

Milena Bevc

### **Key international systems of education indicators with an emphasis on formal education**

The measurement of development of formal education, other types of transfer of knowledge (non-formal education, informal learning) and other processes in knowledge cycle (besides transfer of knowledge also creation and use of knowledge) has recently been the research topic of many institutions and experts world-wide. For the comparison of particular dimensions of the knowledge cycle in one country with others a relevant national system of indicators has to be developed. One of the many steps in developing such a list/system of indicators is an overview and critical analysis of the main international publications with such lists/systems of indicators. In the paper, which is based on a research project, we first explain the methodological approach, continue by discussing the development of international sets of indicators and present the most relevant ones among them. Finally the conclusions of the analysis are presented.

**Key words:** indicators, national systems of indicators, formal education, transfer of knowledge, Slovenia.

Alenka Kajzer

### **Labour market flexibility, employment protection and labour market reforms in Slovenia**

The article gives definitions of labour market flexibility and in particular deals with employment protection and its impact on labour market developments. Since experts often stress the necessity to increase labour market flexibility in Slovenia, the article provides an overview of the reform guidelines adopted by the Slovene government in November 2005 and their implementation. Due to the very wide discussion in the EU about the flexicurity model, the paper presents the Danish flexicurity model and cautions against copying the Danish model in Slovenia and in other countries.

**Key words:** flexicurity, labour market reforms.

Roman Živkovič

### **The endogeneity of the optimum currency area criteria and Kenen's criterion of diversification**

This article tries to give additional insights on the endogeneity hypothesis of optimum currency area criteria introduced by Frankel and Rose (1996). It investigates the effects of Kenen's (1969) criterion of diversification on business cycles synchronization for samples of industrial and transition countries over the periods 1991-1998 and 1995-2004. Following Kenen, higher diversified economies should lead to more coordinated business cycles because they would be more affected by symmetric industry-specific shocks. The results of the empirical analysis are quite paradoxical and do not support theoretical argument. They indicate that diversified economic structures are irrelevant in case when industry-specific shocks dominate business cycle synchronization. Moreover, the evidence seems to suggest that the effect of diversification is negatively associated with the bilateral correlations of business cycles. On the contrary, the effect of diversification is positive and stronger in case when country-specific shocks

are the dominant force in explaining business cycle synchronization. The article also investigates the differences in the impact of the type of shocks and trade structure and trade intensity on business cycle correlation among industrial countries and among industrial-transition (the EMU and the CEEC-EU-8) country pairs. The results show that industry-specific shocks actually cause the convergence of business cycle among industrial countries, while for the transition countries country-specific shocks are more important in explaining business cycles synchronization. The results also suggest that in case of the industry-specific shocks domination, increased intra-industry trade actually induce higher business cycle correlation while in case when the country-specific shocks dominate business cycles synchronization, the trade intensity, inter-industry trade and diversified trade are the main determinant of the synchronicity of the business cycles correlation. These contradictory conclusions could support Kenen's (2000) hypothesis that the impact of trade integration (as well as the trade structure) on shocks synchronization depends on the type of shocks. And finally, from the viewpoint of classic theory of OCA, only Mundell's (1961) criterion of similarity in production structures dilutes the asymmetric effects of industry-specific shocks.

**Key words:** optimum currency area, trade, diversification, specialization, business cycles, shocks, integration

Sandra Penger, Vlado Dimovski

#### **Active ageing strategy in slovenia with an emphasis on quality ageing and intergenerational solidarity**

The aim of the paper is to present the active population ageing strategy in Slovenia with a special emphasis on quality ageing and intergenerational solidarity as proposed solutions to the challenges of long-living society and the process of ageing. The rising life expectancy is certainly one of the greatest achievements of the 21st-century society. However, ageing populations are posing new challenges to humanity that will need to be addressed. Demo-graphic trends show that life expectancy will continue to increase in future. Consequently, retired people will be receiving pensions for longer periods of time whereas fertility rates will decline along with the size of total population and working-age population. This will put pressure on the public expenditure on pensions and disability allowances, health insurance and long-term care funding, which will jeopardise economic growth. Slovenia will have to develop a new attitude towards retirement and recognise the productive potential of older people who deserve to be trained up, retrained or kept in the company. We need to learn to appreciate not only the briskness and agility but also the wisdom and experience of workers.

Milena Bevc

#### **Human resources in research and development in Slovenia in the period of the last fifteen years and a comparison with EU countries**

In a knowledge-based economy and society, human resources in the research and development sector are one of the key factors of maintaining competitiveness. This is especially true of a small country like Slovenia without any special natural resources. The paper is based on a research project, prepared for the National Research and Development Program of Slovenia for the period 2006-2010. It starts with a

theoretical and methodological basis of human resources in R&D, followed by a short overview of the current situation regarding these resources in the EU and a presentation of the current situation and trends in Slovenia in the period 1990-2005. Finally, the main conclusions are presented.

**Key words:** human resources, research and development, science and technology, researchers, Slovenia, European union

Ana Murn

**The effectiveness of Slovenia's subsidising policy and subsidies to firms**

Whether subsidies are advantageous or detrimental is a common topic of economic debates. The predominating arguments and empirical evidence show that subsidies are detrimental rather than advantageous to market economies. On the other hand, however, there is also increasing evidence that clearly targeted subsidies (e.g. for research and development or worker training) can stimulate economic competitiveness and have a favourable impact on economic growth and development. Since subsidies also serve as an alternative mechanism for tackling other economic problems, they are also used in cases when they are not highly effective in terms of economic growth and development but represent the lesser evil in comparison with other economic instruments at hand. Slovenia's share of subsidies in gross domestic product is higher than the EU average. Their effectiveness, however, has not been sufficiently analysed. The paper is a case study of the effectiveness of subsidising firms in Slovenia. A comparison of the performance of firms that receive subsidies and those that do not within the same industry shows that on the whole the recipients of subsidies generate lower value added per employee. On average, subsidised firms thus perform worse than other non-subsidised ones. Therefore, it appears that subsidies are granted to weaker firms and/or that they do not produce the desired effects. Naturally, this conclusion cannot be accepted on the basis of such basic (and static) comparisons. It does, however, pose a challenge for an in-depth econometric analysis that will examine whether subsidies actually produce the results for which they were provided.

**Key words:** subsidies, firms, effectiveness