

Vladimir Gligorov

Some Non-Standard Economic Phenomena

I will discuss three types of economic phenomena that may be said to be deviating from the standard in the Balkans.

One is institutional weakness. It in essence refers to the soft understanding of the rule of law. The weak commitment to the rule of law takes various forms: in formulation, interpretation and implementation. In general, it can be argued that laws are applied with significant elements of discretion in their interpretation and that they are implemented with a lot of exceptions. That weakens the legislative and judiciary branches of the government and strengthens the executive branch.

The other is widespread informality. Though the size of the informal sector is not easy to measure, due in part to the problems of definition, there is little doubt that significant share of economics transactions are carried out with the reliance on informal rather than formal rules. That leads to a specific relationship between the formal and the informal rules and norms.

The third is the tradition of outward migration. That is partly the consequence of the lack of protection of private ownership and thus the motivation for emigration is a combination of standard economic and political reasons. Thus, in addition to the search for better wages or welfare, migration is also fueled by the divisive and exhausting distributional conflicts that are entrenched in a system of weak property rights.

The overall economic consequences of these somewhat non-standard institutional and social phenomena can be traced in the reliance on various forms of social and communal relations that have influence microeconomic and macroeconomic structures and performance. The more precise relation has yet to be properly worked in order to be able to assess the potential future developments.