wiiw

JUNE 2021

Monthly Report

Special Issue

30th Anniversary of the Break-up of Yugoslavia

Winners and Losers from the Yugoslav Transition

'I do not Believe the Break-up of Yugoslavia was at all Inevitable': An Interview with Vladimir Gligorov

Economic Roots of Yugoslavia's Disintegration

Break Points and Convergence in Western Balkan Economies in 1952-2013

M

The Vienna Institute for International Economic Studies
Wiener Institut für Internationale Wirtschaftsvergleiche

Special Issue
30th Anniversary of the Break-up of Yugoslavia

Winners and Losers from the Yugoslav Transition

'I do not Believe the Break-up of Yugoslavia was at all Inevitable': An Interview with Vladimir Gligorov

Economic Roots of Yugoslavia's Disintegration

Break Points and Convergence in Western Balkan Economies in 1952-2013

IVO BIĆANIĆ
VLADIMIR GLIGOROV
VERONIKA JANYROVA
BRANIMIR JOVANOVIĆ
MILICA UVALIC

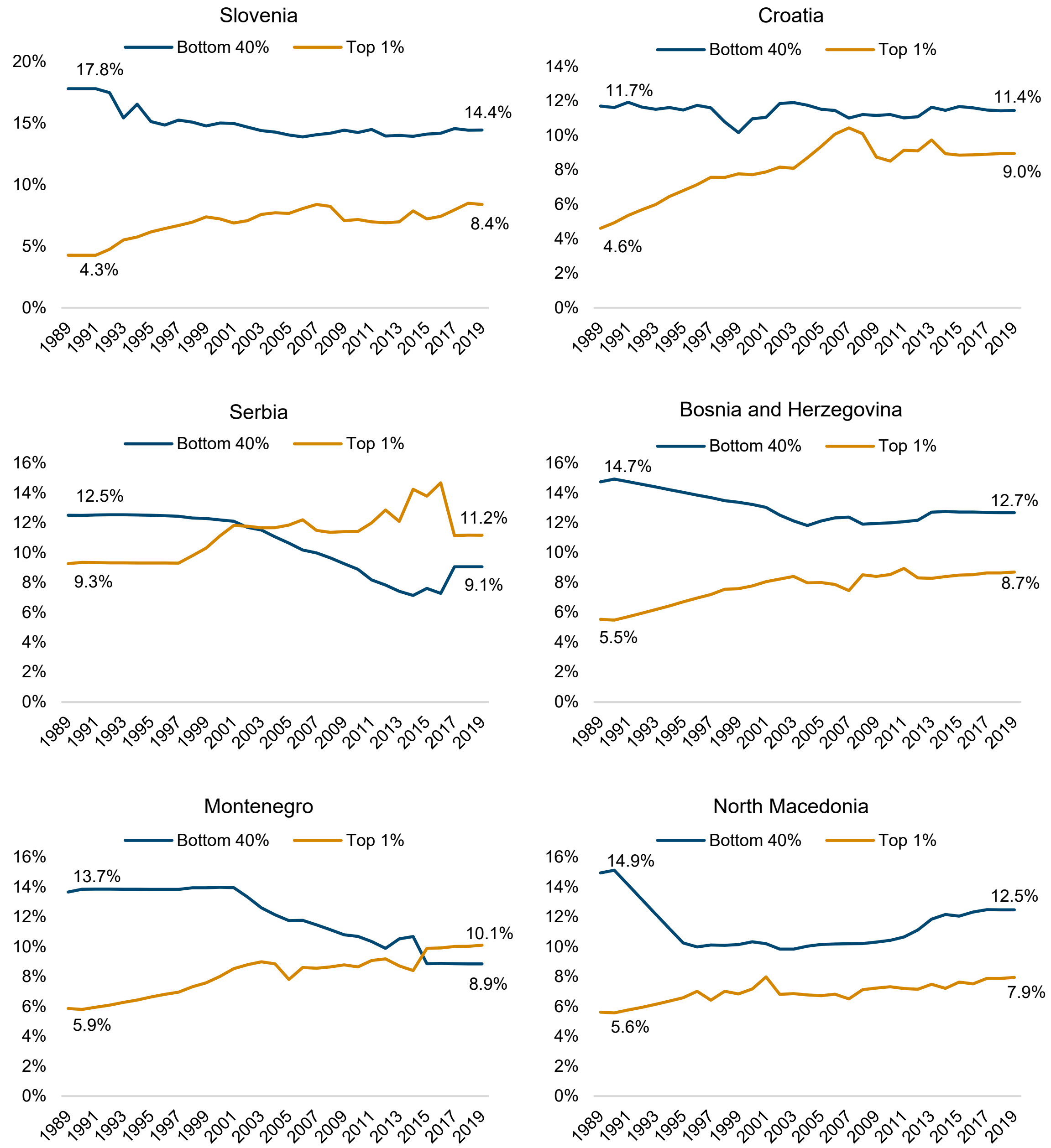
CONTENTS

Chart of the Month: Winners and losers from the Yugoslav transition

BY BRANIMIR JOVANOVIĆ

National income going to the top 1% and the bottom 40% of the population, 1989-2019

(Pre-tax shares of national income, in %)



Source: World Inequality Database.

The transition from socialism to capitalism in the former Yugoslav republics has been marked by a notable increase in inequality. All six republics – Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro and North Macedonia – have had similar trends, which can be summarised as follows.

First, the share of national income that ends up in the hands of the top 1% of the population increased markedly between 1989 and 2019 in all the republics. Slovenia, Croatia and Montenegro saw the most pronounced increases – of 4-5 percentage points (pp) of total national income. The rise was less intensive in Serbia and North Macedonia, at around 2 pp of national income. Bosnia and Herzegovina was in between, with an increase of around 3 pp.

At the same time, the share of national income that ends up with the bottom 40% of the population has declined in all the republics. In Slovenia, Serbia and Montenegro, the decline was around 3-4 pp of total national income between 1989 and 2019. In Bosnia and Herzegovina and North Macedonia the drop was smaller, at around 2-2.5 pp. Only Croatia did not see a big contraction: the share of the bottom 40% there shrank by only 0.3 pp.

Finally, the increase in the top 1% share of income during this time mirrored the decline in the share of the bottom 40%. The income share of the remaining 59% of the population remained mostly stable. The sole exception was Croatia, where the increase in the share of the top 1% came primarily at the expense of the middle 59% of the population.

To sum up, the transition from socialism to capitalism in the ex-Yugoslav republics has redistributed national income from the bottom 40% to the top 1%.

‘I do not believe the break-up of Yugoslavia was at all inevitable’: An interview with Vladimir Gligorov*

In an interview with Veronika Janyrova, Vladimir Gligorov, senior research associate at wiiw, looks back at the 1990s and proposes a way forward for the EU to deal with the Western Balkans.

Vladimir, you and your family were at the very centre of political developments and turmoil in the former Yugoslavia. How did you perceive the year 1990?

In fact, 1990 was a year of hope. At the end of 1989, a new economic programme had been introduced to stabilise the country. It went from hyperinflation in 1989 to complete stability in 1990. Incomes increased when prices stabilised as a result of the fixed exchange rate regime, and the country prospered. People felt quite happy – at least until September or October.

Politically, the story was rather different. One might say that ‘the train left the station ahead of schedule’ and you could see the imminent train crash somewhere down the road. By the end of that year, the economic miracle had collapsed. Serbia basically went bankrupt, and everybody started to prepare for the looming dissolution. When Slovenia and Croatia held their independence referendums in June 1991, everything just fell apart.

What role did ethnicity generally play among ordinary people in the former Yugoslavia? Was it really such an issue, or was it mainly triggered by the political elites who were pursuing different objectives?

Yugoslavia was constructed as a multi-ethnic state. It was not primarily the individual – the citizen – who was represented in the federal, or even the provincial institutions: it was the ethnic group. People were very much aware of their ethnic group. And ethnicity was extremely important if you wanted to build a career – even in academia. You could not solve any political problem without some kind of ‘ethnic justice’. There was a general feeling that your ethnic group would always be in a worse position than other ethnic groups. The people were all – and always – unhappy on account of this perceived ethnic injustice. This is not necessarily a Yugoslav or a socialist phenomenon: it happens everywhere.

In 1989, 1990 and 1991, strange historical theories about the Yugoslav ethnic groups started to circulate. These basically invalidated the other ethnicities. There were theories that the Croats were not

* Disclaimer: The views expressed in the Opinion Corner section of the Monthly Report are exclusively those of the authors and do not necessarily represent the official view of wiiw. The editor is grateful to Branimir Jovanovic, wiiw, for valuable help in editing the text of the interview.

really Slavs, but an Iranian tribe; that, in fact, everybody in Yugoslavia was Serbian; that the Slovenes were not Slavs, but Venetians, and so on. Ethnic groups were redefined, basically for political reasons. This was not the main reason behind the dissolution of Yugoslavia, but it was one of the ways in which that dissolution was justified.

Was the break-up of Yugoslavia inevitable? Or could Yugoslavia have stayed together, had certain reforms been implemented? Or could it have disintegrated peacefully?

I have always believed and stated that the main problem was a lack of democracy: democratisation would have solved more or less all the problems. Back in the 1980s, there was huge international support for the democratisation of the socialist countries. That would have been the way to save Yugoslavia. If Yugoslavia had decided at that time to hold democratic elections and have a new constitution, I am sure it would have been accepted as a member of the EU. The other problems would not all simply have vanished, but there would have been mechanisms in place to resolve them in an orderly fashion.

Of course, the huge communist oligarchy would have lost power and influence – or at least it assumed it would lose power. And so, it resisted any pro-democracy movements and outcomes. To save itself, it turned to separatism. Interestingly, most of the communist leadership survived: Slovene communists shared power for a long time; Croat communists accommodated the nationalists; the Serb communists survived throughout the war – also the case in Montenegro.

So, I do not believe the break-up of Yugoslavia was at all inevitable.

Do you think that Slovenia and Croatia anticipated the Serbian response when they declared independence?

I think there was a general understanding between Franjo Tuđman[1] and Slobodan Milošević,[2] though Tuđman probably did not anticipate Milošević’s reaction. He was a historian – I knew him personally – and he had a very poor understanding of the Serbs in Croatia. He thought they would happily ally with the Croatian nationalists (as had happened previously in history, during the Second World War, for instance) and he badly miscalculated the Serbian response. Afterwards, he was confident that he could come to an agreement with Milošević over the division of Bosnia and Herzegovina. But there, too, he misjudged the Bosnian Muslims. And so on. Milošević, I think – and I also knew him – had no idea what he was doing. He had no exit strategy when he went into the whole thing. He counted on the support of the Soviet Union and the United States, within the framework of the Cold War; but then the Soviet Union disappeared.

---

1 Franjo Tuđman was a Yugoslav and Croatian officer, historian, politician and president of Croatia in 1990-1999.

2 Slobodan Milošević was a communist and later socialist Serbian politician and inter alia served as president of Serbia in 1991-1997 and president of the Federal Republic of Yugoslavia in 1997-2000.

At that time, you were politically very active. Together with Vojislav Koštunica,[3] you founded the Democratic Party of Serbia in 1989. What were your main aims and what obstacles did you face?

Yes, there were initially four of us, and then Zoran Đinđić4 and others came on board. At that time, there were many opposition groupings in Belgrade, but most of them were supportive of Milošević. So, we wanted to set up a proper opposition, and in autumn 1989 we founded the Democratic Party. Formally, it came into being in February 1990. Until it was banned in 1946, the old Democratic Party was pro-Yugoslav and had had a fine tradition in Serbia, which we were keen to continue. The party was an attempt to save the Yugoslav project, at least in the beginning. When we announced its formation, people flocked to join. Most members were well-meaning people, but there were also many who primarily joined to steer the party in another direction. It soon became a nationalist grouping; I left the party in late 1990, but supported it for as long as I could. Zoran Đinđić edited the party’s weekly newspaper and I contributed regularly. My wife and I also contributed to, and helped publish, the independent monthly *Demokratija danas* with some leading Belgrade intellectuals. Then we went to the United States. In fact, I wasn’t very political at that time, or indeed at any time. I just thought in 1989 that it was my civic duty to try, and so I tried. As I had done previously in 1968, during the student protests.

The problem was that it proved impossible to stand aloof from nationalism during nationalist euphoria. History has shown repeatedly that you simply cannot run a democratic party in a fascist, nationalist system. In Serbia, we had two nationalist movements – one in power and one in opposition – and the Democratic Party was simply squeezed out until the regime collapsed.

What was your personal role in the democratic movement?

At the end of the 1980s and the beginning of the 1990s, democratic parties were springing up all over the country. My idea was to jointly push for something similar to the round tables that were being organised in Poland and elsewhere. However, the reformist federal government did not support that idea. I think that was a big mistake. I was also very supportive of the Liberal Democracy of Slovenia party; I wrote parts of the manifesto of the social liberals in Croatia; and I campaigned for the Montenegrin Democratic Party. I also wanted to do something in Macedonia, but my father was active there, and so there was no need.[5] I knew most of the initiators of these new democratic parties, and so I thought we could talk to each other and see how to move forward. The United States and the EU also showed interest in supporting this kind of effort. I also thought it was vital to talk to Kosovo’s democrats, but that did not go down well within the Democratic Party.

---

[3] Vojislav Koštunica is a Serbian politician and lawyer. He was president of the Federal Republic of Yugoslavia in 2000-2003 and prime minister of Serbia from 2004 to 2008.

[4] Zoran Đinđić was a Serbian politician, philosopher, writer and prime minister in 2001-2003. He was assassinated in 2003.

[5] Vladimir Gligorov’s father, Kiro Gligorov, was a Yugoslav and Macedonian politician and president of Macedonia in 1991-1999.

During the wars, the EU failed to find a common position and strategy to avert the worst outcome. It was too preoccupied with itself, with German unification, with the Maastricht Treaty. Today, 30 years later, it again risks losing its credibility, security interests and geopolitical role in the region. Do you think the EU is currently committing another historic mistake by failing to deliver on its enlargement promises?

I think there are two main flaws in Brussels' current strategy towards the Western Balkans. One involves the generally held misconception that the Balkan countries are keen to join the EU and that that goal is very popular with the people. This is simply not true. There has never been overwhelming interest in Serbia, in Bosnia and Herzegovina or in Croatia in joining the EU. Those countries' EU ambitions are entirely dependent on their nationalist interests being satisfied. For instance, the idea that Serbia would be ready to compromise on Kosovo in order to join the EU is clearly a misconception. That is not the way the issue is viewed in Belgrade – and certainly not how it is seen by the Serbian population.

The other big mistake is that the EU is trying to have a geopolitical role in the Balkans, without having any geopolitical instruments. In other words, the EU simply cannot play the geopolitical role it wants to, and so it keeps focusing on problems that it cannot resolve.

Fundamentally, the EU's current approach is to somehow persuade Serbia to accept the independence of Kosovo and hope everything else works out. It keeps talking to Belgrade, while Belgrade is not really interested in resolving any of these problems. It will never sacrifice any of its nationalistic interests for EU membership. To think otherwise is a complete fallacy.

A year ago, the start of EU accession negotiations with North Macedonia and Albania appeared quite near and real. Then the process stalled because of a Dutch veto against Albania and a Bulgarian veto against North Macedonia. Are the objections raised – such as the need to accept the Bulgarian roots in Macedonia's history and language – to be taken seriously? Or are these just pseudo-arguments, used to conceal other, political motivations?

There are, in fact, two different issues here. On the subject of Albania, the Netherlands – and possibly other countries in the north – objects to its accession to the EU for a variety of reasons. Albania is perceived as having a host of problems, with drugs and crime also playing a part. A similar attitude emerged around 2000, when a number of EU countries made it clear that they would object to Turkey joining the EU, predominantly because it is a Muslim country. All in all, I do not think it is going to be easy for Kosovo and Albania to gain admittance to the EU for similar reasons. You can see how difficult even visa liberalisation with Kosovo is.

As for North Macedonia, there was simply no interest in exerting pressure on Greece: Athens finally came to realise of its own accord that it was going to have very limited influence in the EU if it did not behave reasonably.

Bulgaria's attitude to North Macedonia is a different matter. It now finds itself in a situation similar to that facing Serbia between 1989 and 1991. There is national resentment, a feeling that it is not doing very well as a nation and that its history is not valued appropriately. Bulgaria is the least developed country in the EU, and its government is not terribly popular. There is no sense that the last 20 years or so have brought much success. Bulgaria is exploiting the accession process to foster nationalist dissatisfaction. It is very strange – and indeed troubling – to hear people talking of how Bulgaria was united during the Second World War, when it was run by a fascist government.

But there are also many supporters of accession in the EU, not least Germany. During its EU Council Presidency in 2020, it worked hard to kickstart the accession talks. Or is that a false impression?

Well, on the one hand it is correct. But on the other, one might ask: ‘Did Germany try hard enough?’ I simply don’t understand why it was not possible for Angela Merkel to say to Bulgaria: ‘Look, this idea of rewriting the history and identity of another country is not the way we want to work in the EU.’ Everybody is in favour of opening negotiations with North Macedonia – it is not at all in the same boat as Albania, whose EU accession is opposed by several countries.

What is your main recommendation, to avoid having the EU lose its credibility, security interests and geopolitical role in the Western Balkans?

The first thing is to speed up the accession negotiations with Montenegro and North Macedonia. The Montenegrin situation is very, very shaky, and that would significantly help its stabilisation and future direction. It would also be in line with NATO interests.

The same holds for North Macedonia. Apart from stabilising the country, the opening of accession negotiations would help to scotch any lingering ideas of the western parts of the country, where ethnic Albanians are a majority, separating and joining Greater Albania. Both Montenegro and North Macedonia are very small, peaceful, uncontroversial countries, and so it should be feasible.

There are, in fact, many good reasons for such a move: it would be very helpful to Greece and Montenegro, would secure the Adriatic and would assist Italy. Moreover, it would have a very supportive effect on Pristina and Tirana.

Negotiations with Albania should also continue, I think. More or less for the same reasons.

Then, the EU should address the issue of Bosnia and Herzegovina. I believe the United States would be ready to help, and a US-EU initiative would enjoy a significant chance of success. The country is otherwise in economic and political deadlock.

Finally, the EU should address Serbia and Kosovo. Their problems cannot be solved in the current context. But once the other countries are on the proper path, it will be much easier to come to an agreement with Serbia. It will also be easier for Serbia to understand that it needs to accommodate Kosovo – and vice versa. An agreement along the lines of Eastern and Western Germany could be an option – at least until they get used to living with each other.

That would be the way forward, in my view. If pursued with determination for a few years, it could make a huge difference in the region. It is true, however, that some countries are not at all interested in resolving the Balkan problem. They can live very happily with the current situation. I am thinking in particular of Slovenia under its current leadership, of Hungary and of Bulgaria, as we have seen. Other countries may object to further EU enlargement for ethnic, religious or other reasons. And indeed, there is no support from the EU public for quarrelling countries to join the EU.

So, one could expect the other countries of the Western Balkans to benefit from the powerful spill-over effects once North Macedonia and Montenegro commence – or even complete – accession talks?

Indeed, such a thing would have positive effects for Serbia, as well as for Bosnia and Herzegovina. Montenegro is tightly connected with Bosnia and Herzegovina, Croatia and Serbia. Similarly, North Macedonia would have a strong positive influence on Albania and Kosovo, since they are neighbours. You would see the difference relatively quickly, in terms of resources and political stability. And there is very little risk to the approach. The burden on the EU budget would also be negligible. These are easy things to do and would send a powerful signal to the region – one not only of promise, but also of democratisation.

Economic roots of Yugoslavia's disintegration

BY MILICA UVALIC[1]

Pronounced regional economic disparities, which widened during the 45 years of the country's existence, the decentralisation of economic policies introduced under the 1974 Constitution, and the severe economic crisis of the 1980s all contributed to the break-up of Yugoslavia. Nevertheless, had it not been for the progressive worsening of the political crisis, these economic factors alone would not necessarily have led to the disintegration.

INTRODUCTION

It is the 30th anniversary of the disintegration of the Socialist Federal Republic of Yugoslavia (hereafter Yugoslavia), a process that started with the declaration of political independence by Slovenia on 25 June 1991. Yugoslavia had distinct political and economic characteristics. Although it was a socialist economy, sharing many systemic features with other countries of Eastern Europe, it had a more market-oriented style and was known for its system of 'self-management', which provided for worker participation in the decision making of enterprises (Uvalic, 1992). Yugoslavia also had unique international relations. After the Tito-Stalin conflict of 1948, it distanced itself from the Soviet bloc. The country was one of the founders of the non-aligned movement, and from 1970 onwards concluded several trade agreements with the European Economic Community (EEC), which enabled diversification of its economic relations with both Western and developing countries.

Thirty years on from Yugoslavia's disintegration, many issues remain controversial – including economic ones. In this short article, the most important economic factors behind Yugoslavia's break-up will be recalled – factors that came on top of the serious political crisis that developed after President Tito's death in May 1980. The main economic reasons for the country's break-up are to be found in three groups of interrelated factors: regional economic disparities, the decentralisation of economic policies introduced under the 1974 Constitution, and the severe economic crisis of the 1980s (Uvalic, 1993).

REGIONAL DISPARITIES

The Yugoslav model of market socialism brought a number of achievements, including rapid economic growth, fast industrialisation and a substantial rise in living standards (at least until the 1980s). However, the introduction of market-oriented economic reforms meant that Yugoslavia could not avoid the problems typical of a market economy, including increased unemployment and inflation, as well as divergence in the economic development of its constituent parts. The uneven level of development of the northern and southern parts of the country was probably the single most important economic cause of Yugoslavia's break-up.

---

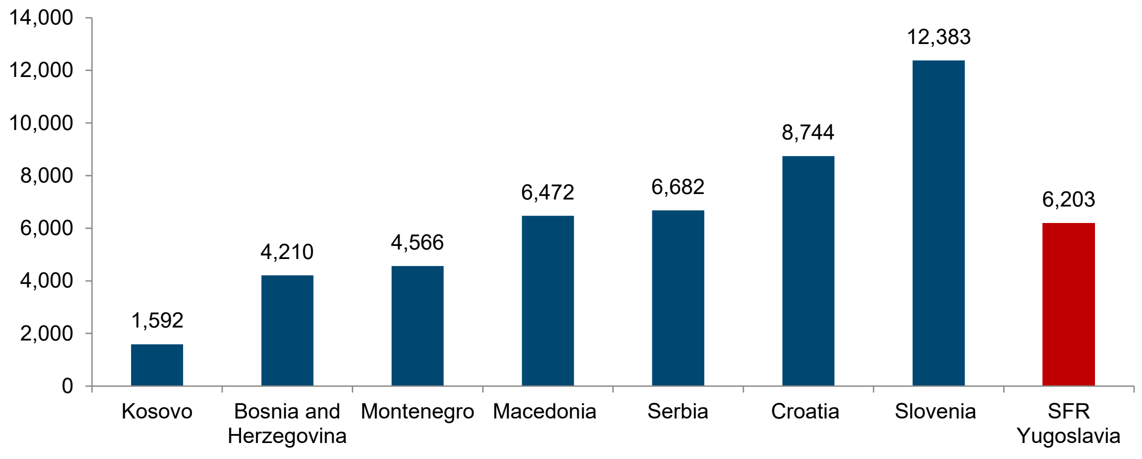
1 Milica Uvalic is full professor of economics at the University of Perugia, Italy.

Regional development was a key concern of policy makers in Yugoslavia, since economic disparity between the north and the south existed even in 1945. Specific policies were introduced to help economic development of the disadvantaged regions and to reduce the gap in social product per capita between the more-developed and the less-developed republics and regions.[2]

Regional policy during the initial period of the post-1945 country's existence consisted of grants given to the less-developed republics and regions through the General Investment Fund. After 1965, resources were transferred through the Federal Fund for the Development of the Less-Developed Republics and the Region of Kosovo, to which all Yugoslav republics had to contribute 1.94% of their social product, while the sole beneficiaries were the less-developed regions (Uvalic, 1992, 1993). Financial assistance after 1965 took the form of loans on highly preferential terms. In addition, specific instruments were designed in the 1970s to stimulate direct investment by enterprises in firms located in the less-developed parts of the country. Income redistribution in favour of the less developed also took place through direct budgetary transfers; through loans from the National Bank of Yugoslavia on highly preferential terms to specific administrative entities or special recipients, such as exporters or farmers; and through the clearing system of payments in foreign trade with the countries of the Council for Mutual Economic Assistance (COMECON), which favoured exporters and penalised importers.

These regional policies favouring the less-developed republics and regions in Yugoslavia proved unsuccessful. Contrary to expectations, the gap in social product per capita between the most-developed republic (Slovenia) and the least-developed region (Kosovo) actually widened – from five times in 1955 to eight times in 1989 (Uvalic, 1993). The gap in economic development, based on official data from the Statistical Office of Yugoslavia, is confirmed by internationally comparable statistics (see Figure 1).

Figure 1 / GDP per capita in 1989 (in USD, PPP) in Yugoslavia and its republics



Source: Uvalic (2018), based on data from the Maddison Project, http://www.ggdc.net/maddison/maddison-project/home.htm, 2013 version; GDP per capita is expressed in Geary-Khamis (GK) dollars, equivalent to the international 1990 dollar (PPP).

[2] During the 1970s and 1980s, the republics of Slovenia, Croatia, Serbia proper (without its two autonomous regions) and the autonomous region of Vojvodina were considered to be more developed, while Bosnia and Herzegovina, Macedonia, Montenegro and the autonomous region of Kosovo were considered less developed. In earlier periods, the definition of the underdeveloped parts of the country was different (Uvalic, 2018).

In 1990, Slovenia, with 8% of Yugoslavia's population, produced 16% of the country's social product and contributed over 25% of total exports and imports; meanwhile Kosovo, also with 8% of Yugoslavia's population, contributed only 2% of the country's social product and around 1% of both exports and imports.

At the root of the regional development issues in Yugoslavia was the long-standing controversy over who was 'exploiting' whom. The more-developed republics felt exploited because of the obligatory transfer to the less-developed parts of resources that remained outside their direct control and thus were often used in unproductive sectors and in an inefficient way. They felt further aggrieved by other policies that worked to their disadvantage, such as the retention of foreign currency earnings from exports and tourism. The less-developed republics felt exploited because of the unfavourable terms of trade that derived from the structure of their economies (a large share of basic industries, characterised by low efficiency) and because of the distortions in relative prices (more widespread price controls of products in the basic industries than in manufacturing), leading to lower prices for their output (Uvalic, 1993). The upshot was that they felt they had a right to development aid. The debate over 'exploitation' in Yugoslavia lasted for years, despite a lack of clear evidence in support of either view.

There was a revival of the debate during the 1980s. In particular, the economic exploitation of Serbia was highlighted in a document prepared in 1986 by a group of intellectuals from the Serbian Academy of Sciences and Arts – the 'Memorandum on the position of Serbia in Yugoslavia'. This memorandum maintained that Serbia had endured consistent discrimination within Yugoslavia, both economic and political (Uvalic, 2010). The type of economic policies implemented in Yugoslavia had 'intentionally plunged Serbia into economic backwardness', while the existing constitutional arrangements, which created autonomous provinces within Serbia, had rendered it the only republic unable to exercise full sovereignty over its territory. The document not only contributed to the revival of nationalism in Serbia, but also provoked highly critical reactions and sowed mistrust among the Yugoslav republics, adding further impetus to the already serious political crisis.

THE 1974 CONSTITUTION

Another factor that contributed greatly to the disintegrationist tendencies in Yugoslavia was the 1974 Constitution, which brought substantial decentralisation of the Yugoslav economy and devolution of powers from the federation to the republics and regions (Uvalic, 1992). The economic reforms of the 1970s strengthened the economic powers of the individual republics and regions in many important fields, including prices, income distribution, taxation, employment, welfare policies and foreign trade. Responsibility for monetary and exchange rate policies remained with the federal level (the National Bank of Yugoslavia), but these policies had to be based on agreement with the republican governments, which effectively gave them a veto. The consequences of the reforms were probably partly intentional: given that at the time there was no political will to replace communist rule with a system of multi-party democracy, giving greater economic power to the republics/regions was a way of compensating them for the lack of more radical political reforms.

However, the extensive decentralisation introduced by the 1974 Constitution served to reinforce a form of economic nationalism in Yugoslavia. The economic interests of the republics/regions were frequently given precedence over those of the Yugoslav federation. The pursuit of local interests, aimed at greater self-sufficiency, led to uncoordinated investment strategies and to the unnecessary duplication of factories in many sectors. Such policies also led to declining shares of inter-republican trade, particularly in the 1970s, and to the fragmentation of the common Yugoslav internal market (Uvalic, 1983). The Yugoslav economy also came to be characterised by low mobility of capital and labour across republican borders.

It should nevertheless be noted that the level of economic interdependence among the Yugoslav republics was greater than one might conclude from the political arguments. Throughout most of the period 1970-1989, the 'exports' of the various republics/regions to the other Yugoslav republics/regions were generally higher than their exports abroad (the only exceptions being, on occasion, Serbia proper and Slovenia). All the Yugoslav republics/regions were, in any case, more dependent on trade within the country than with the outside world. Throughout the period 1970-1989, the share of internal trade – on the local market and with neighbouring republics – was higher than the share of foreign trade (Uvalic, 1993).

THE ECONOMIC CRISIS IN THE 1980S

The economic crisis in the 1980s additionally contributed to Yugoslavia's break-up. The model of economic development relied increasingly on foreign capital inflows, and so Yugoslavia experienced a rapid rise in its external debt – from less than USD 2bn in 1970 to USD 14bn in 1979 and, following the second oil shock, to USD 18bn in 1980 (Uvalic, 1992). The country found itself no longer able to service its foreign debt, which required debt restructuring and stand-by arrangements with the International Monetary Fund (IMF). After 1981, macroeconomic stabilisation policies based on austerity pushed Yugoslavia into a deep recession, characterised by falling or stagnating output, negative investment rates, rising unemployment, falling real wages and a steady rise in inflation, which culminated in 1989 with hyperinflation.

In late 1989, the last federal government of Yugoslavia, led by Ante Marković, launched a bold macroeconomic stabilisation package. However, in the second half of 1990, this was undermined by the lack of willingness to implement it: all the republics/regions considered it, for different reasons, to run counter to their interests (Uvalic, 1992). There was an increasing abuse of federal obligations, as some republics stopped transferring taxes to the federal budget, while Serbia introduced special taxes on Slovenian and Croatian products. There then followed a currency war among the republics, as increased withdrawals of foreign currency from bank accounts caused a general shortage of foreign exchange, and there was a raid on the monetary system, when republican banks exceeded the limits on credit expansion set by the National Bank of Yugoslavia. The economic crisis of the 1980s thus additionally fuelled the heated political disputes within the Yugoslav federation.

IN LIEU OF A CONCLUSION

Yugoslavia was clearly not an optimal monetary and economic union. On the contrary, it suffered from autarkic tendencies, fragmentation of the Yugoslav internal market, highly imperfect capital and labour markets and the uncoordinated economic policies of its six republics and two autonomous regions. Moreover, despite regional policies to help the development of the less-developed regions, there was no income convergence within the country. On the contrary, regional disparities actually widened during the 45 years of Yugoslavia's existence.

Nevertheless, had it not been for the progressive worsening of the political crisis, these economic factors alone would not necessarily have led to the disintegration of Yugoslavia (Uvalic, 1993). There are many countries that have survived, despite a north–south divide and inefficient regional policies (for example, Italy). But in Yugoslavia, the worsening of the political situation was exacerbated by the economic problems discussed above, and this became an additional reason for the country's break-up.

Although self-management has often been mentioned as being at the root of the inefficiencies in the Yugoslav economic system (the claim inspired both by the imperfect Yugoslav practice and the Western literature on the labour-managed firm), it actually played a minor role in the country's drift to disintegration (Uvalic, 2020). Worker self-management was one of those elements that were generally appreciated by the population: along with greater individual freedoms, passports valid for five years (after 1965) and visa-free travel to many Western and developing countries, it contributed to greater popular support for the economic and political regime in Yugoslavia than was to be found in other Eastern European countries. Far more important than the deficiencies of the economic system, the crucial factor that pushed the country towards break-up was the re-emergence of nationalist sentiment, fuelled by the short-sightedness of political leaders who believed that the key national objectives could be achieved and all the problems resolved by disintegration of the federation.

The Yugoslav experience illustrates how the costs of the disintegration of larger political and economic entities can be extremely high and unpredictable. Although most former Yugoslav republics/regions hoped that political independence would facilitate the attainment of important political objectives, would enable quick entry into the European Union and much more rapid economic development, their objectives have, in most cases, been achieved either only partially or with substantial delays.

Political independence was attained by most of the former Yugoslav republics relatively quickly (1991-1992); however, Montenegro became independent only in 2006, and Kosovo's unilateral declaration of independence in 2008 is still awaiting official recognition from over 40% of UN members. The goal of European Union membership has been attained by Slovenia (in 2004) and Croatia (though not until 2013); but for the other successor states of Yugoslavia, EU entry remains a distant and uncertain objective. Finally, the record of economic development is even more disappointing: the non-EU successor states of Yugoslavia are today among the poorest countries of Europe, while Bosnia and Herzegovina and Serbia have not yet reached their pre-transition 1989 level of GDP, 30 years after Yugoslavia's break-up. For most of the successor states of the former Yugoslavia, the economic costs have proved extremely high – and they have been only marginally compensated for by the political goals pursued through independence.

REFERENCES

Uvalic, M. (1983), 'Il problema del mercato unitario jugoslavo', *Est-Ovest*, vol. XIV, no. 4, pp. 7-43.

Uvalic, M. (1992), *Investment and Property Rights in Yugoslavia: The long transition to a market economy*, Cambridge, Cambridge University Press (paperback edition, 2009).

Uvalic, M. (1993), 'The disintegration of Yugoslavia: Its costs and benefits', *Communist Economies & Economic Transformation*, vol. 5, no. 3, pp. 273-293.

Uvalic, M. (2010), *Serbia's Transition: Towards a better future,* Basingstoke, Palgrave Macmillan, and New York, St Martin's Press. Expanded edition in Serbian: *Tranzicija u Srbiji – Ka boljoj budućnosti,* Belgrade, Zavod za udžbenike, 2012.

Uvalic, M. (2018), 'The rise and fall of market socialism in Yugoslavia: Special report', Dialogue of Civilizations (DOC) Research Institute, Berlin, available at: https://doc-research.org/rise-fall-market-socialism-yugoslavia/

Uvalic, M. (2020), 'What happened to the Yugoslav economic model?', in O. Anastasakis, A. Bennett, D. Madden and A. Merdžanović (eds), *The Legacy of Yugoslavia: Politics, economics and society in the modern Balkans*, London and New York, IB Tauris, pp. 169-190.

Break points and convergence in Western Balkan economies in 1952-2013

BY IVO BIĆANIĆ

None of Yugoslavia's successor states, either while they were part of Yugoslavia or as independent states, have ever had episodes of sufficiently high growth that were long enough for them to experience 'modern economic growth'. Their growth performance was particularly disappointing after the 1980 debt crisis, which marked a major break point in their long-term growth paths. Yugoslavia was not a 'convergence machine': only after independence was there a degree of convergence of the successor states' growth paths.

INTRODUCTION

In the sixties, Simon Kuznets (1966) coined the term 'modern economic growth'. He defined it as an extended period of stable and high growth rates, accompanied by smooth restructuring in a socially acceptable environment. All three elements of the definition are important (and certainly today's builders of composite indices or dashboard measures could usefully amalgamate them into a single number – something Kuznets did not attempt).

This article will discuss whether the Western Balkan economies, a group of successor states spawned by the violent disintegration of Yugoslavia, ever experienced Kuznets's 'modern economic growth' (it should be noted that the use of the term Western Balkans here differs somewhat from usual, in that it includes Slovenia, but excludes Albania as well as Kosovo). It concentrates on the first part of the definition: namely, on the presence of an extended period of stable high growth.

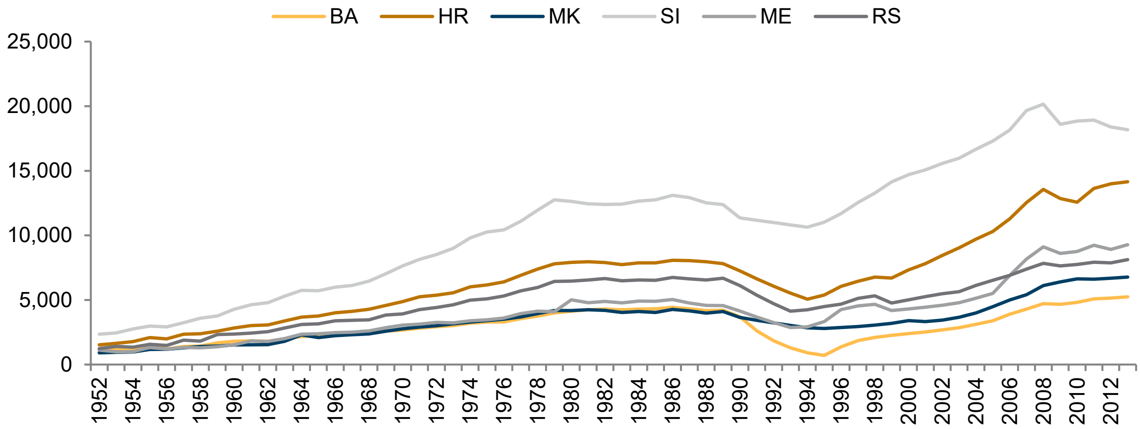
There are two possible approaches. The first is to view the whole period for which we have reliable data – i.e. from 1952 to 2020 – as one long period. The second approach breaks the period up into two sub-periods, thereby drawing a distinction between, first, the 38-year 'Yugoslav' period, and second, the 30-year 'independent' period. Both approaches seem appropriate in 2021, since 30 years is long enough to determine whether independent economic development has resulted in 'modern economic growth', or only in temporary spurts of growth that quickly fizzled out without affecting long-term growth.

The measurement of growth only appears to be a straightforward thing; in fact, analysts have various options to choose from. In spite of all their well-known deficiencies, however, gross domestic product (GDP) and GDP per capita remain the primary macroeconomic variables with which economists start analysing an economy. This is especially true if they want to focus on the long-term, secular growth implicit in Kuznets's term. GDP and GDP per capita in this case provide the core 'facts to be explained'.

There is today a sufficient quantity of reliable GDP data, enabling study of the long-term growth of the Western Balkan economies to be undertaken. Data for the 'Yugoslav years' have been recalculated (gross material product, GMP, was recalibrated into GDP), and so the GDP and GDP per capita time series are now available from 1952 (the first year of reliable statistics) to 1989 (the last year of Yugoslav statistics). For most of the successor states, data for the ‘independent’ years became available after 1995, when the national statistical offices started publishing reliable official GDP data, and when all but one of the ‘Wars of the Yugoslav Succession’ were over. The 62-year period of reliable data (1952-2013) that underlies our analysis is of sufficient duration for the study of long-term growth.

From the raw data, the time series can be constructed; the results are given in Figure 1 (for details, see Bićanić et al., 2016).

Figure 1 / GDP per capita of the Yugoslav successor states, in 1990 international dollars



Note: Kosovo omitted.
Source: Bićanić et al. (2016).

There are three ways in which economic historians can approach long-term economic growth. The first way is to choose some long-term trends that ‘iron out’ short-run fluctuations. The second takes the opposite tack: it tries to identify points of discontinuity and break points in the series, and thereby use the time series to identify periods. The third approach follows from the first two, in seeking to compare the growth experience of selected countries or groups of countries. In none of the cases is the approach altogether straightforward: the trend equation has to be specified; the nature and number of the break points have to be determined; and the countries of comparison have to be chosen.

THE DEBT CRISIS OF 1980: A TURNING POINT FOR LONG-TERM GROWTH

Given the undoubted turbulence of the whole 62-year period (stabilisation policies, policy reforms, limited and general institutional overhauls, system changes, disintegrations and integrations, and military conflicts), it would seem appropriate to start by identifying points of discontinuity and seeing how they relate to institutional changes and political decisions.

In order to identify points of discontinuity (i.e. break points), economic historians – especially cliometricians – can choose from more than one approach. In all cases, an equation describing economic growth is used and tested, and a break point is defined as a point at which there is a detectable change in the equation parameters, according to some criteria. When choosing the equation, they can test the importance of break points, which are either chosen *a priori* or identified *ex post*. They can also limit themselves to one break point, or else choose multiple break points.

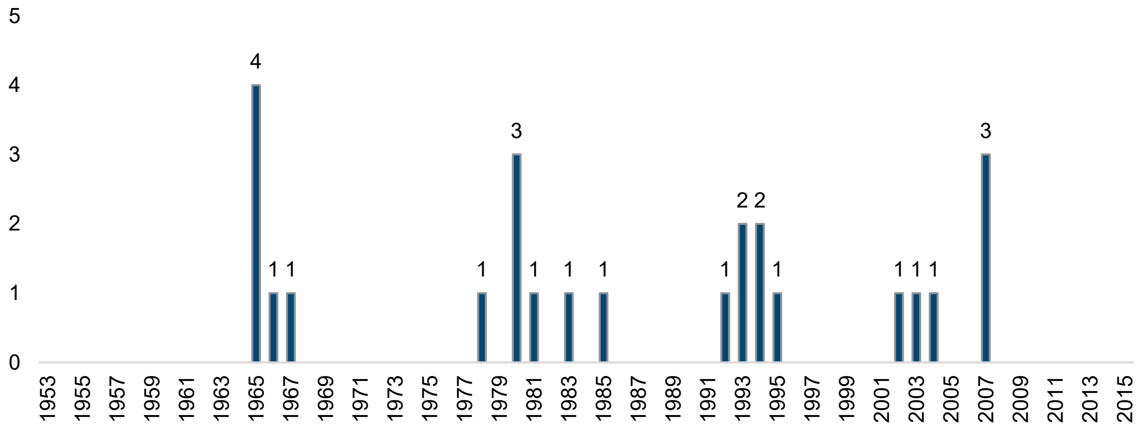
In the papers that are used as a basis for this article, all of these approaches were used; however, here only the results of one approach will be reported. That is the Bai-Perron approach, which uses multiple break points identified *ex post*. The results are given in Table 1 and Figure 2 (Kosovo is omitted on account of unreliable data).

Table 1 / Structural break points (Bai-Perron test) for Western Balkan economies

	1952-1969	1970-1979	1980-1989	1990-1999	2000-2013
Bosnia and Herzegovina	1967	1978		1995	2004
Croatia	1965		1981	1992	2007
Montenegro	1965		1985	1994	2007
North Macedonia	1965		1980	1993	2002
Serbia	1965		1980	1994	2003
Slovenia	1965		1980	1993	2007

Source: Bićanić et al. (2017: 9).

Figure 2 / The distribution of break points, by years, for Western Balkan economies

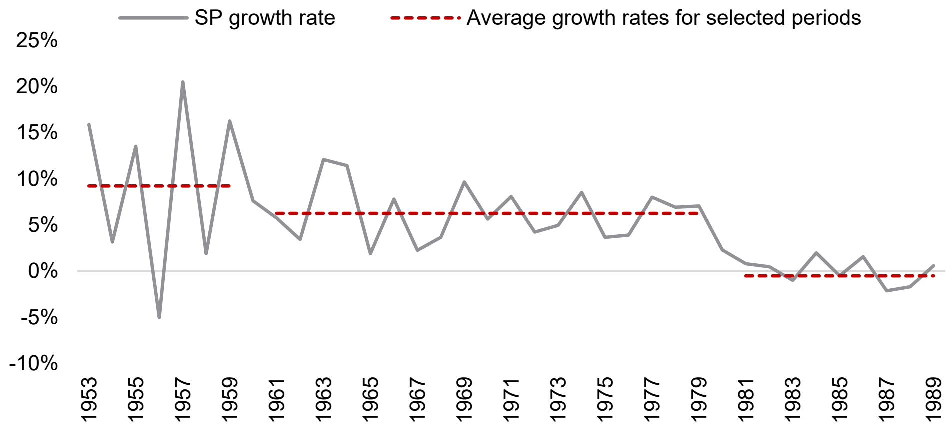


Note: number of Western Balkan economies (excluding Kosovo) which recorded a break point in GDP growth in a given year.
Source: Bićanić et al. (2017: 17).

A glance at the data shows that there are five groups of break points. The first three are clear and involve all six economies: in the mid-sixties, the early eighties and the early nineties. These are 'general' break points, since for the first two all the Western Balkan economies were still part of a common economic space, Yugoslavia; and for the third, they all faced the same shocks of transformation and disintegration. The last two groups of break points are not general and involve only some of the Western Balkan economies. The first of these was in the early noughties, while the second coincided with the start of the Great Recession. This would seem to indicate that the successor states very quickly started to follow their own, different trajectories.

Two of the three general break points can be closely linked to the narrative of economic development. The break point in the mid-sixties can be associated with the social and economic reforms of 1965, which widened the scope of market arbitrage and included price reform, introduced profit accounting (so many firms had to close) and permitted economic emigration (reducing the pressure of unemployment). However, policy makers implemented these reforms only half-heartedly and by the late sixties had backtracked on them, so that the reforms did not have the desired effects. The break point in the early nineties can be linked to the violent disintegration of Yugoslavia and the transformation shock. The most interesting break point is the one in the early eighties. Its importance becomes even clearer if break points for Yugoslavia as a whole are calculated (using GMP, as presented in the official Yugoslav statistics, rather than recalculated as GDP). For Yugoslavia as a whole, break points occurred in 1960 and 1980 (1965 is no longer an unambiguous break point) and three distinct periods can be discerned. The first break point is a little 'fuzzy' (since the break points of individual Western Balkan economies are grouped around that date), but 1980 stands out clearly as a general break point for the whole country and all its constituent republics (later successor states). The average Yugoslav growth rate for each period is depicted in Figure 3.

Figure 3 / Economic growth in Yugoslavia, 1952-1990



Note: SP is 'social product', the term used in Yugoslav official statistics for gross material product (GMP).
Source: Bićanić et al. (2014).

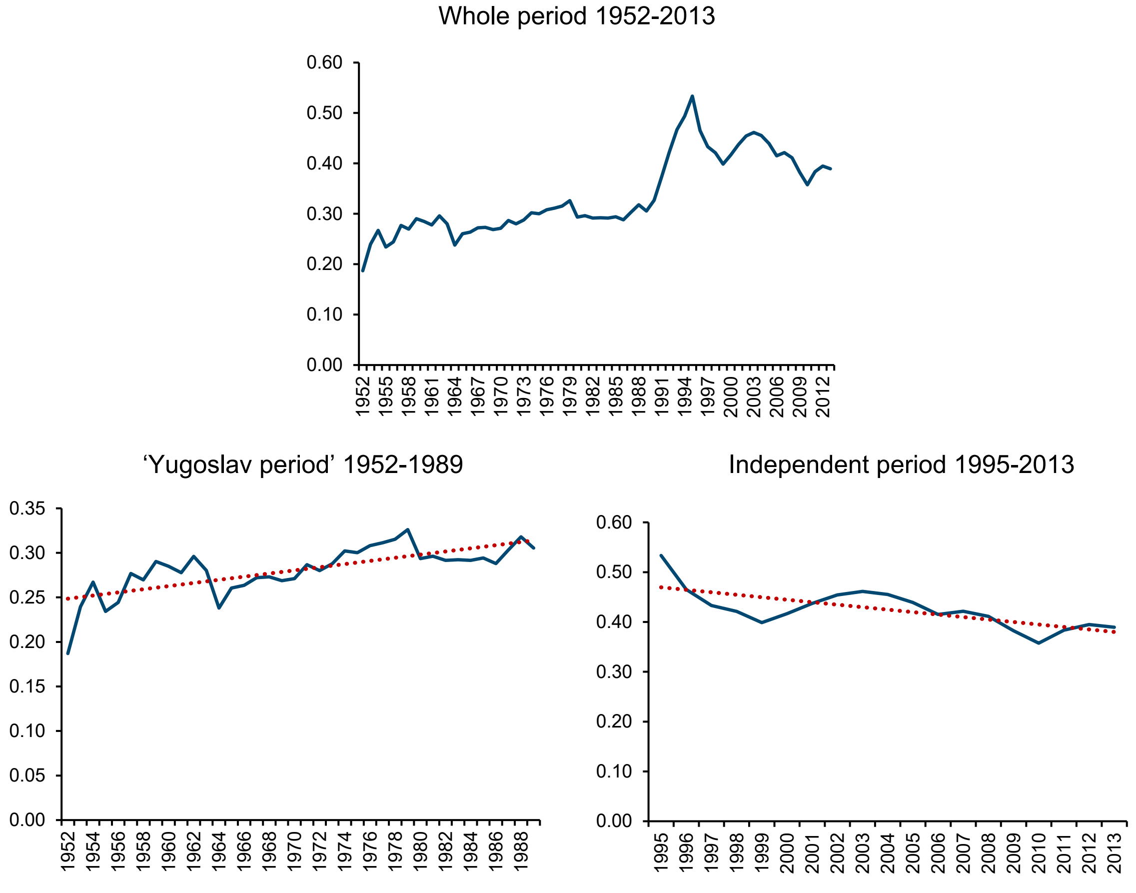
Since 1980 is not usually identified in the literature on Yugoslavia as an economic break point of such importance, it justifies a brief comment. Too often, political scientists and others tend to overplay the importance of the fact that in 1980 Josip Broz Tito, president for life and the dominant figure in Yugoslavia's post-war development, died. A closer look at economic developments suggests a more complex picture: 1980 saw the interaction of world economic cycles and secular Yugoslav developments, neither of them related to political change. Between them, they triggered the collapse of the perceived external soft budget constraint and a rupture in the belief that internal disequilibrium could always be covered in some way by new debt – a belief that in 1980 led to external disequilibrium. Two factors led to the collapse of the previous economic model, which relied on foreign borrowing: the first was the sheer size of the accumulated Yugoslav foreign debt; and the second was the world recession of the early eighties. Together they led to a sharp rise in interest rates and to the supply of new long-term loans drying up. The results were twofold. First, new debt came to consist of short-term debt, at high rates of interest, which placed further strain on the budget and current account deficits. And second, the country's creditors required an International Monetary Fund (IMF) package, and this implied external conditionality.

In 1981, Yugoslavia signed its seventh stand-by arrangement with the IMF, the aim being to re-establish external liquidity. However, in 1982 it became clear that Yugoslavia was not meeting its targets under the stand-by agreement, and the IMF insisted on further restrictions. External difficulties were also reflected in internal problems. The 1981 stabilisation package required a 30% currency devaluation, import restrictions (leading to shortages in consumption and bottlenecks in production) and a fiscal austerity package that not only pushed the economy into recession, but also hit citizens as they went about their everyday lives. After the 1980 break point, there was a visible inability to generate sustainable economic growth, at both the national and the republican level.

CONVERGENCE STARTED ONLY AFTER THE BREAK-UP OF YUGOSLAVIA

The long-term trends in GDP per capita allow us to compare secular growth paths and detect their possible convergence or divergence. This is done in two ways. The first is by analysing **convergence among the Yugoslav successor states**, with the aim of finding out whether or not their growth paths converged over time.

Figure 4 / σ-convergence for Western Balkan economies

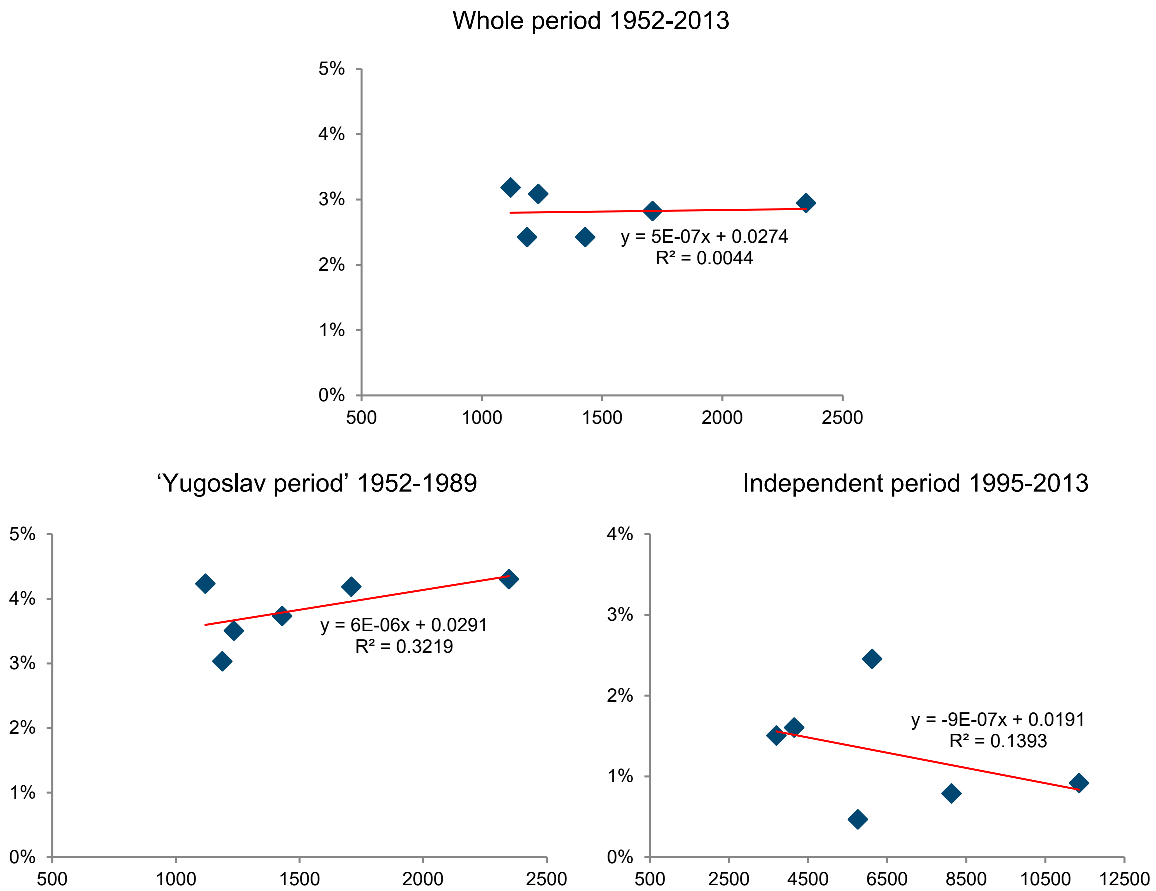


Source: Bićanić et al. (2017: 21).

From the rich toolkit of convergence analysis, the results of two calculations are presented here. The first is very simple and measures the statistical dispersion of the growth rates of the successor states for each individual year. Since the standard deviation is used as the measure of dispersion, this is referred to as σ-convergence. There is convergence if the standard deviation of GDP per capita falls over time (and divergence if it rises). The results are depicted in Figure 4.

The second concept is referred to as β-convergence. This concept has a solid foundation in neoclassical growth theory – and more precisely, the Solow-Swan model. This model predicts that, over time, economies converge in the long run to a shared steady-state growth path. Here, the same formula is used in a different way, to determine whether the long-term growth paths of the successor states have converged – i.e. whether the less developed successor states have gained on the more developed ones. One way of testing this notion of convergence compares long-term growth rates. For convergence to occur, less developed economies must have higher secular growth rates – i.e. the regression line in Figure 5, which plots long-term average growth rates (vertical axes) against GDP per capita levels (in 1990 international dollars) at the start of the period (horizontal axes) must have a negative slope. If the slope is positive, there is divergence.

Figure 5 / β-convergence for Western Balkan economies

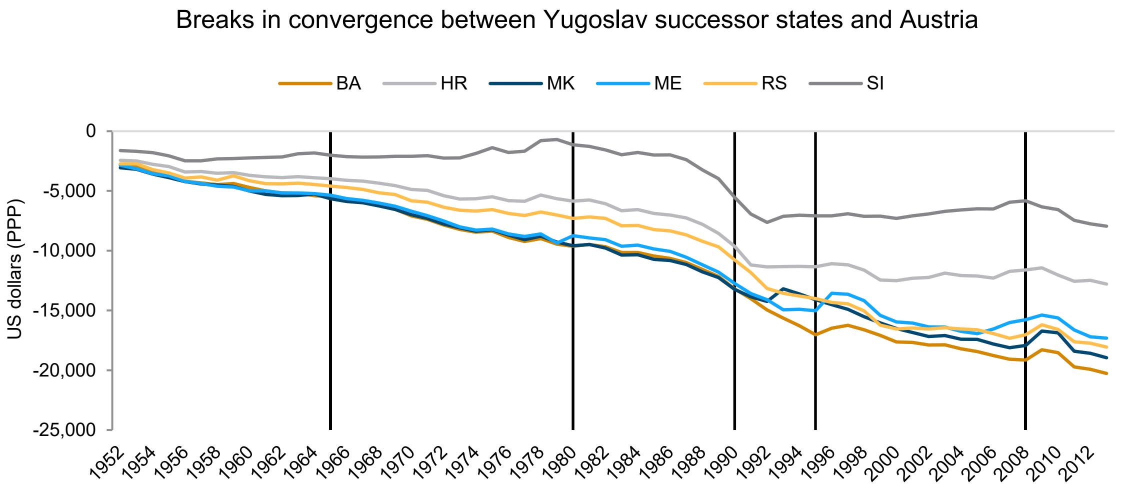


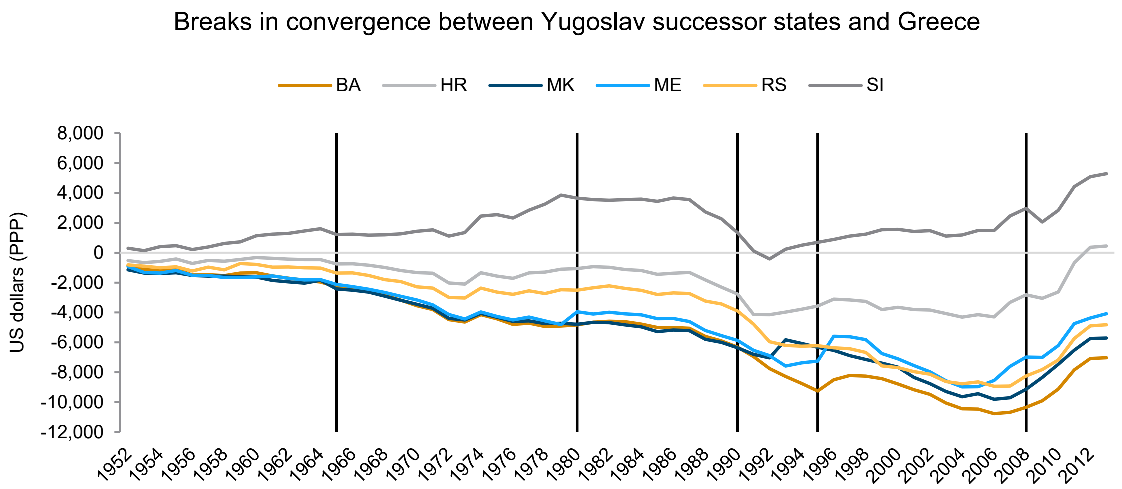
Source: Bićanić et al (2017: 21-22).

The results of the convergence analysis are interesting – and at first glance counterintuitive. In the days of the former Yugoslavia, which formed a common economic space, one would expect even the limited market arbitrage and the mobility of production factors to take advantage of the economic opportunities that existed in the different constituent republics; this would lead to convergence, further strengthened by extensive institutionalised income redistribution to less developed regions. But contrary to expectations, there was economic divergence between individual republics at that time, and regional differences actually increased. Yugoslavia was thus far from being a 'convergence machine'. The σ-convergence measure also indicates that the increase in divergence (rising σ) was not linked to any special period, but was a secular 'Yugoslav' trend. Equally surprising, after the transformation-induced initial spike in divergence, both measures indicate subsequent convergence (in the β-convergence calculations, the dispersion of the data points should be noted). Once the successor states became independent, the regional differences among them started to decrease. If the whole period 1952-2013 is considered, then neither measure indicates any dramatic changes, as the trends before and after the break-up of Yugoslavia largely cancel one another out. The levels of σ-convergence in 1952 and 2013 are similar, and the β-convergence line is almost horizontal.

Figure 6 / Growth paths of Yugoslav successor states and chosen benchmarks

(Austria and Greece)





Note: the charts show the difference in GDP per capita (in US dollars at PPP) between the benchmark (Austria or Greece, respectively) and the individual country in a given year.
Source: Bićanić et al. (2017: 30-31).

This reduced divergence of independent Western Balkan economies over the past two and a half decades should not necessarily be interpreted as a success, but rather as a general failure of the transformation – 'a race to the bottom', in the sense that all the successor states failed to develop 'modern economic growth'.

The second way of analysing convergence is to compare the individual growth paths of Yugoslav successor states to **chosen benchmark economies**. For this, two economies were chosen *ad hoc*: Austria and Greece (Figure 6). Regarding the Austrian benchmark, for most of the period 1952-2013, most successor states were diverging, so that they lagged ever further behind Austria. This is true of both the period prior to 1990 (with the sole exception of Slovenia up until 1980) and afterwards: regime change, independence and economic transformation did not bring convergence between the Yugoslav successor states and Austria – or the EU core, more generally (post-independence Slovenia and Croatia stopped falling behind until the Great Recession, whereupon they started diverging).

As for Greece, the comparison is more interesting. A glance at the data in Figure 6 indicates three periods. During the first (up until 1990), the more developed Western Balkan states either diverged (Slovenia) or held their ground (Croatia and Serbia), while the less developed fell slightly behind. After 1990, the relative growth performance of the less developed countries deteriorated even more, and they fell even further behind. It was only in the third period, after the Great Recession of 2008, that all the Yugoslav successor states converged with Greece, largely on account of Greece's own economic collapse.

CONCLUDING REMARKS

This article has demonstrated three things when we analyse the secular growth paths of the Western Balkan economies.

First, convergence analysis shows that Yugoslavia was far from being a 'convergence machine', and that it was only once the successor states became independent that they started to converge in economic terms.

Second, none of the Western Balkan economies have ever experienced the minimum requirement for Kuznets's 'modern economic growth' – i.e. sustained high growth rates. A clearly recognisable break point in growth performance indicates instability of growth trajectories. There is no period between break points that can be recognised as having been of sufficient duration to satisfy the Kuznets criterion; this also applies to the observed speed of economic growth and convergence during the periods.

Finally, after 30 years, the transformation that started in the nineties has still not led to a lasting acceleration in growth and to convergence with the European core. From a Kuznets growth perspective, regime change was thus a disappointment. The results seem to indicate that this also holds true of the most developed successor state, Slovenia, which is often viewed as an exception and statistical outlier.

REFERENCES

Bićanić Ivo, Deskar-Škrbić Milan and Zrnc Jurica (2011): How 3 institutional changes, 3 industrial policy shifts and 3 stabilization policies did not generate 'modern economic growth' in Yugoslavia 1950-1975, unpublished paper presented at conference 'Planning the economic miracle: industrial policy in Europe between boom and crises (1950-1975)'.

Bićanić Ivo, Deskar-Škrbić Milan and Zrnc Jurica (2014): An empirical study of structural flexibility, points of discontinuity and convergence in Yugoslavia 1950-1990, Paper presented at the WEast Workshop, Belgrade 2014 'Understanding the economic development of Eastern Europe'.

Bićanić Ivo, Deskar-Škrbić Milan and Zrnc Jurica (2016): A narrative explanation of breakpoints and convergence patterns in Yugoslavia and its successor states 1952-2015, wiiw Working Paper No. 122, wiiw, Vienna.

Bićanić Ivo, Deskar-Škrbić Milan and Zrnc Jurica (2017): Contribution of break points and convergence analysis to a narrative explanation of Yugoslavia's successor states growth paths 1952-2015, unpublished paper.

Kuznets, Simon (1966): *Modern Economic Growth: Rate, structure, and spread*, Yale University Press, New Haven.

Monthly and quarterly statistics for Central, East and Southeast Europe

The monthly and quarterly statistics cover **22 countries** of the CESEE region. The graphical form of presenting statistical data is intended to facilitate the **analysis of short-term macroeconomic developments**. The set of indicators captures trends in the real and monetary sectors of the economy, in the labour market, as well as in the financial and external sectors.

Baseline data and a variety of other monthly and quarterly statistics, **country-specific** definitions of indicators and **methodological information** on particular time series are **available in the wiiw Monthly Database** under: **https://data.wiiw.ac.at/monthly-database.html**. Users regularly interested in a certain set of indicators may create a personalised query which can then be quickly downloaded for updates each month.

Conventional signs and abbreviations used

%	per cent
ER	exchange rate
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices (for new EU member states)
LFS	Labour Force Survey
NPISHs	Non-profit institutions serving households
p.a.	per annum
PPI	Producer Price Index
reg.	registered
y-o-y	year on year

The following national currencies are used:

ALL	Albanian lek	HRK	Croatian kuna	RON	Romanian leu
BAM	Bosnian convertible mark	HUF	Hungarian forint	RSD	Serbian dinar
BGN	Bulgarian lev	KZT	Kazakh tenge	RUB	Russian rouble
BYN	Belarusian rouble	MKD	Macedonian denar	TRY	Turkish lira
CZK	Czech koruna	PLN	Polish zloty	UAH	Ukrainian hryvnia

EUR euro – national currency for Montenegro, Kosovo and for the euro-area countries Estonia (from January 2011, euro-fixed before), Latvia (from January 2014, euro-fixed before), Lithuania (from January 2015, euro-fixed before), Slovakia (from January 2009, euro-fixed before) and Slovenia (from January 2007, euro-fixed before).

Sources of statistical data: Eurostat, National Statistical Offices, Central Banks and Public Employment Services; wiiw estimates.

Online database access

wiiw Annual Database

wiiw Monthly Database

wiiw FDI Database

The wiiw databases are accessible via a simple web interface, with only one password needed to access all databases (and all wiiw publications).

You may access the databases here: https://data.wiiw.ac.at.

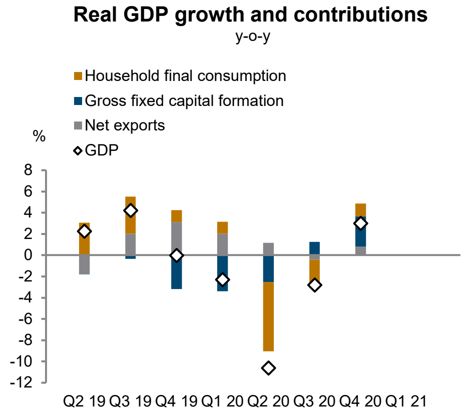
If you have not yet registered, you can do so here: https://wiiw.ac.at/register.html.

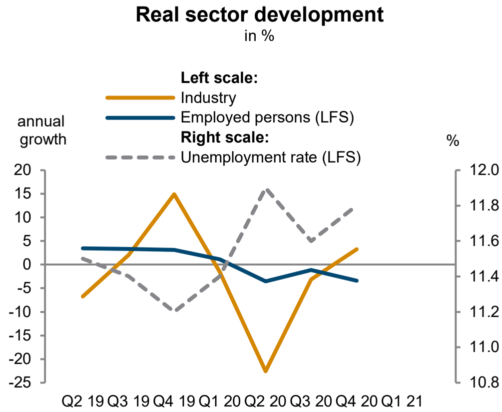
Service package available

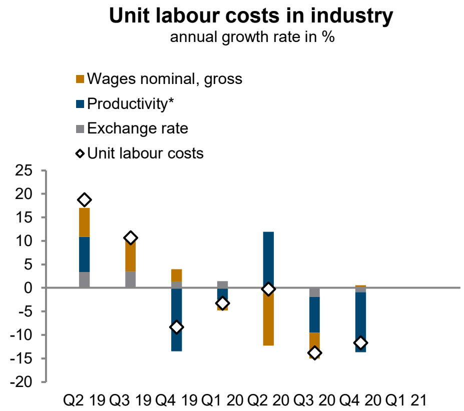
We offer an additional service package that allows you to access all databases – a Premium Membership, at a price of € 2,300 (instead of € 2,000 as for the Basic Membership). Your usual package will, of course, remain available as well.

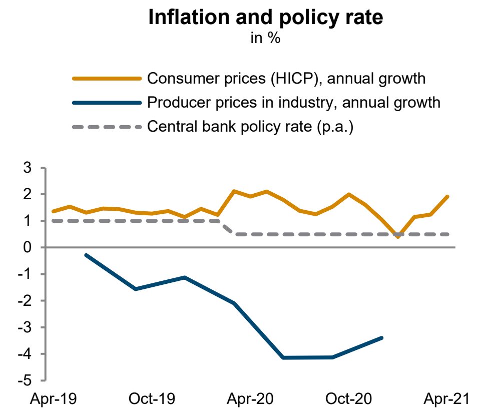
For more information on database access for Members and on Membership conditions, please contact Ms. Barbara Pill (pill@wiiw.ac.at), phone: (+43-1) 533 66 10.

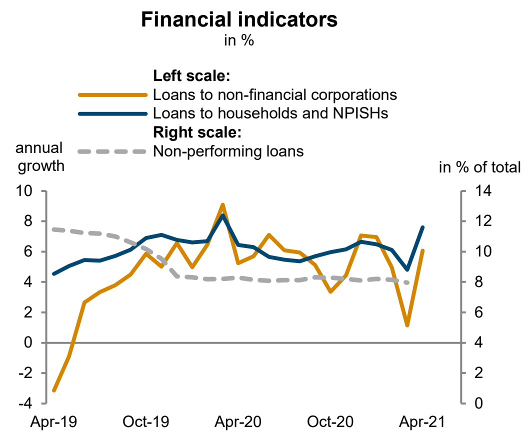
Albania

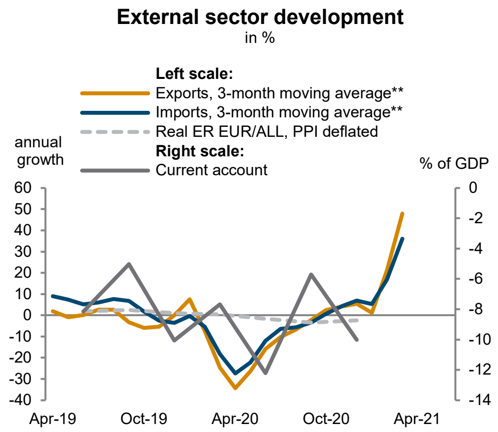










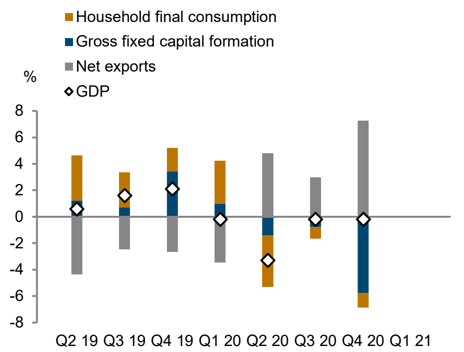


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

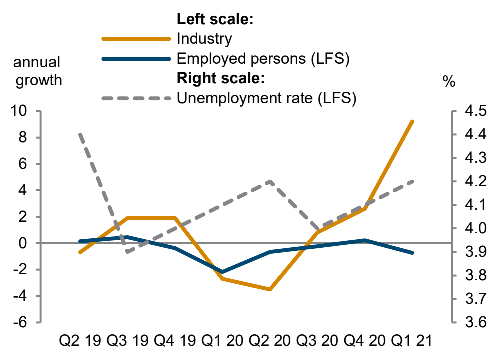
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Belarus

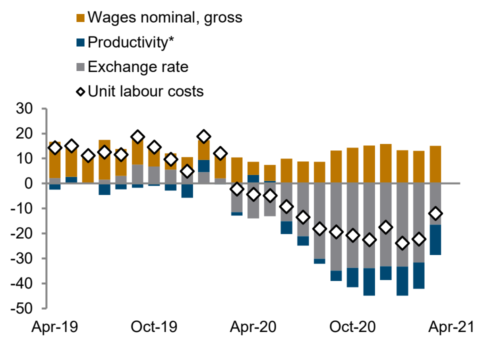
Real GDP growth and contributions
y-o-y



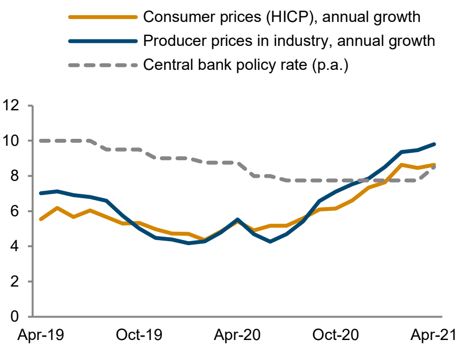
Real sector development
in %



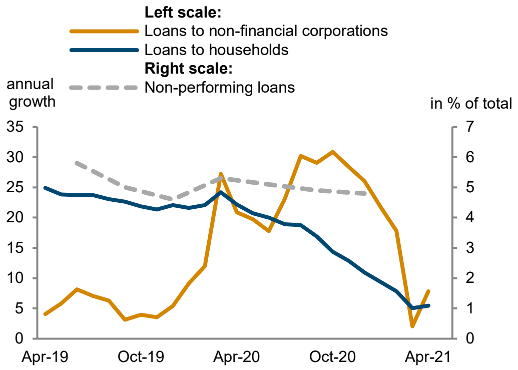
Unit labour costs in industry
annual growth rate in %



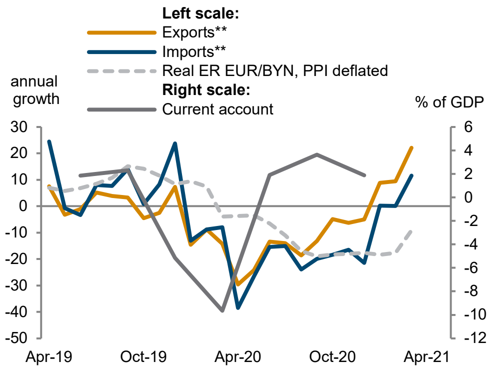
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

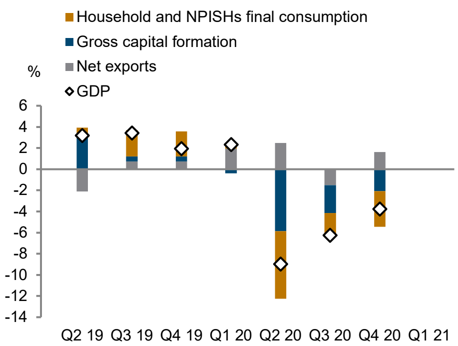


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

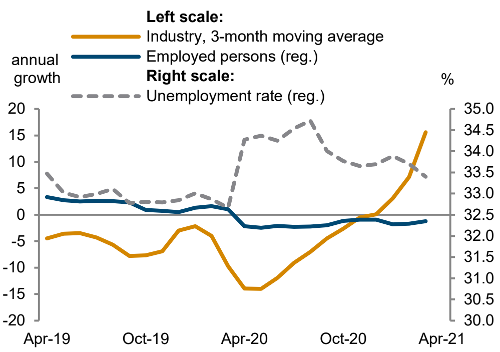
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Bosnia and Herzegovina

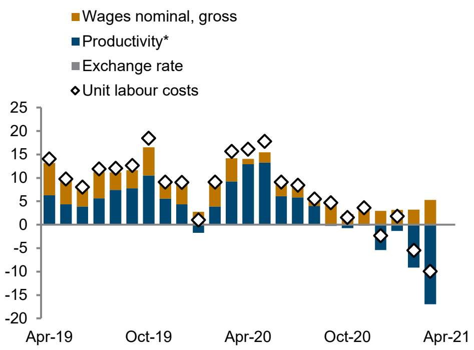
Real GDP growth and contributions
y-o-y



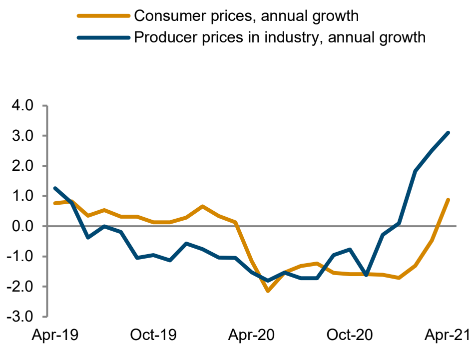
Real sector development
in %



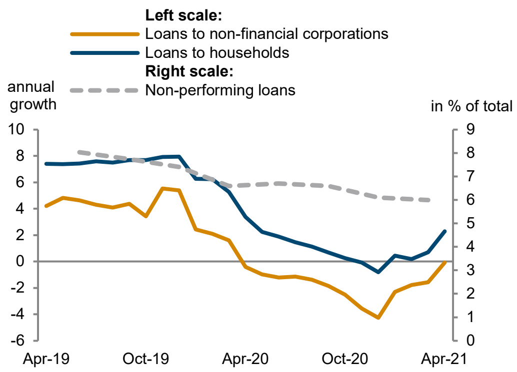
Unit labour costs in industry
annual growth rate in %



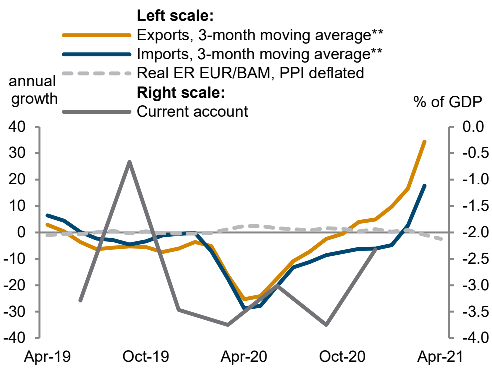
Inflation
in %



Financial indicators
in %



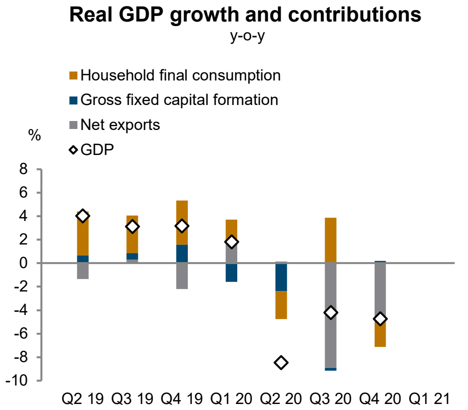
External sector development
in %

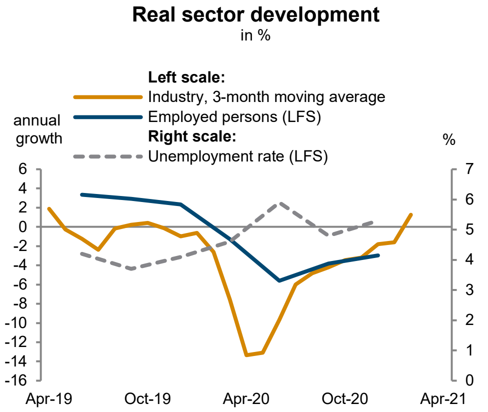


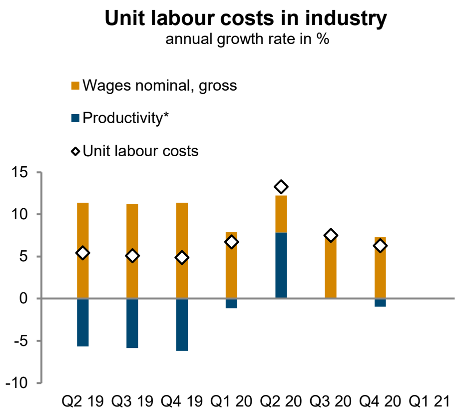
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

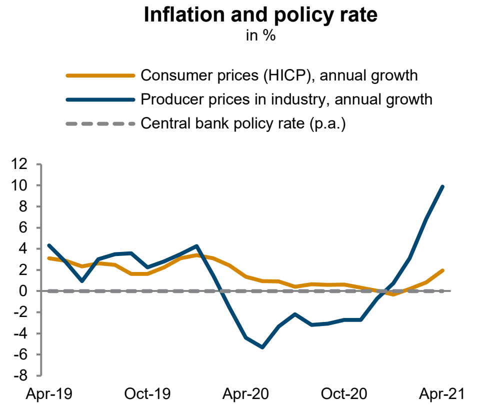
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

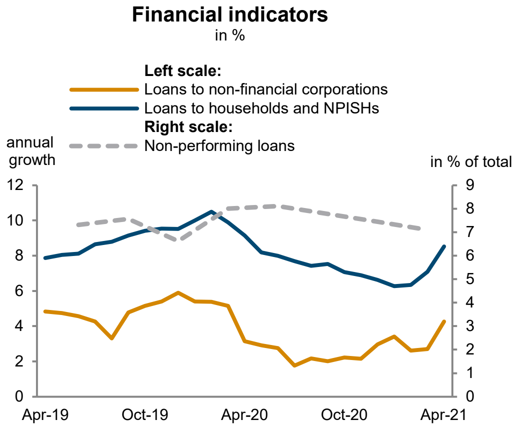
Bulgaria

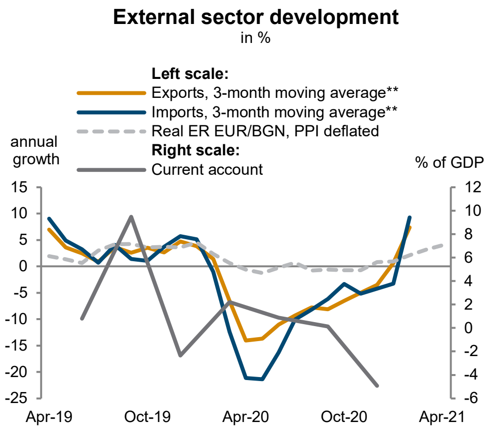










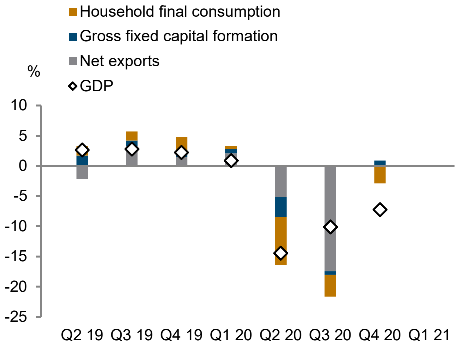


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

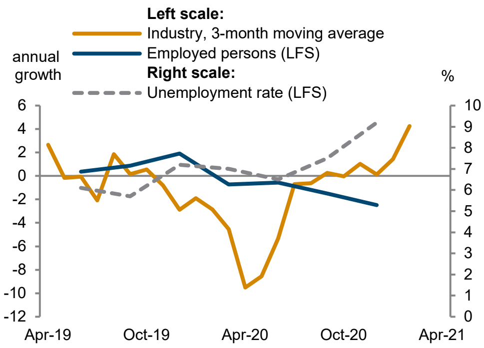
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Croatia

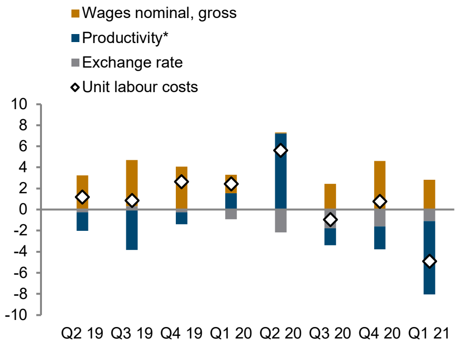
Real GDP growth and contributions
y-o-y



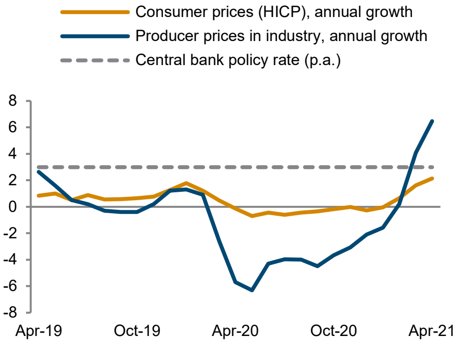
Real sector development
in %



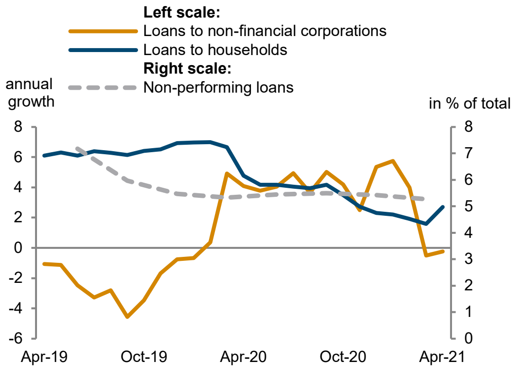
Unit labour costs in industry
annual growth rate in %



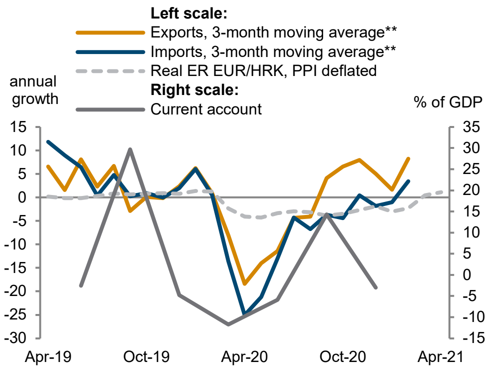
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

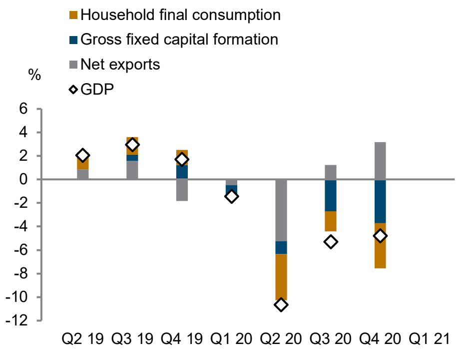


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

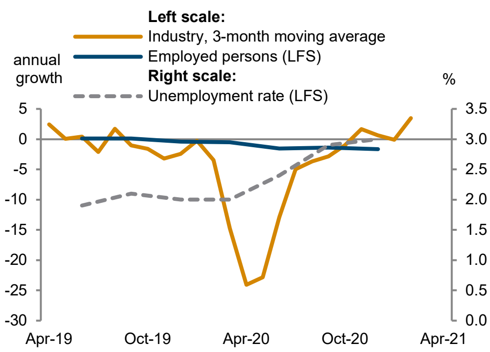
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Czechia

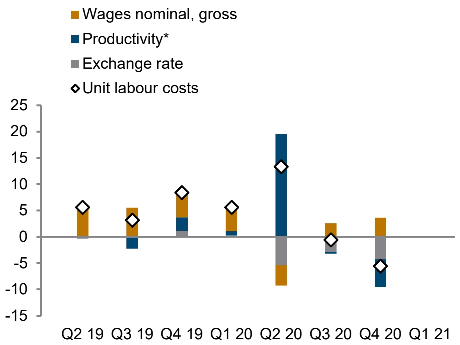
Real GDP growth and contributions
y-o-y



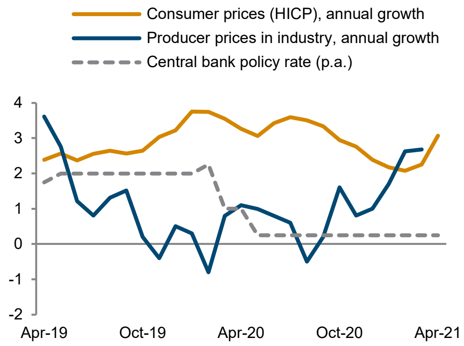
Real sector development
in %



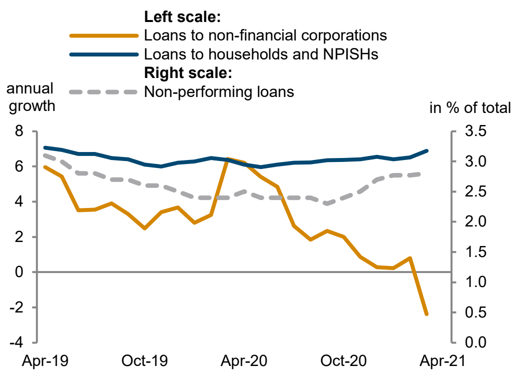
Unit labour costs in industry
annual growth rate in %



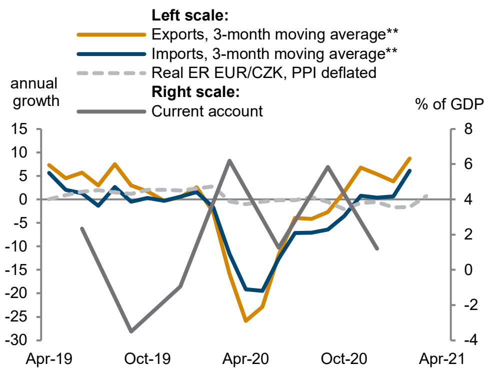
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

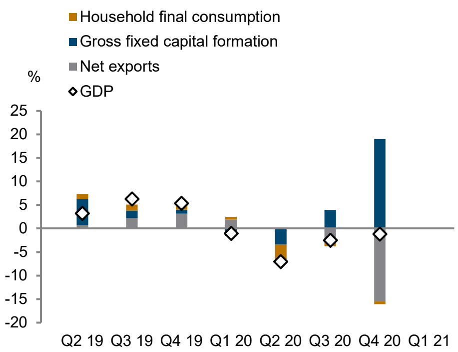


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

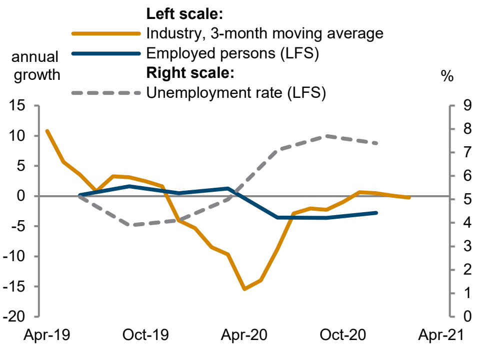
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Estonia

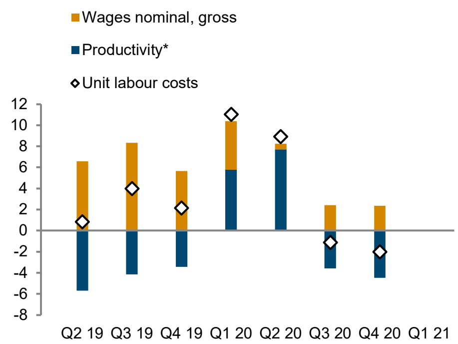
Real GDP growth and contributions
y-o-y



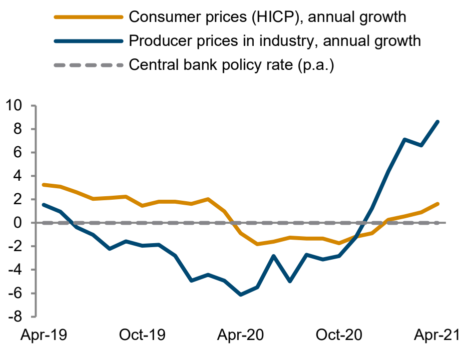
Real sector development
in %



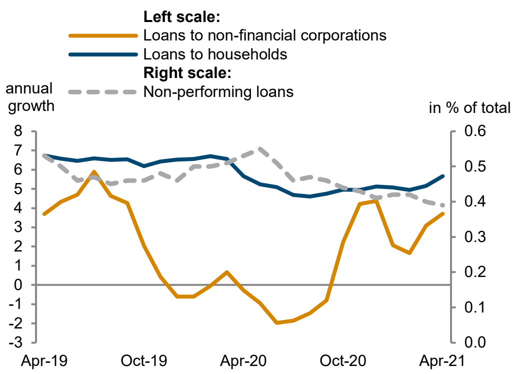
Unit labour costs in industry
annual growth rate in %



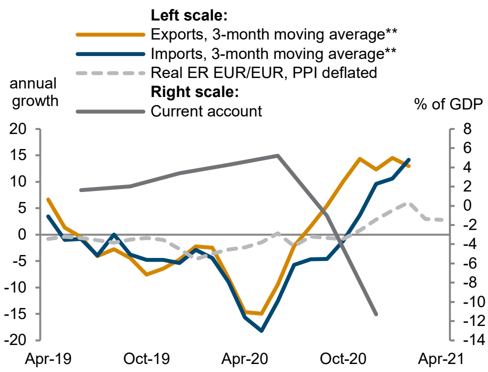
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

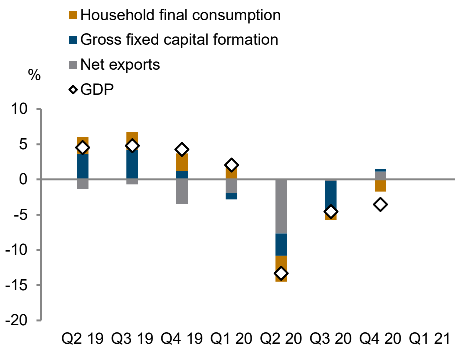


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

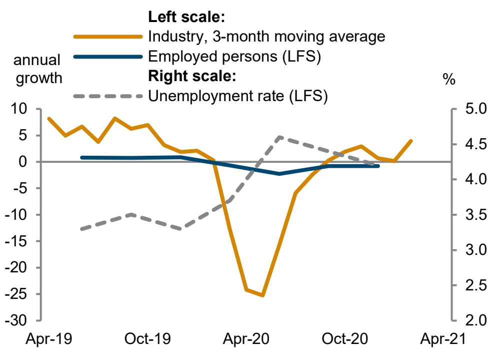
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under: https://data.wiiw.ac.at/monthly-database.html

Hungary

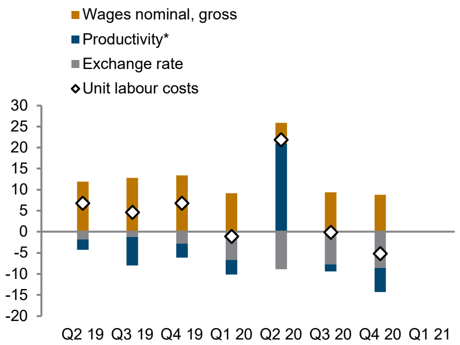
Real GDP growth and contributions
y-o-y



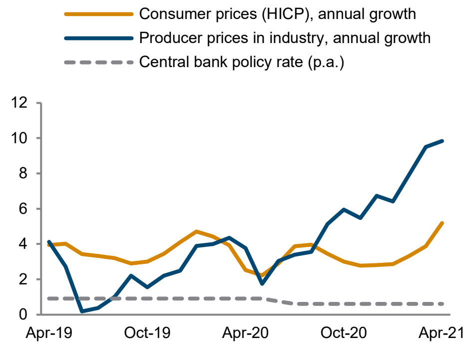
Real sector development
in %



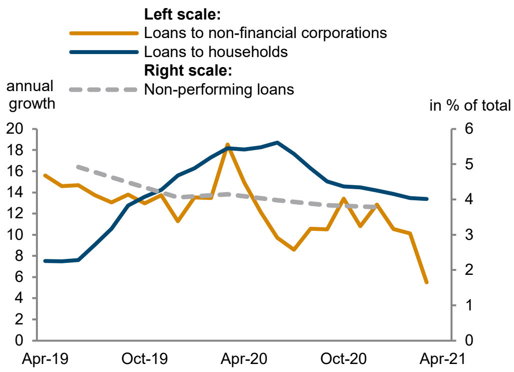
Unit labour costs in industry
annual growth rate in %



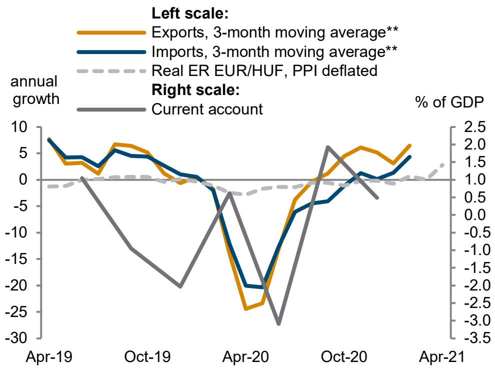
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

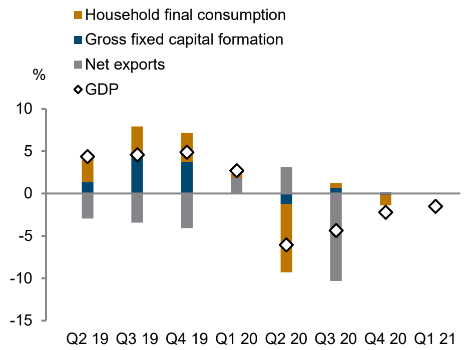


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

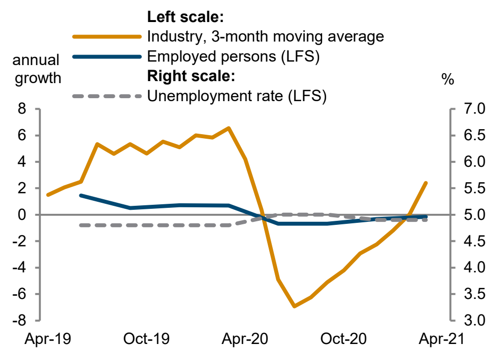
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Kazakhstan

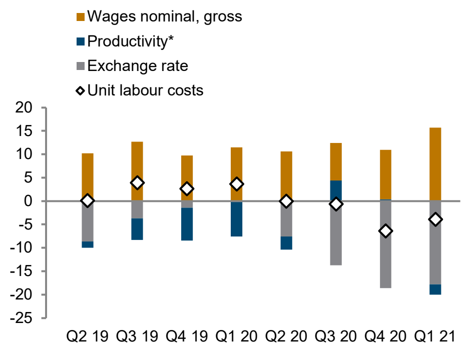
Real GDP growth and contributions
y-o-y



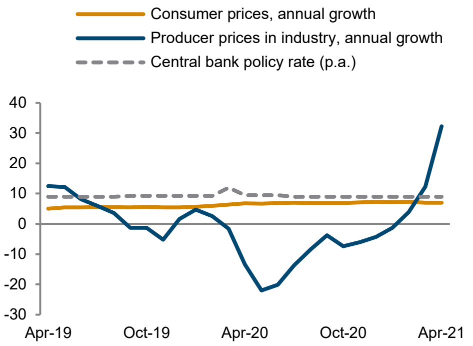
Real sector development
in %



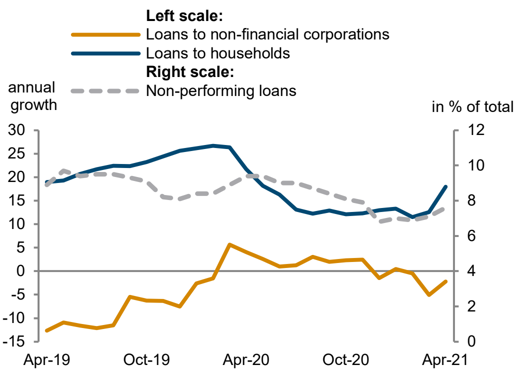
Unit labour costs in industry
annual growth rate in %



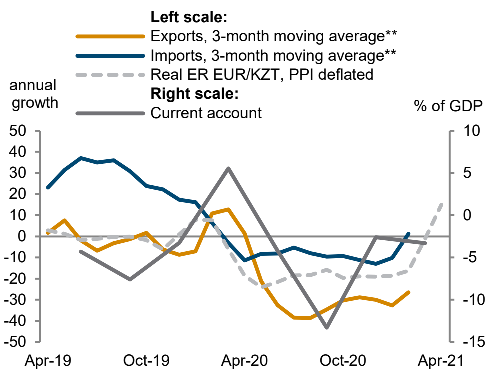
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

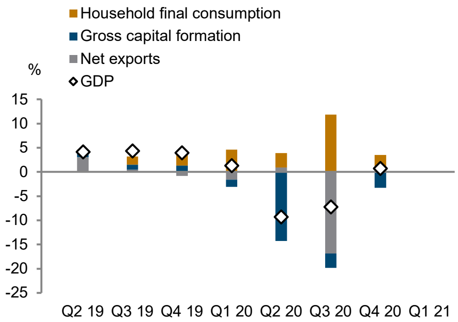


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

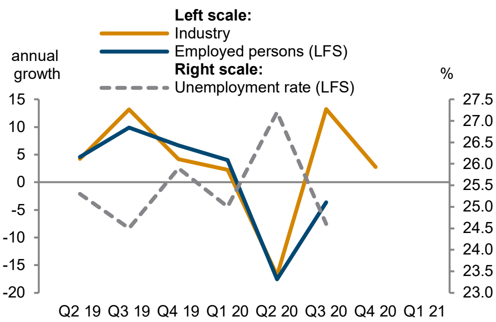
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Kosovo

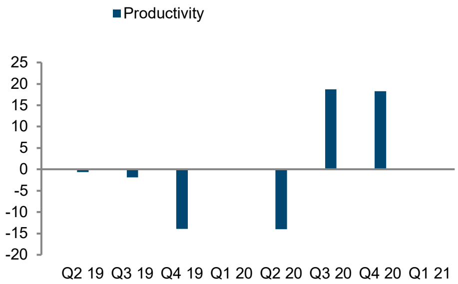
Real GDP growth and contributions
y-o-y



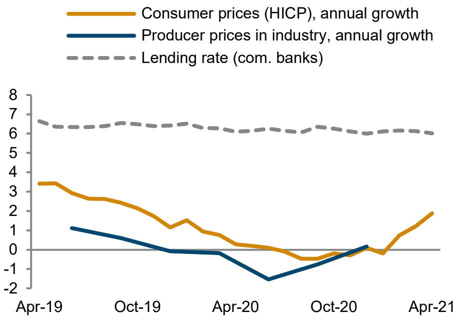
Real sector development
in %



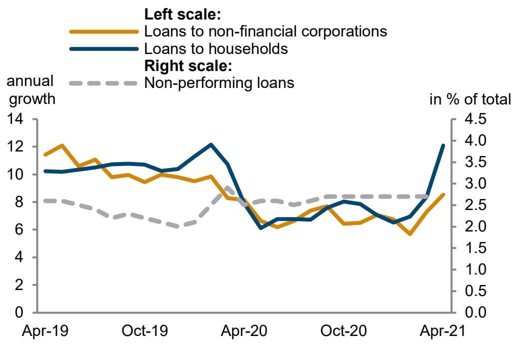
Productivity in industry
annual growth rate in %



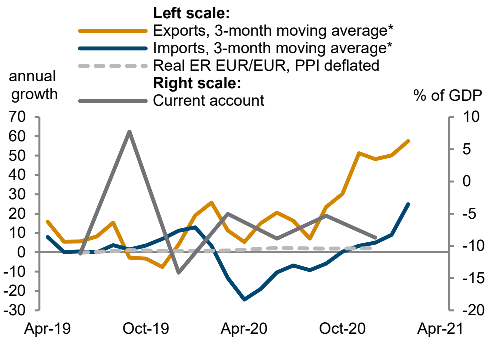
Inflation and lending rate
in %



Financial indicators
in %



External sector development
in %

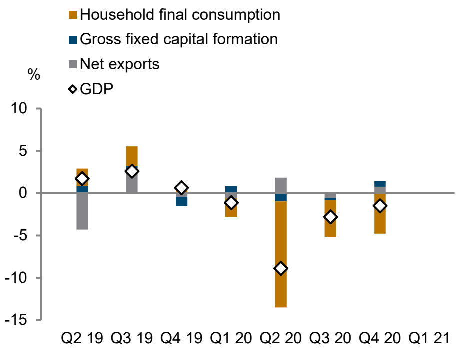


*EUR based.

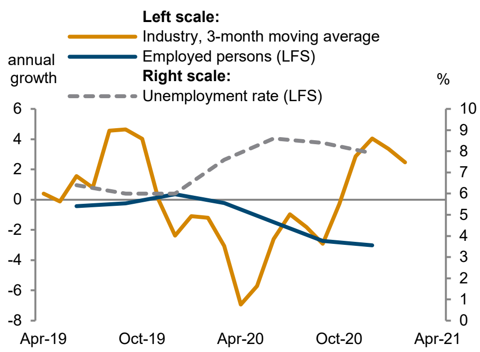
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Latvia

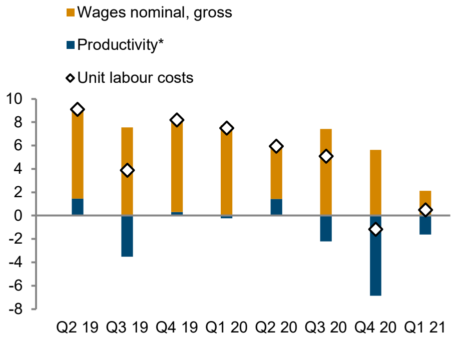
Real GDP growth and contributions
y-o-y



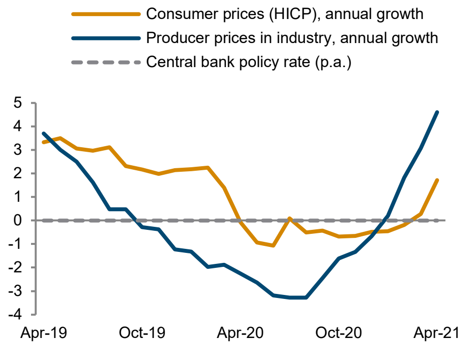
Real sector development
in %



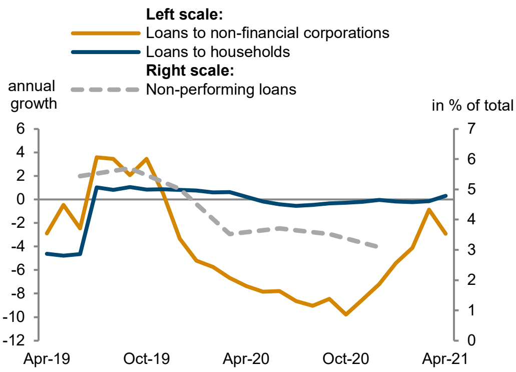
Unit labour costs in industry
annual growth rate in %



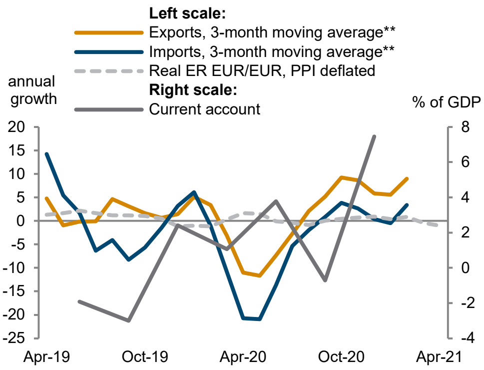
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

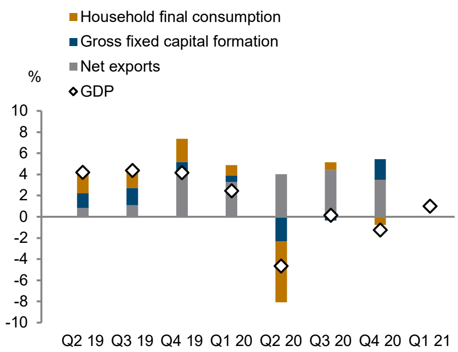


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

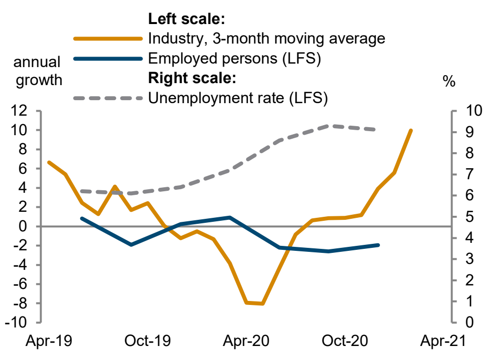
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Lithuania

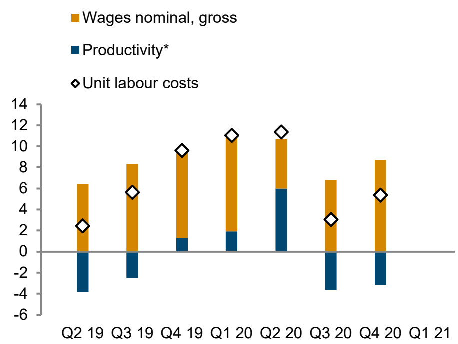
Real GDP growth and contributions
y-o-y



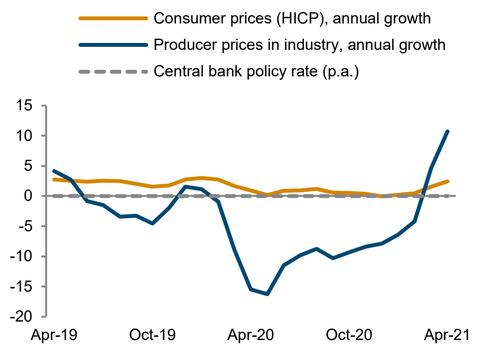
Real sector development
in %



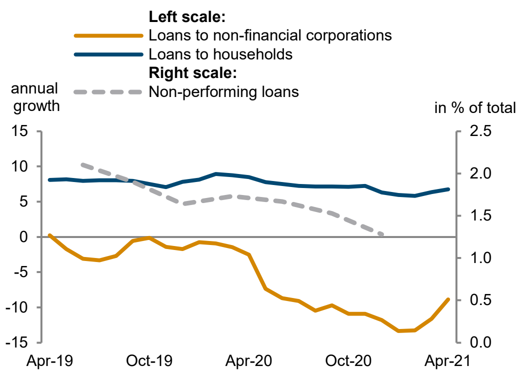
Unit labour costs in industry
annual growth rate in %



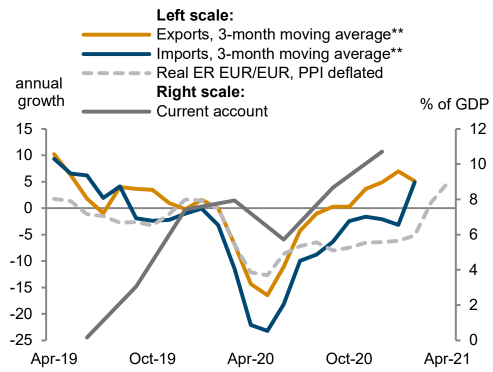
Inflation and policy rate
in %



Financial indicators
in %



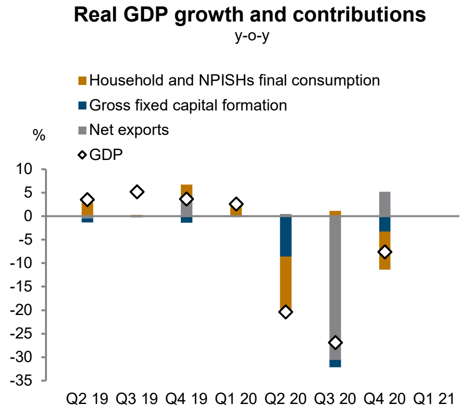
External sector development
in %

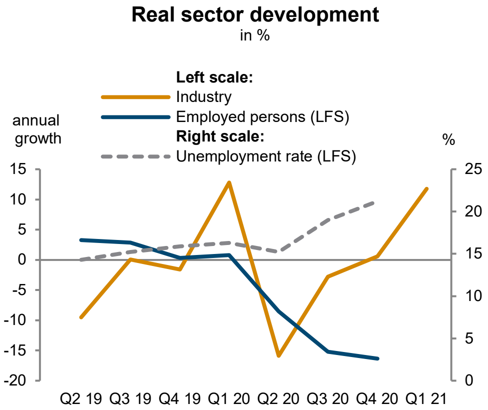


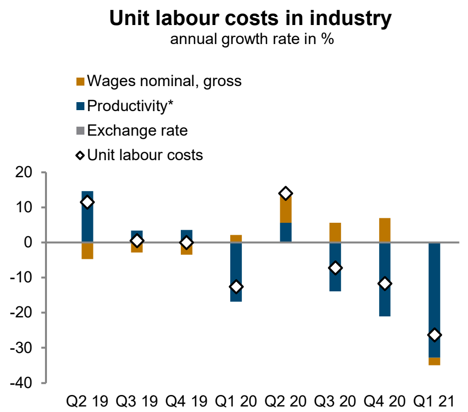
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

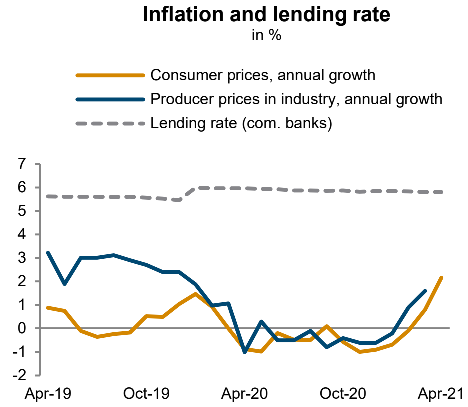
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

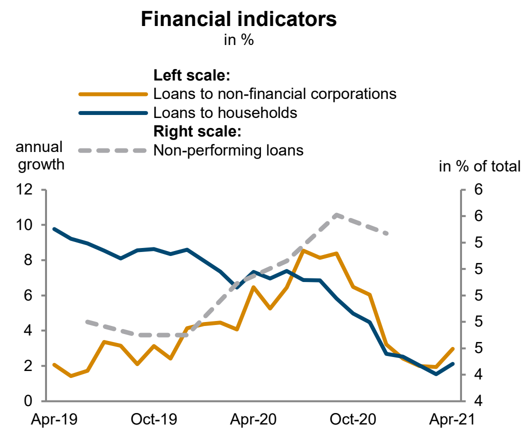
Montenegro

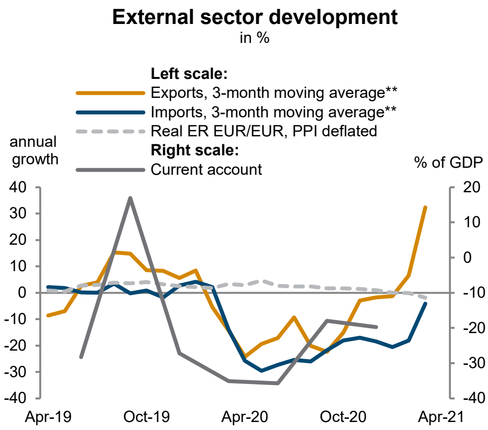










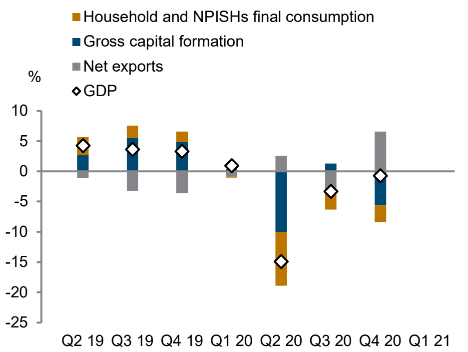


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

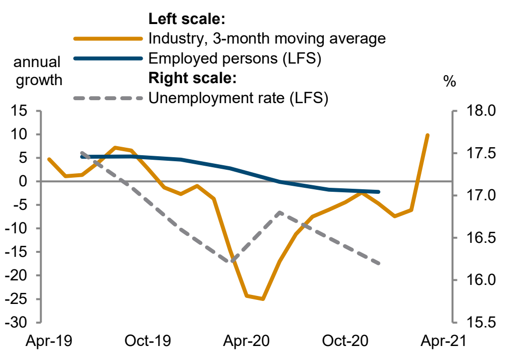
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

North Macedonia

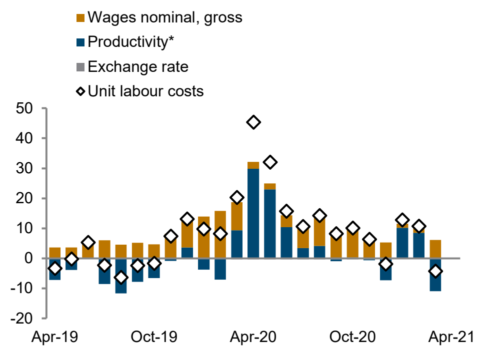
Real GDP growth and contributions
y-o-y



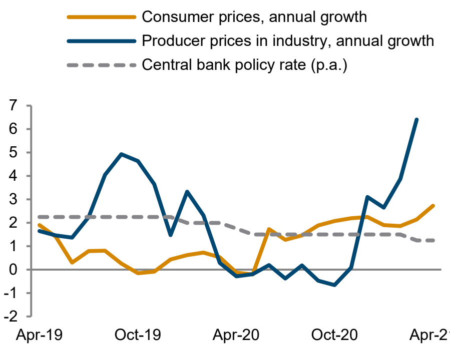
Real sector development
in %



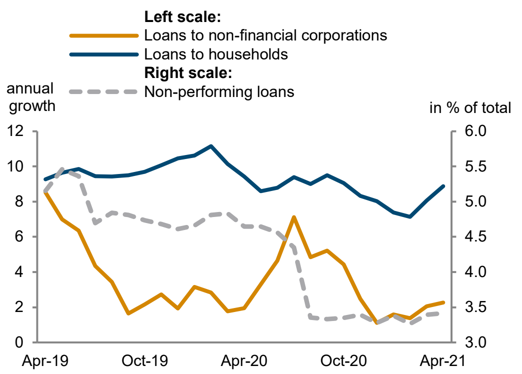
Unit labour costs in industry
annual growth rate in %



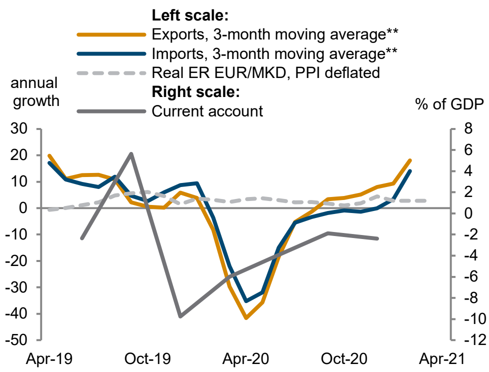
Inflation and policy rate
in %



Financial indicators
in %



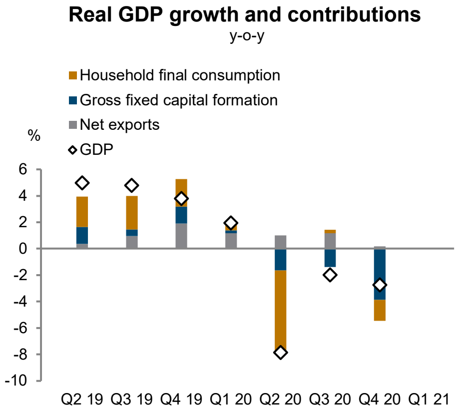
External sector development
in %

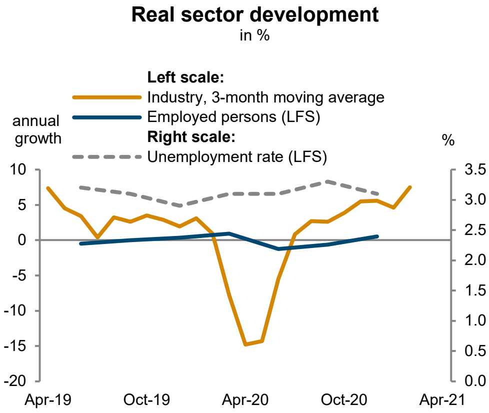


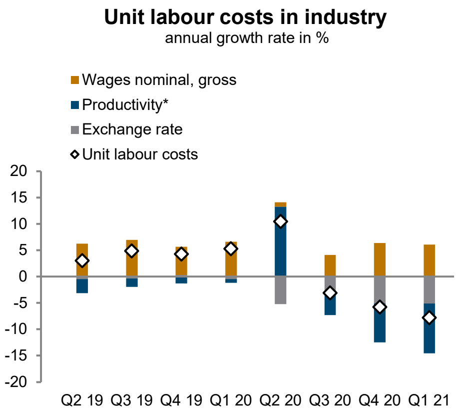
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

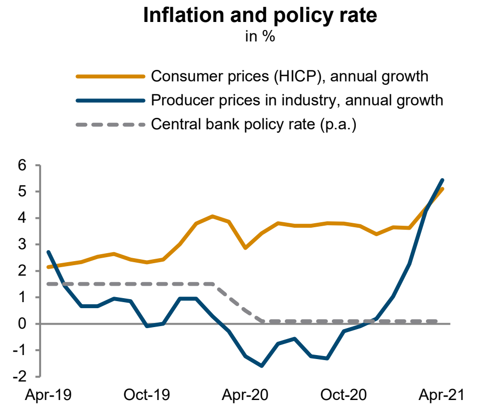
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

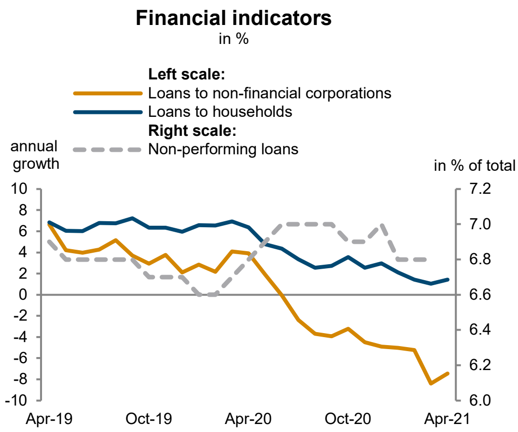
Poland

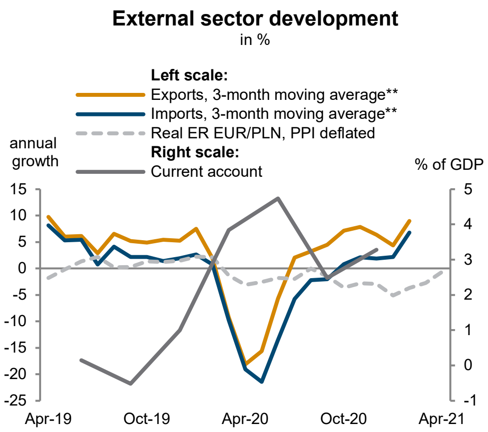








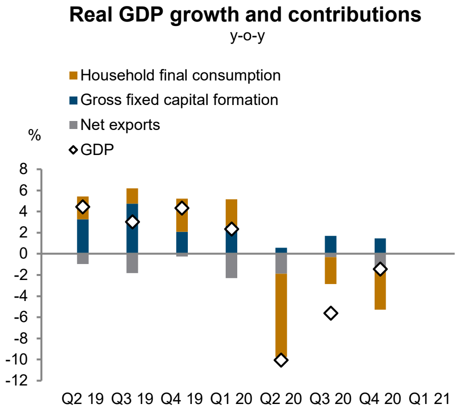


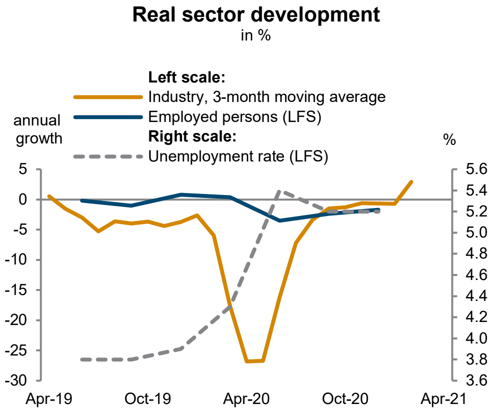


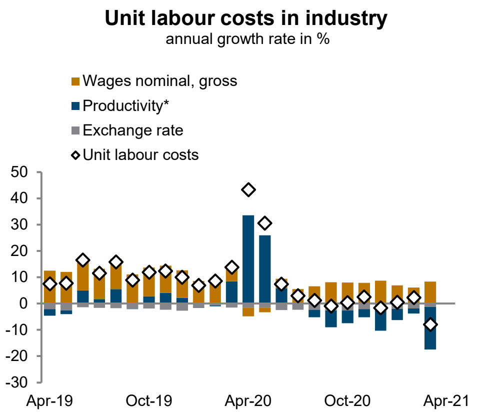
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

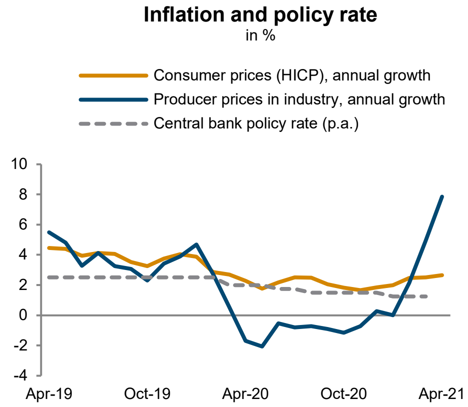
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under: https://data.wiiw.ac.at/monthly-database.html

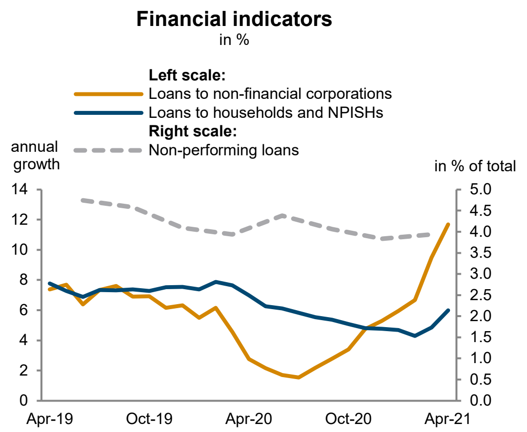
Romania

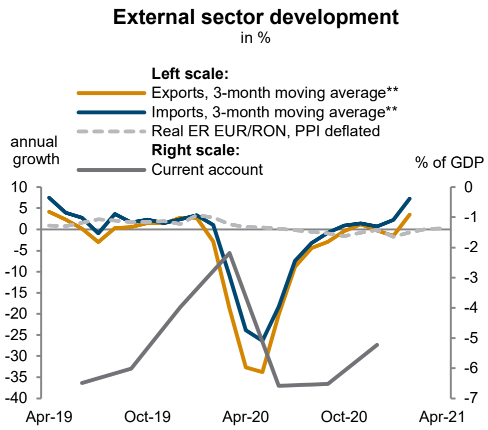










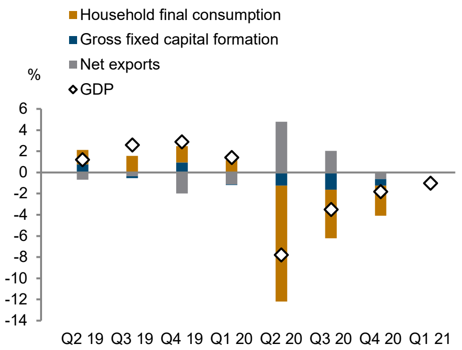


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

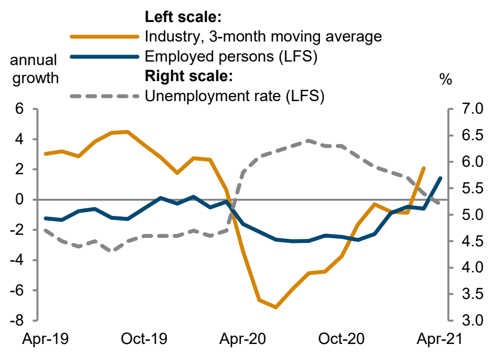
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Russia

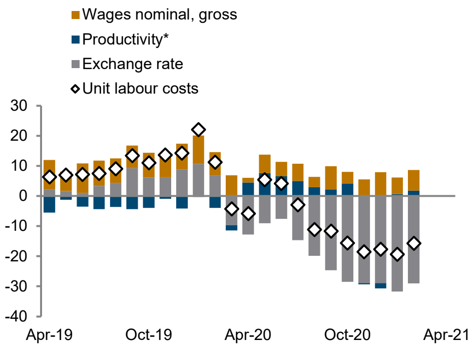
Real GDP growth and contributions
y-o-y



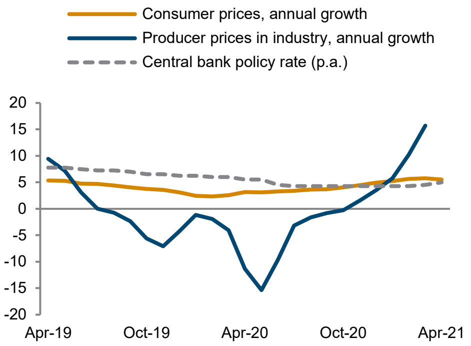
Real sector development
in %



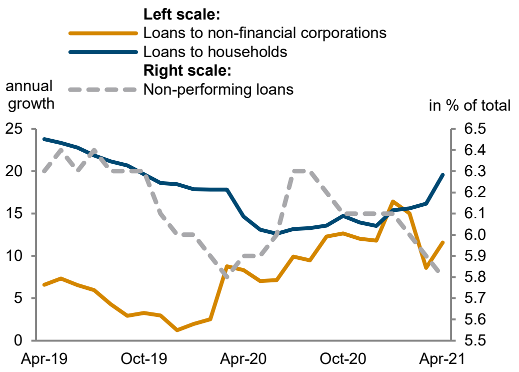
Unit labour costs in industry
annual growth rate in %



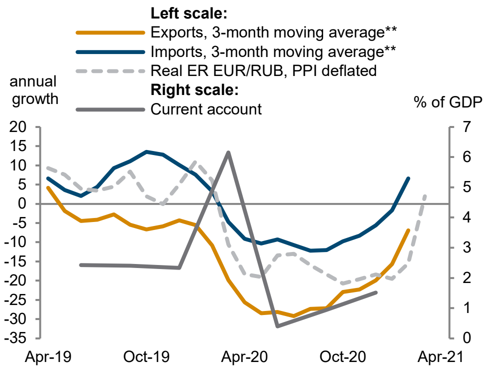
Inflation and policy rate
in %



Financial indicators
in %



External sector development
in %

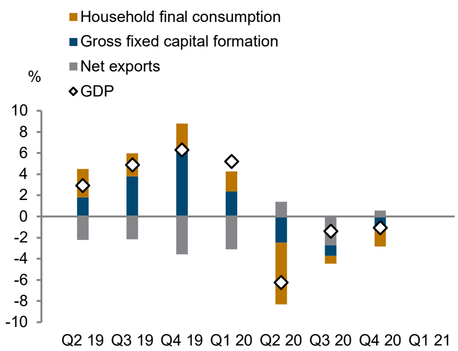


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

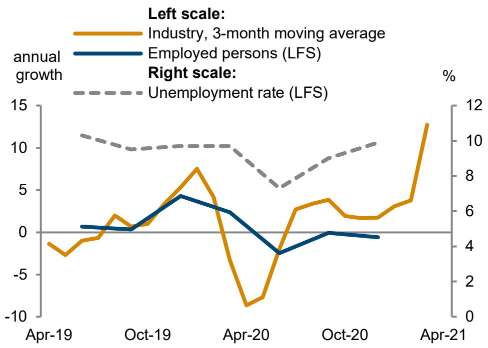
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Serbia

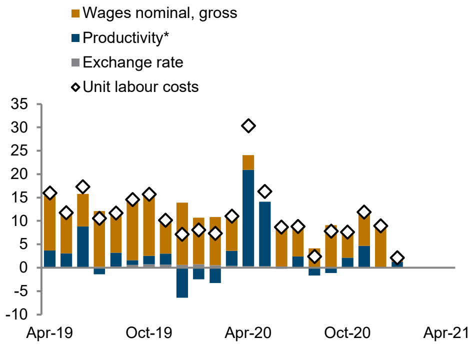
Real GDP growth and contributions
y-o-y



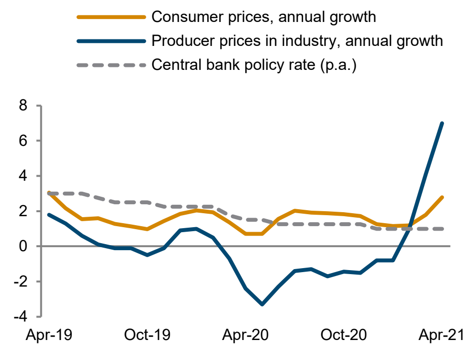
Real sector development
in %



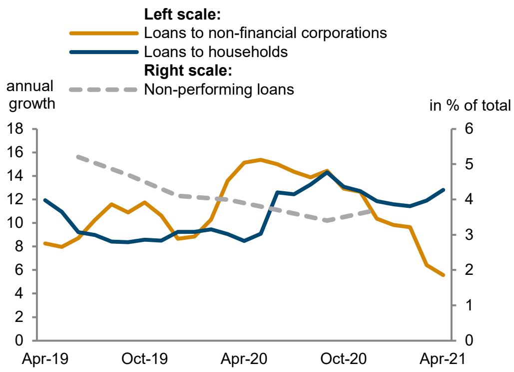
Unit labour costs in industry
annual growth rate in %



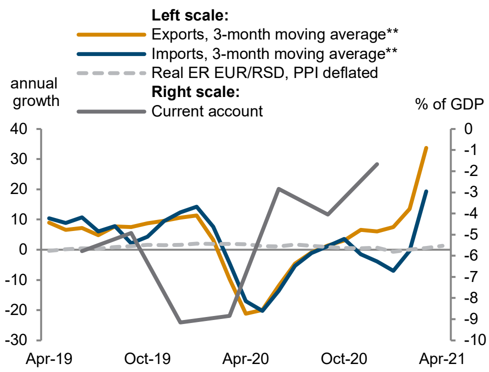
Inflation and policy rate
in %



Financial indicators
in %



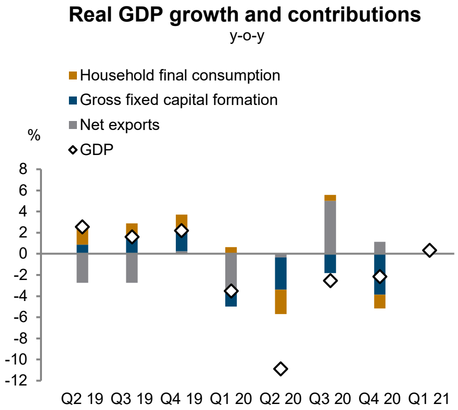
External sector development
in %

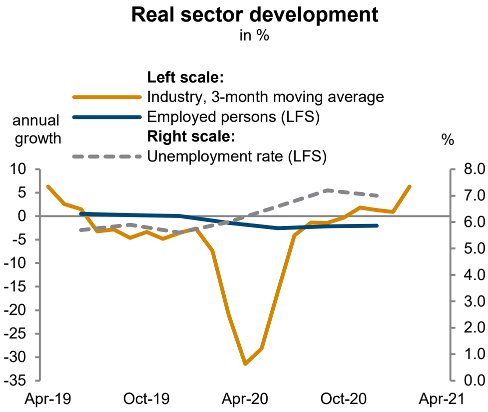


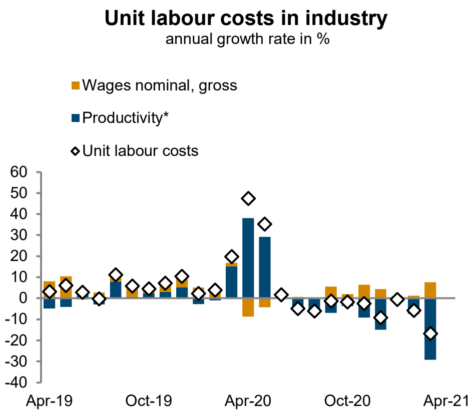
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

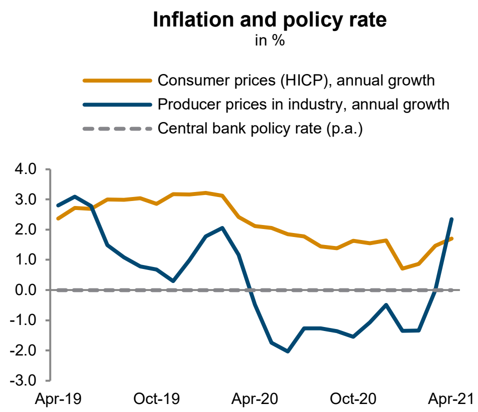
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

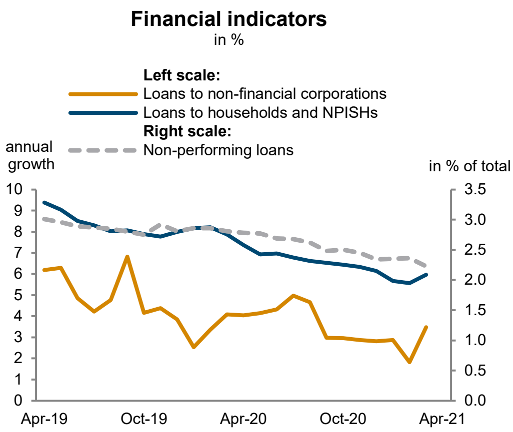
Slovakia

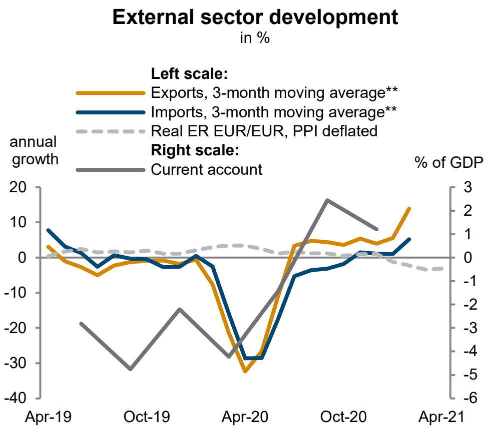








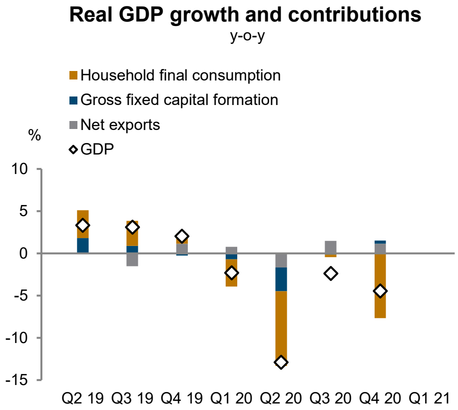


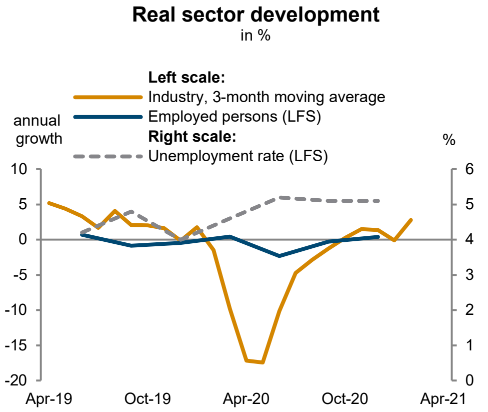


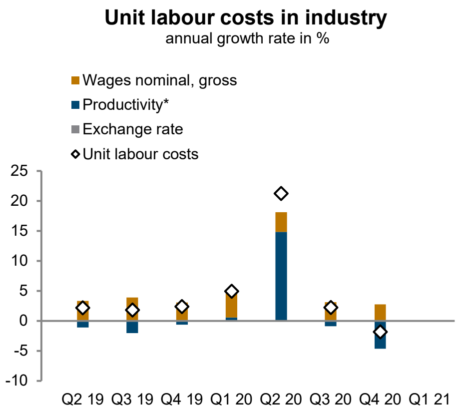
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

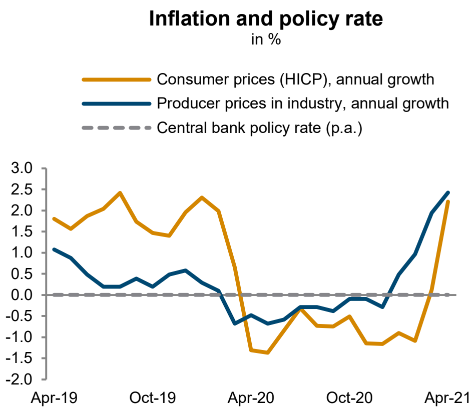
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

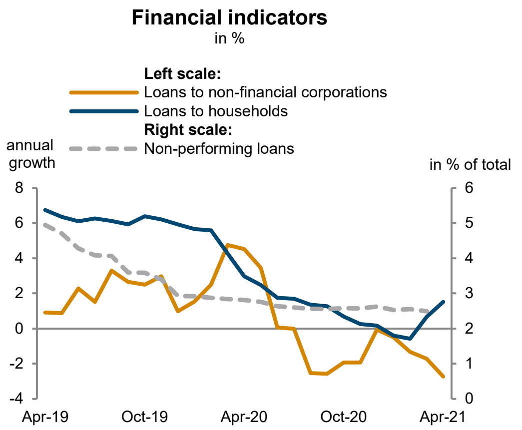
Slovenia

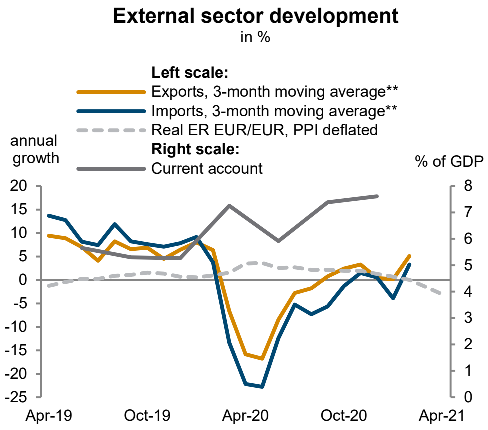










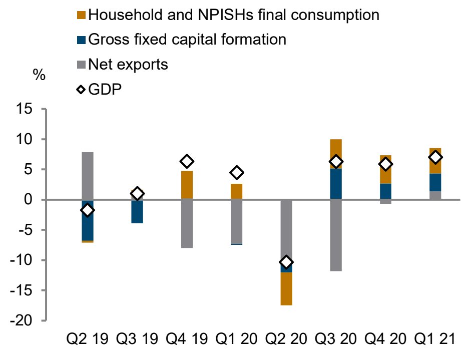


*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

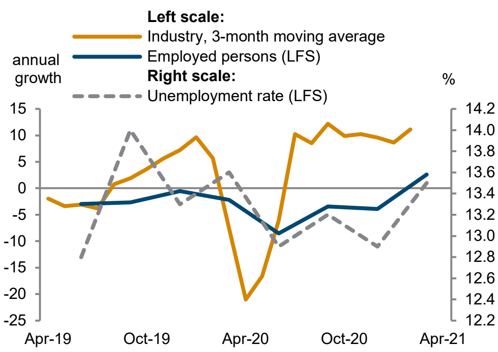
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Turkey

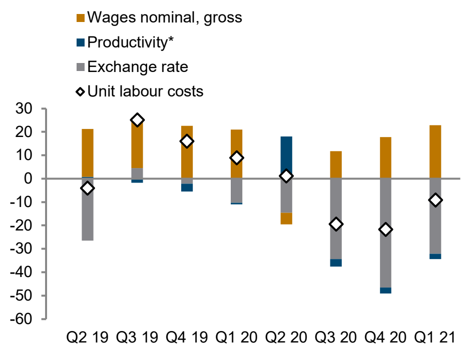
Real GDP growth and contributions
y-o-y



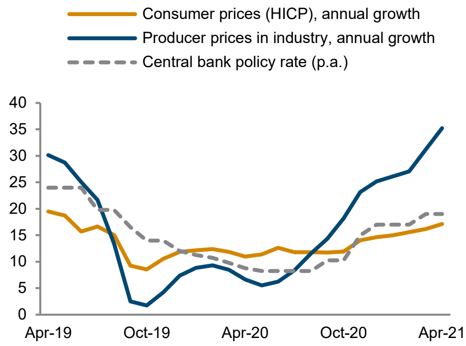
Real sector development
in %



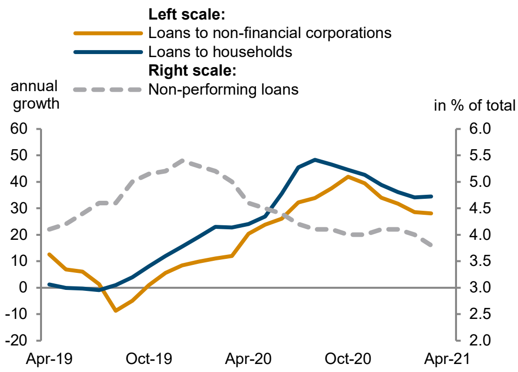
Unit labour costs in industry
annual growth rate in %



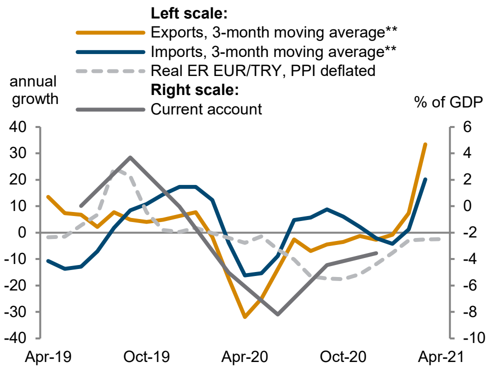
Inflation and policy rate
in %



Financial indicators
in %



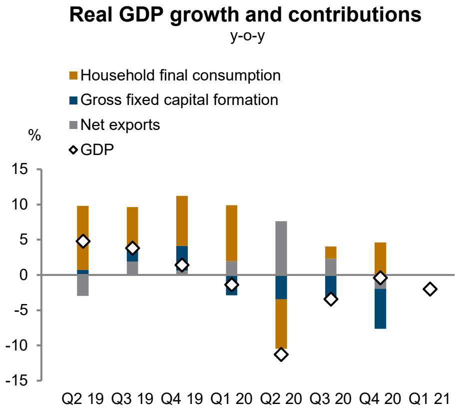
External sector development
in %

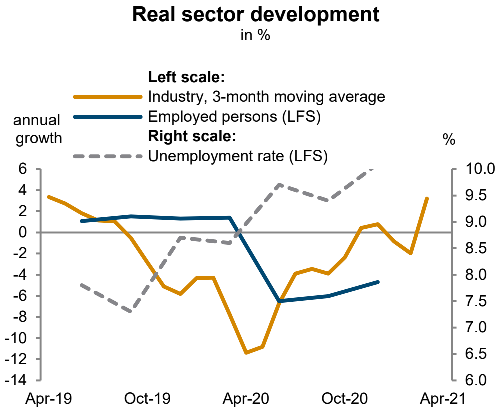


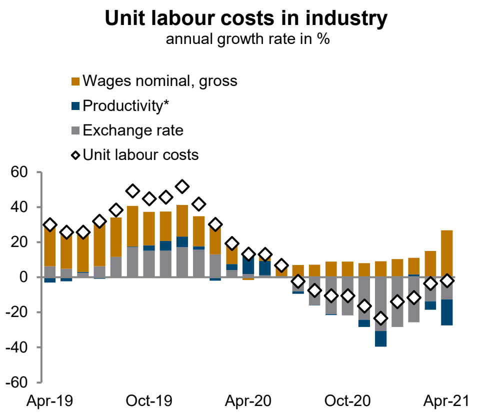
*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

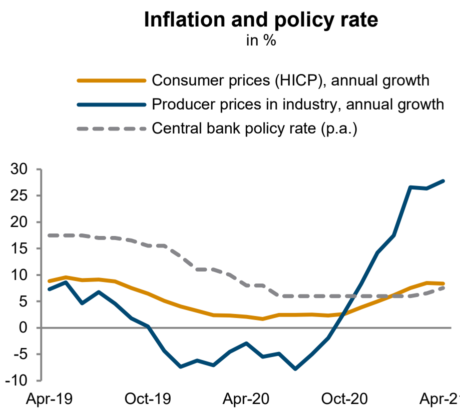
Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under: https://data.wiiw.ac.at/monthly-database.html

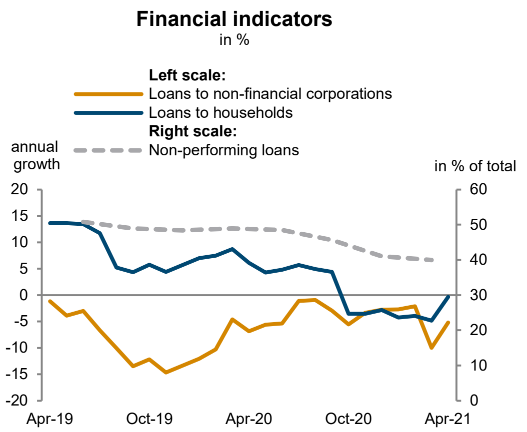
Ukraine

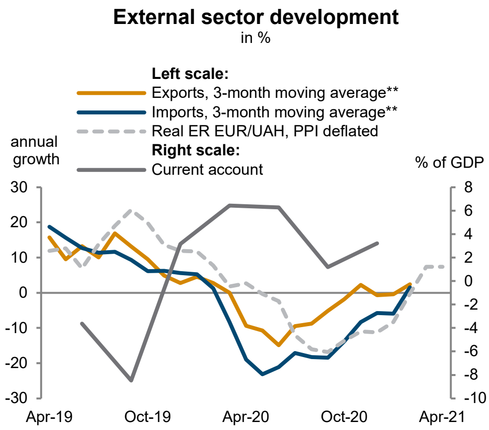












*Positive values of the productivity component on the graph reflect decline in productivity and vice versa.
**EUR based.

Source: wiiw Monthly Database incorporating Eurostat and national statistics.
Baseline data, country-specific definitions and methodological breaks in time series are available under:
https://data.wiiw.ac.at/monthly-database.html

Index of subjects – June 2020 to June 2021

(continued on the next page)

multi-country articles and statistical overviews

The *wiiw Monthly Report* summarises wiiw's major research topics and provides current statistics and analyses exclusively to subscribers to the wiiw Service Package. This information is for the subscribers' internal use only and may not be quoted except with the respective author's permission and express authorisation. Unless otherwise indicated, all authors are members of the Vienna Institute's research staff or research associates of wiiw.

Economics editor: Vasily Astrov

IMPRESSUM

Herausgeber, Verleger, Eigentümer und Hersteller:
Verein „Wiener Institut für Internationale Wirtschaftsvergleiche“ (wiiw),
Wien 6, Rahlgasse 3

ZVR-Zahl: 329995655

Postanschrift: A 1060 Wien, Rahlgasse 3, Tel: [+431] 533 66 10, Telefax: [+431] 533 66 10 50
Internet Homepage: www.wiiw.ac.at

Offenlegung nach § 25 Mediengesetz: Medieninhaber (Verleger): Verein "Wiener Institut für Internationale Wirtschaftsvergleiche", A 1060 Wien, Rahlgasse 3. Vereinszweck: Analyse der wirtschaftlichen Entwicklung der zentral- und osteuropäischen Länder sowie anderer Transformationswirtschaften sowohl mittels empirischer als auch theoretischer Studien und ihre Veröffentlichung; Erbringung von Beratungsleistungen für Regierungs- und Verwaltungsstellen, Firmen und Institutionen.

wiiw.ac.at

https://wiiw.ac.at/p-5822.html