

Renata Slabe Erker, Vlado Lavrač

Role of happiness in the economy and in a strategy for sustainable development

Abstract

The paper focuses on the definition of happiness and its determinants and discusses the role of happiness in the economy. Neoclassical economics assumes a "homo economicus" with rational behavior, which leads to distorted consumption and production decisions and finally to the goal of maximising economic growth at any cost. Research on happiness in the economy has come to the paradox of happiness that, in time, despite high economic growth and increases in the standard of living, people are no happier. The goal of social development should therefore not be just to increase material well being, but fundamentally to enhance human happiness and quality of life. The paper discusses a co-ordination mechanism that would enable such sustainably conceived social development.

Key words: happiness, paradox of happiness, quality of life, well being, sustainable development, co-ordination mechanism

JEL: I310, Q010

Tine Stanovnik

Pension reforms in Central, Eastern and South Eastern Europe

Abstract

This paper presents a broad comparative analysis of pension reforms in eight countries of Central, Eastern and South Eastern Europe. These include seven new EU Member States and Croatia. The analysis is mostly devoted to a comparison of the main features and parameters of the 1st pillar, i.e. public pension schemes, showing how all systems improved actuarial fairness and provided tighter links between contributions (or past wages) and pensions. These countries have also – to a greater or lesser degree – adapted their pension systems to the ongoing process of demographic change. Some weak design features of the reforms are demonstrated as well, particularly the lack of attention to the rules for inclusion of active persons into the "mixed" system (i.e. 1st and 2nd pillars). An important *raison d'être* of these reforms was to increase the labour activity of elderly age groups. Evidence is presented to show that increased activity in the "critical" elderly age group (55 to 64 years) is not related to how "fundamental" the pension reform is, but rather to how steadfast the political support for the reform is.

Key words: pension system, Central and Eastern Europe

JEL: H550, J260

Mojca Lindič

Economics of divorce – the impact of female emancipation on divorce levels across European countries

Abstract

This article discusses partnership and marriage from an economic point of view, with the aim of investigating whether there is a causal correlation between the level of economic development and the economic emancipation of women – measured by the share of female employment and the intensity of their employment – and the increase in the number of divorces across EU countries. Economic theory predicts that divorce rates would be higher in more developed countries (i.e. countries with a higher GDP p. c.), in countries with a higher share of male residents, in countries where women work more hours, in countries with a higher share of female employment and in countries that have a higher rate of violence against women. Results of econometric analysis based on a sample of EU Member States are not very robust when comparing different specifications; however, one may conclude that divorce rates are higher in countries with higher rates of violence against women and in countries where women are more economically independent. These results confirm the findings of Goldin (2005) and Stevenson and Wolfers (2006), who based their analysis on US data.

Key words: divorce, female emancipation, marriage, marriage law, panel data analysis on EU countries

JEL: J120, C230

Kaja Malešič, Lea Bregar, Jože Rován

Methodology of measuring well-being for municipalities in Slovenia

Abstract

A sustainable increase in well-being and quality of life in Slovenia, as in other modern societies, is a key strategic development goal; however, the complex, abstract and multidimensional nature of the concept of well-being complicates the monitoring of implementation of this social goal. Therefore, well-being can be measured only indirectly, with carefully selected indicators. The methodology of measuring well-being with composite indicators for municipalities in Slovenia is presented in this paper. Composite indicators are calculated through the application of principal components based on 49 numerical social, economic, demographic and environmental indicators. In order to verify the validity of the composite indicators' methodology, cluster analysis was applied. Both approaches show similar results concerning differences in the level of well-being of municipalities in Slovenia. The western part of Slovenia is characterised by a higher level of well-being, while that of the eastern part is lower. Furthermore, cluster analysis has revealed the dual nature of the top group of municipalities in terms of well-being. On one hand, there is a subgroup of a few economically and socially highly developed urban centres, while on the other hand, the well-being of the second subgroup of municipalities is characterised by high standards of living and pleasant environmental conditions, but

a step behind on the economic and social scale. A graphic presentation of the results can be a simple and effective information tool for planning, implementation and evaluation of development policy measures at the regional level.

Key words: well-being, composite indicator, municipality, cluster analysis, method of principal components, regional development

JEL: C430, C820, R130, R580

Timotej Jagrič, Davorin Kračun, Rasto Ovin

Introduction of a closed and electronic toll-collecting system

Abstract:

In this paper, we deal with analysis of the introduction of a closed and electronic toll-collecting system in Slovenia. The assessment is that a closed toll-collecting system assures the greatest income from tolls, while at the same time assuring other important goals such as fairness, efficiency, and compatibility with EU regulations. Among the possibilities for an electronic toll-collecting system, the paper focuses on satellite and microwave systems. The conclusion, based on assessment of the construction and operation costs of the two systems, is that the microwave system is more suitable. It assures a higher multiplier effect during construction, has a potentially lower cost-push inflation effect and adequate robustness.

Key words: financing road infrastructure, toll collecting, GPS, DSRC, input-output analysis, price model

JEL: R410

Alenka Kajzer

The Slovenian labour market in recession

Abstract:

The article presents labour market development in Slovenia in a period of economic crisis. Wage and employment changes are shown. Decreased labour demand by firms in the crisis causes an increase in unemployment. The study demonstrates how increased unemployment causes an increased number of social benefit's recipients. A short overview of recent labour market policy measures is presented in fourth chapter. The study concludes with an assessment of the main challenges of labour market policy and of adopted measures.

Key words: labour market, recession

JEL: J400, J480

Ana Murn

Analysis of government expenditure

Abstract

Slovenia needs far-reaching changes in general government expenditure if it is to achieve its development goals. Structural changes were laid out in the 2005 Strategy of Slovenia's Development, and the present financial crisis and economic recession lend increasing urgency to changes designed to improve the efficiency of spending. This can only be achieved by selecting efficient spending programmes that will underpin balanced development (economic growth, welfare state and environmental protection) and ensure efficient drawing of available EU funds.

General government expenditure as a share of GDP is below the EU-27 average in Slovenia, and only nine Member States had lower expenditure in 2008. In Slovenia the decrease in general government expenditure as a share of GDP in the period 2000–2007 (by 4.3 p.p.) was achieved principally with a reduction in productive expenditure (by 2.3 p.p.), but also with cuts in social protection expenditure (by 1.8 p.p.) and non-productive expenditure excluding social protection expenditure (by 0.2 p.p.). EU Member States with the highest per capita GDP in PPS increased productive expenditure relative to GDP in the 2000–2007 period, but in Slovenia it dropped. Social protection expenditure as a share of GDP was well below the EU-27 average in 2007. Like the classification by function, the economic classification clearly shows the need to change the structure of general government expenditure.

Key words: public finance, spending programmes, efficiency of spending

JEL: H500, H510, H520, H530, H540

Katja Lautar in Franci Klužer

Development Policies and Public Finance Expenditures

Abstract

This contribution analyses public finance expenditures (in % DGP) related to development policies in Slovenia since 1995. The development policies constitute part of the newly created development budget classifications prepared for the needs of a new performance-oriented budget. The analysis of development policies (with some programmes composed of sub-programmes) is the basis used in the preparation of the new results-oriented budget proposal for 2009 and 2010 and for the further development of the monitoring, evaluating and planning system for strategic and development policies in Slovenia. Finally, we present some proposals for estimating the efficiency of the policies and the quality of public finance.

Key words: public expenditures, development policies, monitoring and evaluation

JEL: O100