

Ana Murn

State aid for rescuing and restructuring of firms in Slovenia: extent and results

State aid for rescuing and restructuring is a type of horizontal state aid that is contentious in both theory and practice, particularly with regard to large firms. There are many arguments against its use, the main one being that countries which grant such aid support 'old industries' and thus distort the operation of the free market. Arguments in favour of state aid for firms in difficulty focus on the elimination of the negative externalities for workers, consumers, and other market participants that occur when such firms go bankrupt.

Empirical research of state aid for rescuing and restructuring shows that this aid is relatively less effective than other types of aid. In the European Union, 32% of firms that receive aid for rescuing and restructuring do not survive. In Slovenia, the corresponding figure for 1998-2005 was 23%. It may appear at first sight that Slovenia's result is better than that of the EU. However, additional analyses have shown that the majority of the firms that survive in Slovenia are receiving high annual subsidies for operation. This means that many of them would not survive without the subsidies. Furthermore, a separate analysis of the allocative efficiency of state aid has shown that state aid for rescuing and restructuring exhibits a high distortional impact on other sectors.

Key words: state aid, rescuing and restructuring.

Črt Kostevc, Tjaša Redek, Matija Rojec

Corporate tax rate as a determinant of foreign direct investment

Taxes and tax policy constitute an element of the investment climate for foreign direct investment (FDI). As such they are one of the factors determining the attractiveness of a country as a location for FDI. A lower tax rate stimulates domestic and foreign investors because a higher fraction of the value added remains within a firm, which means higher motivation and increased resources for investment. The relevance of tax policy as an incentive for FDI is confirmed by numerous empirical analyses. A comprehensive body of literature has been created that establishes a strong negative relationship between the level of profit taxes and FDI flows. Nominal and effective tax rates, the definition of the tax base as well as avoidance of double taxation are factors important for firms. Due to competition among countries, nominal tax rates have considerably decreased since 2000. The competition is observable among the EU countries in particular; apart from Ireland, low tax rates are characteristic especially of some new EU member states (Latvia, Lithuania, and Romania). As far as the tax base is concerned, countries usually use different combinations of measures: accelerated depreciation, lowering of the tax base by a certain percentage of the investment value, exemption from paying tax on reinvested profits, tax holidays, specific sectoral or geographical incentives, etc.

Key words: foreign direct investment, locational factors, taxes, tax policy, Slovenia.

Matjaž Nahtigal

Millennium development goals and the Doha negotiations

In the present article I analyse the current Doha round negotiations, which try to address the development issues as stated in the Ministerial Declaration of 2001, and their suspension. A more detailed analysis shows that the negotiations do not significantly improve the prospects of many developing countries and therefore would most likely not significantly help improve their efforts in achieving the Millennium Development Goals. According to various scenarios and contrary to the initial intent, the richest and most developed countries, as well as a few other middle income countries, would gain significantly, whereas many of the poorest countries in the world would lose out again. To run a truly developmental round, the negotiators should address a number of issues that are currently not on the table. Issues such as tariff escalation, the reciprocity principle, the possibility of the developing countries to run coordinated development policies, and migration of the work force, should be put on the table if a genuinely balanced agreement is to be reached that would serve the interests of both the developed and developing countries. The issue of agriculture should be primarily addressed by the two leading trading blocs themselves. There is no reason for not transferring good practices in this area, especially in food safety and sustainable environmental-friendly farming to the poorest countries that are largely dependent on agriculture. This would probably be not only in the interest of individual countries, but also in the global interest. Proper development negotiations should be substantially extended and should address a number of other development issues that are not on the table at the moment.

Key words: international trade, Doha, Millennium Development Goals, economic and institutional development.

Tanja Renner

Globalisation, individualisation, and social exclusion of youth

The article discusses the basic global risks which concern youth in their everyday life and experiences. A tectonic shift in life orientations of youth occurred in the 1990s: private life (family, friendship, partnership) became the most important value. Young people are searching for private, biographical answers to structural problems. They are being forced to make early and well informed decisions about their life course, and the period of dependence or semi-dependence on their families of origin is being prolonged. In an era of "new individualism" youth is deconstructing itself into a crowd of individuals who privately seek the best possible life position while avoiding any collective action and thus missing the chance to become politically relevant.

Key words: youth, globalisation, individualisation, social exclusion, privacy, family.

Metka Kuhar

Attitudes of young adults to family formation and childbearing

This article looks into the circumstances surrounding the starting of young adults' family and childbearing in Slovenia. It examines the demographic and family trends, structural factors that play an important role in family formation (e.g. labour market, housing situation, gender roles), and the findings of quantitative and qualitative surveys on transitions to family life among young adults in Slovenia. The quantitative data indicate high aspirations of young adults for family life and children. The qualitative

data show that subjective rather than objective factors are a key "barrier" to family formation.
Key words: young adults, family, childbearing, individualisation, life courses, gender.

Mirjana Ule

Youth and social change

The changes in life courses and the elimination of firmly defined and clearly delineated stages of life courses have affected primarily young people. Young people as a social group did not melt away in a trans-generational, trans-ideological and plural society of many differences, as it initially appeared; instead, they have transformed themselves into an age group without distinctive features. Consequently, the majority society takes notice of it only when it feels threatened or when it recognises this group as potential consumers. Rather than being a period of "becoming" something or other, modern adolescence is above all a period of "being" - being a student, a consumer, a friend. The value system of individualisation carries with it the seed of new ethics that rest on "obligations to oneself". This seems to be in stark contrast to the traditional ethics based on obligations to others and to society as a whole. For young people in Slovenia, the shaping of everyday life and value systems is today part of their daily search for a balance between their personal wishes and expectations on the one hand, and social demands and options on the other. Yet the balance between the expectations and demands and an individual's competences or capacities for action is conditional and exposed to a number of risks.

Key words: youth, transition, values, changes.