



BALKAN EXPRESS SUMMER SCHOOL 2015

Janez Prašnikar, PhD



Programme for the Balkan Express Summer School 2015

28 June	Arrival of participating students at the Faculty of Economics, University of Ljubljana ("the FELU"), followed by an introductory lecture in International Business by Maja Makovec Brenčič, PhD, current Minister for Education, Science and Sport of the Republic of Slovenia. After the lecture, there will be the official opening of the Balkan Express Summer School at the FELU. Maja Makovec Brenčič, PhD, the current Slovenian Minister for Education, Science and Sport, Metka Tekavčič, PhD, Dean of the Faculty of Economics, University of Ljubljana, and Janez Prašnikar, PhD, Programme Director will address the students.
29 June – 3 July	Intensive lectures in Economics of Transition and International Business courses will be held at the FELU. On Tuesday, a visit to Steklarna Hrastnik, a successful Slovenian company producing high quality glass products, will be organised.
4 July	Mid-term exams for both courses will be taken in the morning and the rest of the day will be free for sightseeing around Ljubljana.
5 July	Morning departure from Ljubljana and a day spent in Zagreb. It is expected to arrive in Banja Luka in the evening where a dinner will be hosted by the Faculty of Economics, University of Banja Luka.
6 July	Morning lectures will be held at the Faculty of Economics, University of Banja Luka, where among others Novak Kondić, PhD, Dean of the Faculty, Stanko Stanić, PhD, Rector of the University, and Mladen Ivanić, PhD, Chairman of the Presidency of Bosnia and Herzegovina, will address the students. Later that day, a visit to the Lignite Mine and Stanari Thermal Power Plant will be organised, followed by a lunch hosted by the Faculty of Economics, Banja Luka. The departure from Banja Luka is planned in the afternoon and the arrival in Sarajevo in the evening.
7 – 8 July	The lectures for both courses will continue at the Faculty of Economics, University of Sarajevo, where one of the main speakers will be Hasan Muratović, PhD, former Prime Minister of Bosnia and Herzegovina.
9 July	Morning departure from Sarajevo to Mostar. The first lecture at the Faculty of Economics, "Džemal Bijedić" University of Mostar, will be held in the evening by Sanela Demirević from the Secretariat of the Mayor.
10 July	Continuation of lectures at the Faculty of Economics, "Džemal Bijedić" University of Mostar in the morning and a visit to the Violeta company in the afternoon.
11 July	Morning departure from Mostar to Budva in Montenegro.
12 July	A day off for all students.
13 – 14 July	Lectures for both courses in Budva. This time one of the main speakers will be Radoje Žugić, PhD, the current Montenegrin Minister of Finance.
15 July	Final exam for the International Business course.
16 July	Final exam for the Economics of Transition course, and a closing ceremony in the evening at which students will receive certificates after having successfully completed the courses.
17 July	Departure from Budva in the morning and making a stop for a day trip in Dubrovnik. At the end of the day we will return to Ljubljana.

ECONOMICS OF TRANSITION

Main information:

Bachelor Course Master Course

ECTS: 7

Lecturers by partner institution:

- Faculty of Economics, University of Ljubljana (Janez Prašnikar, PhD, Tjaša Redek, PhD, and Domen Trobec, PhD)
- University of Banja Luka (Mladen Ivanić, PhD, current Chairman of the Presidency of Bosnia and Herzegovina, Zdravko Todorović, PhD)
- University of Sarajevo (Hasan Muratović, PhD, professor emeritus, School of Economics and Business)
- “Džemal Bijedić” University of Mostar (Sanela Demirović, M.A. City of Mostar, Secretariat of the Mayor, Aziz Šunje, PhD, Aida Brkan-Vejzović, PhD, Veldin Ovčina, PhD)
- University of Montenegro (Radoje Žugić, PhD, current Minister of Finance of the Government of Montenegro, Milan Lakićević, PhD)

Aims of the course

The Economics of Transition course focuses on an analysis of the past and present economic performance as well as future development challenges of economies of transition, with a focus on South-East Europe (SEE). The purpose of the course is to provide students with a thorough understanding of path-dependent economic development, where the common socialist legacy has provided many similarities in the business environment. Path dependency is especially relevant in the SEE region, particularly former Yugoslavia, where in addition to common socio-economic system roots common historical and cultural elements provide a strong binding feature. The course will equip students with the necessary understanding of the economic and business environment characteristics of the region.

The course will comprise two major parts. The first will be common, providing a summary analysis of the economic development in transition countries. The starting point of this part of the course is an analysis of the socialist period, which defined the common initial conditions for the transition. This introductory discussion is followed by an analysis of the transition process itself. The transition was a divergent process because of the differing approaches taken (gradual vs. shock therapy) as well as (especially the SEE region) lags due to political and nationalistic tensions. Nonetheless, transition economies shared several similarities during the high-growth period just before the crisis. In addition, EU accession was/is a major politico-economic goal, already successfully achieved by the majority of non-FSU countries, with the exception of the majority of former Yugoslav economies. While the EU is one of the biggest economic growth factors and

political goals, other factors of future growth and competitiveness in SEE economies will be dealt with: the success of structural reforms (especially those concerning the labour market), a favourable business environment, FDI and trade. Finally, two pressing groups of issues currently facing the transition countries will be systematically addressed: (1) the financial crisis; and (2) future growth sources and challenges, including the role of industrial policy.

Part two of the course will focus on the former Yugoslav economies. The purpose of the second part of the course is to provide country specifics in terms of their past transition development experience as well as the current situation and main future challenge overview. The economic development perspective will also be linked to broader 'doing business and cultural' aspects, providing students with an in-depth understanding of the region and the primary 'doing business' characteristics. Three sub-regions will be carefully analysed: the Republic of Srpska, Federacija BiH (both part of Bosnia and Hercegovina, but very different culturally) and Montenegro. In all cases, the lectures will first provide a detailed overview of the country-specific economic development at the macro level, followed by relevant corporate developments. Country experts will be included to provide the best possible overview.

Syllabus*

Lecture title	Date and time	Lecturer	Basic literature
Location: Faculty of Economics, University of Ljubljana, Slovenia			
Opening lecture	28.6.2015	Maja Makovec Brenčič	
The pre-transition (socialist) period	29.6.2015	Tjaša Redek	<p>Manove, M. (1971). A model of Soviet-type economic planning. <i>American Economic Review</i>, 61(3): 390-406.</p> <p>Prašnikar, J., and Svejnar, J. (1993). Workers' participation in management versus social ownership and government policies: Yugoslav lessons for transforming socialist economies. In: Atkinson, A.: <i>Alternatives to capitalism</i>, London: Macmillan Press: 106-125.</p>
Privatisation	30.6.2015	Tjaša Redek	Estrin, S., Hanousek, J., Kočenda, E., and Svejnar, J. (2009). The Effects of Privatization and Ownership in Transition Economies. <i>Journal of Economic Literature</i> , 47:3, 1–30.
Visit to the Steklarna Hrastnik company	30.6.2015		
Transition, structural reforms and economic growth	1.7.2015	Tjaša Redek	International Monetary Fund. (2014). 25 Years of Transition. Post-Communist Europe and the IMF. Regional Economic Issues Special Report. IMF staff team. – Washington, D.C.: International Monetary Fund.

The challenges of economic crisis	2.7.2015	Domen Trobec Tjaša Redek	Bole, V., Oblak, A., Prašnikar, J., and Trobec, D. (2014). <i>Financial frictions and indebtedness of firms: Balkan countries vs. Mediterranean and Central European countries</i> . Presented at the IEA World Congress, Dead Sea, Jordan, 6 June 2014.
Slovenia	3.7.2015	Tjaša Redek	Domadenik, P., Prašnikar, J., and Svejnar, J. (2015). "Political Connectedness, Corporate Governance and Firm Performance," <i>Journal of Business Ethics</i> (forthcoming). Prašnikar, J., Domadenik, P., and Koman, M. 2015. "The Puzzle of State Ownership in Slovenia." <i>Ekonomska fakulteta v Ljubljani, Publishing</i> . (optional)
Midterm exam	4.7.2015	Tjaša Redek	
Transfer to Banja Luka			
Welcome speech	6.7.2015	Novak Kondić Stanko Stanić	
Country analysis: BIH	6.7.2015	Mladen Ivanić	BIH: History, institutions and democracy
Business barriers in BIH	6.7.2015	Zdravko Todorović	BIH: Business culture, culture and ethics
Visit to the Lignite Mine and the Stanari Thermal Power Plant	6.7.2015		
Transfer to Sarajevo			
Country analysis: BIH	7.7.2015	Hasan Muratović	The economy of BIH today

Country analysis: BiH	8.7.2015	Janez Prašnikar	<p>Prašnikar, J., Mikerević, D., and Voje, D. (2014). Blockholding and organisational diversity: the case of a transition economy. <i>Journal for East European Management Studies</i>, 19(3): 277-304.</p> <p>Prašnikar, J., Memaj, F., Redek, T., Voje, D. (2013). The role of corporations in economic development: Albania on its way to internationalisation. <i>Post-communist economies</i>, 25(3): 392-406.</p>
Transfer to Mostar			
Country analysis: BiH	9.7.2015	Sanela Demirović	<p>The local economy: characteristics and development – MICRO MOSTAR</p> <p>Short history of Mostar, the economy of Mostar before and after the war, the economy today, prospects, projection of a short touristic film about Mostar (internationally awarded) made as part of a tourism project by the City of Mostar</p>
Doing Business in BiH The case of “Violeta”	10.7.2015	Aziz Šunje, Aida Brkan- Vežović, Veldin Ovčina	
Visit to the Violeta company	10.7.2015		
Transfer to Budva			
Country analysis: Macroeconomic overview of Montenegro	13.7.2015	Radoje Žugić	The economy of Montenegro

Country analysis: Microeconomic overview of Montenegro	14.7.2015	Tjaša Redek	<p>Koman, M., Lakićević, M., Prašnikar, J., and Svejnar, J. (2015). Asset stripping and firm survival in mass privatization: testing the Hoff-Stiglitz and Campos-Giovannoni models in Montenegro. <i>Journal of Comparative Economics</i> (in print).</p> <p>Oblak, A., Redek, T., Dumančić, I., Stanić, M., and Vujačić, N. (2014). Industrial policy in Croatia, Montenegro and Serbia. In, Prašnikar, J. (ed.): <i>Industrial policy in Retrospective</i>. Ljubljana: Finance, d.o.o. (2014): 85-109.</p>
Exam	15.7.2015		

Bibliography

A selection of articles and book chapters. The basic literature by topics is provided.

Additional papers or data sources may be used. Any additional material will be provided in class.

Teaching methods

The course will use a combination of standard lectures, in-class work (case studies) and field trips (company visits).

Prerequisites

Students are expected to be familiar with introductory levels of macroeconomics and microeconomics.

Examination methods

Students will be expected to:

1. be actively involved in the class work & discussions (active class participation makes up 20% of the final grade);
2. pass the mid-term exam (30% of the final grade); and
3. pass the written exam (50% of the final grade).