

WELCOMING REMARKS

Marjan Senjur

*Minister of the Republic of Slovenia for Economic Relations
and Development*

May I welcome you most warmly to Slovenia and Ljubljana. It is both an honour and pleasure for me to greet you here and to offer you our welcome. I am convinced that both we Slovenians and our guests from abroad will enrich our knowledge of the area which is the subject of this consultation: "Economic development and reforms in cooperating partner countries: the role of the state with special emphasis on security and defence".

Permit me in this introductory address to draw your attention to certain developmental processes and reforms which are being encountered by Slovenia, a cooperating partner country and host of this year's Colloquium.

I could list five main areas on which Slovenia is building its future. I shall first enumerate them and then say a little about each of them: political freedom, economic freedom, economic development, economic stability and national security. These are the five key pillars on which Slovenia is building its future, with which it is joining the EU, with which it also wishes to join NATO, and with which Slovenia is a constituent part of European and Western civilisation.

The first – political freedom – is being fulfilled through the democratic political system. The democratisation of society is a constituent part of transition. This is important since on the one hand democracy is a value in itself, and on the other hand because it defines the system of decision-making in society. Slovenia is a democratic country which is only now consolidating the institutions of democracy. Slovenia faces numerous major decisions and the process of making these decisions in a democracy is more complicated and lengthy than in a non-democratic society.

Economic freedom, the second area, is being established in Slovenia with the implementation of a market economy. Slovenia already has a working market economy which must now be consolidated. A component part of consolidating the market economy is establishing the well-known four market freedoms – free flow of goods, services, capital and people – plus the freedom of establishment. With the establishing of these four freedoms, Slovenia will become a constituent part of the single EU market. It will become increasingly important for Slovenia that it is in a prime location and that the EU is its market.

The third pillar of Slovenia's construction is economic development, which should guarantee for the country an appropriate dynamism. Slovenia is a medium-

developed country. Its GDP per capita amounts to 60% of the average of EU countries. Slovenia is the most highly developed country of all the Central and Eastern Europe candidate states for membership of the EU and NATO. Its level of economic growth is around 4% per annum. Slovenia wishes to develop more rapidly so that it might catch up with the standard of living in the advanced countries of Europe and so that it might secure the fullest possible level of employment for its people. We see the factors of more rapid growth in greater investment, both domestic and foreign; in machinery, equipment, infrastructure and people; in increased exports, meaning that openness of the economy is essential; in more competitive companies, meaning that companies must restructure; and in a more streamlined and efficient state. This would mean a more efficient state administration as well as a more efficient system of political governance.

Economic stability is the fourth pillar. I understand macro-economic stability primarily as three situations: price stability, budget stability and a balance of payments. I believe that for Slovenia, budget stability and the balance of payments are no longer a major problem. Reducing inflation is, however, a major problem. This year we expect inflation to be around 8%. We wish to reduce inflation to between 3 and 5% in 2001. In this way in the coming decades Slovenia could fulfil all the Maastricht criteria and would be able to join EMU.

The last area on my list, but no less important than the others, is security, both internal and national. Without security, the other four pillars cannot be fulfilled. The economic significance of security is often neglected. And yet it is vital. In every eventuality Slovenia must be able to defend itself. For this purpose it must allocate considerable resources. The inclusion of Slovenia in NATO would provide us on the one hand with a greater level of security, bringing with it a lower level of economic risk, and on the other hand it would mean that with our available defence resources we could achieve a greater effectiveness of our defence system. For each tolar invested in defence we could obtain a greater degree of defensive security.

The question which concerns me is the following: Slovenia is now working on all five fronts simultaneously – democratisation, market freedom, economic development, stabilisation and national security. We can all imagine how difficult a task this is, and how many problems and dilemmas this involves. Is it possible simultaneously and equally to apply pressure on all five fronts? Is there a priority among these five? It would be ideal for us to progress rapidly and equally on all fronts. Is this possible? Can there be any trade-off between them? If, for example, we achieve more in one area, must we give up more in another area? In economics this is perfectly normal. But what about in a transition situation? What is the optimum combination of all five processes, both in terms of their extent and their timetable? Everyone, each country for itself, is seeking its own optimum combination.

Some of these and similar problems will be addressed by yourselves, here, at this Colloquium. May I wish you every success in your work, good presentations and papers and interesting discussions. And I would urge all our foreign guests, all the time you are here, please open yourselves to this country in which you now find yourselves. You will see good things and some bad things. Both are part of Slovenia. I hope that in the end you will have a better picture of our country and will be able to understand it better. In this way we would have fulfilled one of the additional goals of holding the NATO Economics Colloquium in Slovenia.