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### **The Implications of Pension Reform for the Social and Income Positions of Pensioners and the Elderly in Slovenia**

The effects of pension reform on the social and income position of pensioners are evident only in the long run. Due to fiscal sustainability, pension reform leads to the decline of the relative income position of pensioners and the elderly. Our analysis is based on the Household Expenditure Survey data; besides years 1993, 1997-1999 and 1999-2001, it includes also the latest Household Expenditure Survey data for years 2001-2003. The analysis shows a persistent growth of activity rates and diminishing share of pensioners in the "critical" age group 50-59. There are the signs that the income position of pensioners has been gradually deteriorating in the most recent years, compared to the period 1999-2001. Particularly, pensioners in pensioner households, whose pensions on average represent 95 percent of their disposable income, experienced the biggest decline in their income position. Poverty incidence for the whole population was somewhat lower in the period 2001-2003 in comparison to 1999-2001, whereas pensioners in pensioner households are the only group showing an increase in poverty risk.

**Key words:** pensioners, social and income position of pensioners, pension reform, period 1983-2003, Slovenia, inequality, poverty

Mitja Čok, Nada Stropnik

### **Estimating the Impact of Child Benefits and Social Assistance on the Income Position of Households Using a Static Microsimulation Model for Slovenia**

Microsimulation model is the best tool for the analysis of impact of the regulation of income tax and social benefits. The model we built for Slovenia is, like most of similar models, static, which means that simulations do not take into account changes in the behaviour of economic subjects due to changes in the regulation of income tax and social benefits. However, this cannot be considered as its drawback since only if most variables are controlled for we are able to analyse the consequences of changes in one or a smaller number of variables. This model enables us to evaluate social policy measures - and inevitably also those of income tax policy - at the side of both recipients (i.e. families) and the state budget.

The Slovenian microsimulation model is based on the Household Expenditure Survey (HES) which contains all kind of income of all family members as well as a considerable number of demographic and socio-economic information about the household members. The model is made out of several components. The first one is the most extensive and includes the transformation of net income from the HES database into gross (pre-tax) income. The following components include the modelling of social benefits. Currently, social assistance, child benefit and a large-family supplement are included. The major constraint for inclusion of various segments is the absence of detailed information on individual income sources in the HES database.

Some simulations were performed in order to illustrate the use of the model in estimating the position of various groups of social benefit recipients within the current legislative framework.

**Key words:** microsimulation model, child benefit, social assistance

Črt Kostevc

### **The Effect of Exports on Productivity: A Bigger Market Impact or Sustained Productivity Growth?**

Following the current trends in the growing literature on the correlation between export activity and productivity, this paper analyses the effects of 'learning-by-exporting', in particular, learning by direct investment in foreign production capacities in Slovenian manufacturing between 1994 and 2002. We examine whether the self-selection of more productive firms into export markets (multinational production) is also accompanied by additional productivity growth in firms operating in foreign markets compared to firms operating exclusively in the domestic market. To analyse these questions we present a model of trade and international production with various firms that enables us to formulate the effects of learning by competitive pressure in export (foreign) markets. The empirical analysis conducted on a sample of Slovenian manufacturing firms shows that more productive firms self-select into more demanding markets; there is, however, no firm evidence of the existence of any learning effects. Although new exporters perceive a leap in their productivity when they first begin to export, these effects are short-lived and tend to disappear in the subsequent periods. These findings lead to the conclusion that the initial leap in productivity can be explained solely by the companies' access to new (bigger) markets and the possibility of enhanced utilisation of the existing production capacities, rather than by the acquisition of new knowledge in foreign markets.

**Key words:** productivity, export activity, direct investment, multinational production

Štefan Bojnec, Matjaž Novak

### **The Price Competitiveness of Slovenian External Trade**

This paper investigates the Slovenian price competitiveness in merchandise trade with the European Union (EU-15) after the Slovenian independence focusing both on the export-to-import price ratio and on the structure of intra-industry trade reflecting the changing patterns in a quality of exported and imported goods. The results are reported as weighted averages at one- and two-digits NACE classification and at activities by technological intensities. The price competitiveness of the Slovenian merchandise exports to the EU-15 vis-a-vis imports is compared with the Slovenian export prices to the EU-15 with prices of similar imported goods from the EU-15 indicating the level and patterns in price competitiveness. The Slovenian merchandise export prices to the EU-15 are also separately compared with the EU-15 internal import prices in merchandise trade between the EU-15 and the EU-15 external import prices in merchandise trade with the rest of the world indicating the Slovenian price competitiveness in internal EU-15 trade and separately in comparison with the all other exporters from the rest of the world. The empirical results suggest that Slovenia in general exported less quality goods and thus cheaper goods than imported from the EU-15 markets. Since 1999, there is a clear deterioration tendency revealing some losses in the Slovenian price competitiveness in the EU-15 markets for low technology industries and even more for medium-low technology industries. With the entry of Slovenia into the enlarged EU-25, the converging trends in international price competitiveness with the other EU members are expected, but at different structure of total trade and particularly different structure of intra-industry trade.

**Key words:** product differentiation, unit values, price competitiveness, Slovenian trade, European Union

Boris Gramc

### **The Crisis of the German Socio-Economic System and the Pitfalls for Slovenia**

The German economy is currently in a weak condition. Not only international critics but also the vast majority of the German people, politicians, and business community would concede that the country's economic, social, and political systems have performed poorly in recent years. Germany's structural problems have been concentrated on economic stagflation, rising unemployment, surging budget deficits and public debt, under-funding of public pension and health systems, erosion of innovative capacity, and political inability to achieve sweeping reform. This article analyses the main causes of Germany's structural problems and discusses some key elements of the reforms needed to tackle the structural causes of Germany's persistent weak growth.

In last few decades Slovenia has copied basic elements of the German socio-economic system which means that it has also copied many of its rigidities that can cause lower long-term economic growth than in USA or other "more flexible" EU countries. Therefore, the article also suggests basic reforms that are crucial to avoid structural problems in Slovenia in the future.

**Key words:** economic growth, development policy, structural problems, reforms

Alenka Kajzer

### **An Analysis of Women's Position in the Slovenian Labour Market Using Labour Market Indicators**

The paper presents the position of women in the Slovenian labour market in 1999-2005, based on indicators of labour market performance, gender gaps in employment and unemployment rates and gender pay gaps. We present the differences between the performance of men and women in the Slovenian labour market and compare them to the corresponding differences in other EU countries. Slovenia exhibits an above-average female employment rate that already exceeds the Lisbon objective set to be achieved by 2010 (60%). In 2005, Slovenia was one of the countries with the lesser differences between male and female unemployment and employment rates. The disparities between male and female earnings in Slovenia were also relatively small compared to other EU countries.

**Key words:** female population, labour market, employment, unemployment