university professors, economists and other experts. Many were active participants if not leaders in the transition process, such as President Janez Drnovšek, former Minister of European Affairs and current European Commissioner Janez Potočnik, former Governor of the Bank of Slovenia France Arhar, current Governor of the Bank of Slovenia Mitja Gaspari, and Rector of the University of Ljubljana Jože Mencinger.

The essays are divided into three sections: “The Road Toward Political and Economic Independence,” “Socioeconomic Transformation—the Slovenian Way,” and “The Quest for EU Membership.” The overarching purpose of the book is to illuminate the Slovene experience in its thirteen years of tripartite transition: from a socialist to a market economy, from a regional to a national economy, and from a part of the Socialist Federative Republic of Yugoslavia to an independent state and member of the European Union.

The book points out several unique features of the Slovene transition, stemming primarily from the country’s gradualist approach. This approach was helped along by the fact that the communist leaders anticipated the transition and began making changes even before independence, as well as by the relatively high level of development within Slovenia when the transition began. Governments since independence have labored to build consensus among most if not all parties before making hard decisions, which slows down the decision-making process but certainly goes hand in hand with a gradualist

approach. Other major factors behind the gradualist approach include the unsteady political position of the country immediately after independence and the shock of losing the Yugoslav internal market.

The book opens with a nearly forty-page overview by the editors, presenting the book's main points and a chapter-by-chapter summary. Given that the average reader is not likely to read all of the essays in their entirety, the summary is helpful in giving readers the big picture of what is presented in the book. This review focuses on the first and third sections of the volume, which will be of broader interest than the economic details in section two.

The first section, "The Road Toward Political and Economic Independence," is made up of seven essays dealing with the dissolution of Yugoslavia and the challenges facing Slovenia at the time of independence. For anyone interested in the late history of Yugoslavia, the early history of independent Slovenia, or for those interested in politics, this section has much to offer.

Who better to discuss "The Political Reasons for the Dissolution of the SFR Yugoslavia" (chapter 1) than one of the last heads of the Yugoslav collective presidency and the first prime minister of independent Slovenia, Janez Drnovšek? Drnovšek points out several lessons to be learned from the disintegration of Yugoslavia and a number of problems stemming from the former state that persist throughout the successor states. Drnovšek sees closer integration into the EU as the only answer to these problems.

Senior Researcher at Vienna's Institut für Internationale Wirtschaftsvergleiche Vladimir Gligorov provides highly valuable insight into the economic situation in Yugoslavia in the late 1980s and its effects on the country, which culminated in the dissolution of that state (chapter 2). Though Gligorov sees political and not economic problems as being the major factor in the collapse of Yugoslavia, he also believes economic reforms would have helped stabilize the political situation. He holds up Slovenia as proof that such reforms were possible, given the high degree of success the country has had in reforming at least its portion of the old Yugoslav system.

The essay by University of Ljubljana social sciences professor Bojko Bučar (chapter 3) investigates the drive for independence in Slovenia in an international context. He points to several "tectonic

changes” in the international community that made independence possible. One of the major changes was the Conference on Security and Cooperation in Europe’s 1990 “Charter of Paris for a New Europe,” which includes mention of the German people’s right to self-determination as a vote of confidence in German reunification.<sup>1</sup> Though international support for self-determination is a tricky thing, this document certainly gave the nations of Yugoslavia—the Slovenes among them—a vote of confidence in their own self-determination movements. The international community’s tacit approval of the dissolution of the Soviet Union on 20 December 1991 gave further fuel to the fire of independence in Slovenia, as well as in Croatia.

Jože Mencinger’s “Transition to a National and a Market Economy: A Gradualist Approach” (chapter 5) is among the most valuable in the book. Mencinger is known as one of the primary architects of Slovenia’s economic transition, and his expertise in this area is unquestionable. He starts with a review of reform initiatives in Yugoslavia, beginning with the move from “administrative socialism” to “administrative market socialism” in 1953. Significant reforms again took place in 1963 and also in 1974. Mencinger then glosses through the independence movement, pausing to look closely at the preparations Slovenia made in the run-up to independence and the advantages those preparations gave the newly independent state in its transition(s).

The final two chapters in this section deal with monetary sovereignty and the Yugoslavia’s external debt, and lead to section two, “Socioeconomic Transformation—The Slovenian Way.” Both of these chapters as well as the whole of section two delve deeply into economic theory and practice, presenting material unlikely to appeal to most readers.

On the other hand, this section is a gold mine for anyone interested in economics. The section provides all sorts of valuable information on the economic situation in the run-up to Slovene independence, as well as the economics of Slovenia during independence and as the country prepared for EU membership. Topics include macroeconomic stabilization; trade, monetary and fiscal policy;

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<sup>1</sup> Since 1 January 1995, the Conference on Security and Cooperation in Europe (CSCE) has been known as the Organization for Security and Cooperation in Europe (OSCE).

privatization and restructuring; capital and labor market development; and the banking and social sectors.

Several chapters in part two are worth mentioning in particular simply on the credentials of their authors. “Fiscal Policy and Public Finance Reforms” (chapter 12) was written by the Governor of the Bank of Slovenia Mitja Gaspari and current Minister of the Economy Milan Cvikl; and “Capital Market Development” (Chapter 17) was written by Finance Minister Dušan Mramor and Governing Board of the Bank of Slovenia member Božo Jašovič.

The final section, “The Quest for EU Membership,” is certain to be of interest to a wide audience. The chapters look closely at Slovenia’s preparations for EU membership in theoretical and practical terms, the role of small states within the EU and the steps Slovenia must take as an EU member to ensure continued success. Several challenges for the future are noted in this section, including the need to reign in inflation and to complete privatization and other reforms in the corporate, financial and energy sectors.

“EU Membership: Rationale, Costs and Benefits” (chapter 21) by Andras Inotai and Peter Stanovnik makes a convincing case that the benefits of EU membership will outweigh the drawbacks. Among the benefits they see are “the net inflow of financial support through the cohesion and structural funds; active participation in the various political, economic, social, and cultural institutions of the European Union; greater competitiveness of the economy; a more flexible labor market; and inclusion in the euro zone...” (366). Costs include “loss of sovereignty in monetary and fiscal policy affairs, the bankruptcy of uncompetitive enterprises; and thus higher unemployment and rising prices in certain sectors...” (366).

Janez Potočnik, most recently Minister of European Affairs and currently serving as Slovenia’s first European Commissioner, provided the next chapter, “Slovenia’s Road to Membership in the European Union” (chapter 22), together with Jamie Garcia Lombardero, the head of the European Commission’s Slovenia Team. The chapter presents the main requirements for EU membership as well as Slovenia’s experience in the accession process and negotiations for full membership.

Janez Šušteršič, director of the Institute of Microeconomic Analysis and Development in Ljubljana, provided the final chapter,

“Political Economy of Slovenia’s Transition” (chapter 24). The chapter reviews many points brought up earlier in the book and ties things together. Šušteršič details the political reasons for the gradual approach taken in Slovenia’s transition and offers impressions of the road ahead for the Slovene politics and the economy. He warns that even though the tradition of consensus building among political actors was crucial in deciding on a gradual approach it is counterproductive because the time required to build this necessary consensus “might seriously hamper economic competitiveness and backfire on an otherwise stable macro-economic performance” (406). He credits the push for EU membership with speeding along economic reforms, but warns that EU membership is hardly a panacea for all of the country’s ills. Continued focus and intensive work is still required to ensure that Slovenia can succeed within the EU in a variety of areas, including structural reforms to infrastructure and the public sector; industrial policy; fiscal, wage and monetary policies; and social policy.

Few readers are likely to find *Slovenia: From Yugoslavia to the European Union* engrossing from cover to cover, but there is something for everyone. Those interested in history, politics, or economics—particularly that of Yugoslavia, Slovenia or the EU—are sure to count this book as an important reference. Aside from the many important figures that have contributed chapters, the book is also significant for the wealth of hard data contained in its dozens of figures and tables and the detailed footnotes and bibliographies at the end of each chapter. Though chapter 24 ends the book on a strong note, the editors might have divided the long overview introducing the book into a proper introduction and conclusion to tie the various chapters together. In any case, *Slovenia: From Yugoslavia to the European Union* is a welcome addition to the unfortunately meager English-language library of works about Slovenia currently in print.

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