

Barbara Verlic Christensen

### **Innovations in housing maintenance**

How to get a housing, which is not rental and not in a private ownership? The housing, which is adequate and available? Or, which has particular features and services, which a person is in a need for? Housing innovations are aiming at the gap between market and individual /family solutions. The basic principles of organization, management and financing of such a collective, cooperative housing for particular social groups are discussed. These groups have particular needs and abilities to provide for housing resources. They might be falling over or out of the standard housing production in Slovenia. Innovations provide close cooperation among producers, investors, financial networking and the users of the housing; they produce housing, which ranges between over-standard quality, gets particular servicing or are the subject of housing social policy. The time is ripe in Slovenia, to start using different approach toward new housing forms, like condominiums, cooperatives and housing for elderly.

Metka Tekavcic, Darja Sink, Mojca Marc

### **Why still social ownership in Slovenian Enterprises? Analysis made on Companies Labelled as being in "Social Ownership" in the Slovenian Business Register**

Slovenian business enterprises were until the beginning of the 90's a so-called socially owned property. Because there was no individual owner of the business enterprise or capital, social ownership caused many inefficiencies. The abolishment of social ownership of business enterprises was carried out primarily to form efficiently and effectively managed, market oriented companies. The object of ownership transformation process were business enterprises that had "social capital" in their balance sheets. These companies were obliged to find owners for this capital. According to The Agency for Privatisation and Restructuring nearly all such companies completed the transformation process in the period 1992 - 1998. However, on 31st August 2000 there were 1291 companies, labelled as "social ownership", in the Slovenian business register data. The analysis demonstrated that only 107 of those companies (at the most) should be labelled "social ownership" due to the legislative incoherencies and similar reasons. The main reason for the observed discrepancy is a certain discordance between the court register and business register, because the court register does not notify the business register on changes made by companies, even though in most cases it is obliged to.

Andrej Chaiutta

### **The Market as an Institution-Competition, Cooperation and Competitive Position of Slovenia**

The 'market', along with market processes, co-operation and competition are realised through institutional relations<sup>1</sup>. Society's efficiency depends on the efficiency of institutional relations whereas these, in turn, generally depend on the transparency and efficiency of both the government and public sector. This set of visible relations (the institutions' structure) and less visible relations (legal and administrative rights and responsibilities) is called the market as an institution. The subject of this paper is the market institution's organisation in Slovenia, its impact on society as a whole and on the economy, and the circumstances leading to today's market situation. The paper also examines the causes and effects of overall market competitiveness and the significance of measures taken in the market for the whole economy. Since the analysis uses the rhetoric of competitiveness<sup>2</sup>, the paper also presents the wider theoretical issue of the concept of competitiveness, providing an introduction to constructive criticism of the concept of national competitiveness. The first part presents the hypothesis that the national market is an institution in Slovenia, whereas in the second part this hypothesis is supported or refuted. The national market is analysed through the system of world competitiveness indicators developed by the IMD. These indicators provide a sufficiently transparent vehicle for analysing the general state of the market and identifying the key areas. This allows for the problem to be pinpointed and possible solutions to be suggested, however, it does not enable classical testing of the hypothesis.

The second part ends with an overview of the measures needed for a further cost and benefit analysis of society. The underlying idea is that all main weaknesses of Slovenia's national competitiveness revolve around the concept of the market – the regulation of institutional relations of co-operation and competition. We have identified a lack of the culture of co-operation and competition of social players and social levels. It emerges that transaction costs of using institutional market regulations in Slovenia are high, which is why the players involved often apply alternative solutions featuring lower opportunity costs, that the transparency which underpins efficient social solutions is lacking, and that this is a burning issue. Further, it is apparent that transparency is an important element of reducing uncertainty and the transaction costs of institutional relations. We have also pinpointed the significant importance of not only the synergy and further development of social responsibility, but also competition policy which is crucial for Slovenia's competitiveness and welfare. Every social interaction problem that reduces the efficiency of the market as an institution, as well as society and its competitiveness, may be harnessed by the government to formulate and apply a new approach and way of thinking based on a cost and benefit analysis of policy measures and legislative adoption. These new approaches have penetrated neither the process of political decision-making nor public sector management, with the latter giving rise to more concern.

Synergy, the key principle of the new social co-operation, will lie at the centre of the transition of Slovenia's society to a new era. This will happen when the social contract of a higher development level is materialised, leading to a period of synergy of all social players, various interests and needs. This is happening in some European countries, mainly in the Netherlands, Finland, and perhaps Ireland<sup>3</sup>. At the same time, this article may be regarded as an exercise of analytically justifying some general statements on the condition of society's competitiveness and measures and an attempt to systematically analyse the social condition, being a precursor to a cost and benefit analysis of alternative social measures taken in key areas. The article is a contribution based in economics to understanding social relations. Changes in these relations may trigger a 'recovery' and 'changes' in society through a synergetic chain reaction involving wide-ranging multiplier effects.

Nataša Kump

#### **Income and Tax Distribution in Slovenia data for 1991 and 2000**

This paper analyses income and tax distribution by decile, where direct taxes are represented by personal income tax and employees social security contributions. Our analysis of income sources in Slovenia is based on large random samples of the personal income tax data for 1991 and 2000. In the nineties, Slovenia, as all transition countries, witnessed to significant changes in income distribution, which was accompanied by changes in tax legislation. Income inequality has been increased during this period. Understandably, this was caused by a quite large increase in wage inequality. Due to the changed tax legislation and apparently more progressive personal income tax, the increase in the inequality was much more significant when we consider pre-tax income, compared to post-tax income.

Simona Bovha Padila, Helios Padila Mayer

#### **Sources of GDP Growth, Potential and Output Gap in Slovenia: Mid-Term Projection**

The first part of the analysis attempts to estimate the sources of GDP growth in Slovenia from 1993 to 2000. We calculate the contributions of individual variables (physical capital, human capital and total factor productivity) to GDP assuming an initial level of physical capital stock expressed as a share of real GDP in the base year of 1992. Results show that total factor productivity (TFP) has been a leading source of GDP growth throughout the observed period, whereas the importance of physical and human capital stock has been negligible.

In the second part, we estimate the output gap using the trend and production-function approaches. The output gap was cyclical in Slovenia during the observed period. However, the positive gap seen in the last two years indicates excess demand. Estimates of the potential output growth rate indicate an increase in the recent growth rate of real GDP. The results also show that active policies to

promote TFP and productive capacity growth, as well as improving education levels in Slovenia can contribute to potential output even higher than predicted.

Mateja Peternej

**The Power of Minimum Wage: Theory and Practice**

The minimum wage is a traditional social policy measure. Over the years it has been thoroughly examined, yet today its socio-economic impact remains largely unsettled. The statutory wage floor brings with it employment, distributional and hence welfare consequences. It will alleviate income inequality between rich and poor families assuming that it does not encourage the aggregate labour supply of a family to fall. Similarly, poverty will be reduced only if the minimum wage accrues mostly to low-income households. Theory likewise asserts that a minimum wage can compress wage distribution and narrow earnings differentials. The employment effect, however, could be both a loss or a gain in jobs, depending on the theoretical model applied. The final verdict is still not in; further empirical research is called for.