pluralism which can turn into cacophony on the other. However, it remains well within reasonable boundaries due to the strong influence of the editors on the overall contribution of different authors. What is evident from the start is that the book is very sophisticated and precise, sometimes written with a very dense language that is at times hard to follow. Nevertheless, this book is not to be read in a few days but to be a long lasting source of information. In this flexible and shape-shifting field of cultural economy and globalization, only time will tell whether it will stand the test of time.

Paško Bilić

Milica Uvalić: Serbia’s Transition: Towards a Better Future*

Milica Uvalić is a renowned scholar teaching Economics at the University of Perugia in Italy and a member of the UN Committee for Development Policy. She was also previously engaged at the European Institute in Florence and Woodrow Wilson International Center in Washington DC. Her direct involvement in the preparation of privatization programme with Yugoslav National Bank’s governor Avramović in 1996 as well as the engagement in the first post-Milosevic federal government makes her a favorable analyst of Serbia’s political and economic transition. Therefore, her background blending academic expertise with personal insights offers unique research perspective on the analyzed phenomenon. In her work, Uvalić claims that Serbia witnessed a “delayed transition”, because the negative legacy of Milosević’s regime in the 1990s restrained democratic consolidation and implementation of market-oriented reforms. Furthermore, she analyzes post-2001 transition achievements concluding by the assessment of the impacts of the economic crisis and the EU integration on Serbia. She argues that the crisis can facilitate necessary reforms while the EU’s catalyst role is essential in strengthening institutions, fostering economic convergence and regional stability.

In the first two chapters, the author elaborates her research methodology and the position of Serbia on the eve of transition in 1989 - the year marking the beginning of the analytical time-frame. Along with other states of the former SFR Yugoslavia, Serbia, had a good starting point for transition due to the legacy of a specific economic system that embraced market-oriented reforms and the country’s specific positioning in international relations including privileged relations with the West. The chapter deals with past economic reforms in the SFR Yugoslavia and severe economic crisis in the 1980s leading to the Marković’s stabilization programme. This package of radical economic reforms, although short-lived, has marked the beginning of transition towards capitalism and influenced later shaping of economic policies. Nevertheless, a deep political crisis fueled by revived nationalism in the late 1980s led to the state’s disintegration.

The third chapter analyzes political and economic conditions in the Federal Republic of Yugoslavia consisting of Serbia and Montenegro during the early 1990s, when Milosević’s authoritarian regime created a vicious cycle of external shocks, namely the dissolution of Yugoslavia, a series of military conflicts and international sanctions. The regime caused major political regression relying on control over media and judiciary, on usage of force against opposition and clientelism in close cooperation with criminal groups. Consequently, this impeded democratic consolidation in Serbia by spreading corruption, organized crime, undermining the rule of law and causing massive citizens’ disappointment in state institutions. This political environment rejected transition-related economic reforms in a time when the economy was devastated by external impacts. The collapse of Yugoslavia increased domestic inflation, disrupted trade, eroded export and reduced foreign investments. Milošević’s military engagements increased governmental expenditures, the UN sanctions isolated the country by expelling it from trade, economic, scientific and other schemes of cooperation, so all these elements caused a deep economic recession and one of the longest and highest hyperinflations in the entire economic history. The social impact of this breakdown was seen in mass impoverishment, shortages, expansion of grey economy and overall criminalization of society.

Chapter Four analyzes the Post-Dayton period that, due to Milošević’s ambition to secure political power and preserve the status quo, has not created political and economic change. Contrary to the path of liberalization and market-oriented reforms, the regime continued with centralization, nationalization and anti-liberalization, thus aggravating the economic decline and creating economic autarky. Furthermore, the FR Yugoslavia was still expelled from international financial organizations when a further economic blow came with NATO’s military intervention in 1999 undermining the state’s industrial basis, transport, energy and communications infrastructure. Hence, at the end of the 1990s, this was the most corrupted state in the region and a country lagging the most among all transitional economies regarding market reforms.

The following chapter assesses democratic changes in 2000 immediately followed by challenges related to Serbian-Montenegrin relations, Kosovo’s future status and cooperation with the ICTY, which considerably hampered transition-related political and economic reforms. Nevertheless, the FR Yugoslavia has reconciled its relations with the EU, international community and neighbouring countries, thus finally gaining membership in international financial organizations. The government highly depended on international donors’ assistance in order to spark economic reforms and settle debt. Thus, it decided to comply with their political conditionality and transfer Milošević to the ICTY.

Finally, due to the high foreign dependency and limited manoeuvring space, economic restructuring was launched on the basis of the “Washington Consensus”.

Serbian political and economic development during the 2001-2008 period along with the flows of its economic transition, are analyzed in the sixth and seventh chapter. Politically, this interval was marked by the independence of Montenegro and Kosovo, issues about cooperation with the ICTY and the assassination of Serbian Prime-Minister Đindić. However, despite the tensions and political problems, Serbia has made good democratic progress, achieved macroeconomic stabilization and economic recovery. It has upgraded trade relations with the EU, neighbours and attracted FDIs with a good track record in the enterprise area, financial sector and infrastructure. Still, the economy was insufficiently catching-up with other transitional economies because the post-2001 privatization process was not complemented with necessary structural reforms. The real economic sector in Serbia was insufficiently modernized and transformed due to the weaknesses of market competition, state sector delayed restructuring, burdening business environment, inadequate employment policy and poor corporate governance. These flaws disabled efficient micro-economic restructuring of the entire economy, provoked industrial decline and decreased the pace of recovery.

The process of Serbian integration in the EU is evaluated in the eighth chapter. Its dynamics is indispensably linked with the wider EU policies towards the SEE region. The Stabilization and Association Process (SAP) - the EU’s main strategic policy towards the region - has politically stabilized the region helping it in political and economic transition through increased financial assistance, better integration in the EU economy and sparked regional integration. Nevertheless, the EU integration of the region and particularly regarding Serbia has largely been disappointing as it is still only a potential candidate country despite substantial progress in political and economic reforms. Tensions with Montenegro and the issue of cooperation with the ICTY have slowed down its EU path, but the EU should also speed-up the regional integration process, show bigger commitment to the regional EU perspective and accelerate the accession process in general.

The final chapter analyzes the impact of the global economic crisis on Serbian economy and its prospects for the future. The crisis has revealed weaknesses of credit-driven economic growth and high dependency on foreign capital, thus urging the need to change the economic model. These problems have derived from the post-2001 transition model that neglected the “post-Washington” consensus, which recognizes a new and more active role of government policies with important effect for micro-economic restructuring. The state now has to support industrial policy, entrepreneurship, innovation and simultaneously achieve fiscal discipline, improve competition and labour policy and corporate governance. Achievements in these fields, together with the reform of the public sector represent the author’s proposal of tackling the most pressing economic challenges in Serbia. More concretely, the author emphasises three important economic policies, i.e. industrial, R&D and employment policy that should become pillars of Serbia’s competitiveness and creation of an export-oriented economy.

Uvalić offers deep and comprehensive analysis of the most complex transition in the entire
post-communist Europe. She assesses well both internal and external variables, and excellently combines economy and political science in developing analytical framework. Indeed, despite relying on hard-economic data and offering in-depth analysis of Serbia’s economic transition, the author assesses well the political sociology of Milošević’s regime, traits of “state capture” and crony capitalism and flaws of democratic consolidation. When analyzing the post-2001 period, she emphasizes the crucial importance of the cluster of institutions underpinning market-economy because internationally sponsored economic reforms often turn into a nutshell if they are not complemented with improvements in for instance public sector or competition policy. This book is particularly relevant nowadays because it evaluates the debate about the “new growth model”, an alternative economic blueprint stressing the importance of domestic financial markets, strong institutions and diversified production. This new framework argues for a proactive role of government that has to undertake vital structural reforms in fiscal and labour sectors. Finally, since Croatia and Serbia share good perspectives of becoming strategic partners in the region, especially taking into consideration the newest EU integration dynamics, this book can be of vast importance for understanding political and economic developments in Serbia.

The book has assumed a very clear position: it asserts that the only solution for the sustainability of Bosnia and Herzegovina is in a decentralised (unitary) country in which all three chief nations will be constituent. This solution, although not new in political debates on the future of Bosnia and Herzegovina, still attracts a small minority of decision-makers in the country. The ruling political elites are either supporting a status quo imposed in the Dayton Peace Accords (primarily Serbs from the Republic of Srpska, since any constitutional change risks the status of this to a great extent ethnically purged entity); a unitary country with a concept: one citizen, one voice (the ones gathered around Haris Silajdžić’s Party for BiH) or argue in favour of creation of the third (Croat) entity (promoted by HDZ BiH and vigorously supported by Milorad Dodik too). The authors, one of them being the former Croatian President Stjepan Mesić, argue that creation of the Croat entity would not maximize Croatian national interest in BiH because it would limit their influence to barely territories where they are concentrated, and will subsequently contribute to cementing of the inter-ethnic divide. The analysis in various sectors reveals that a position of the Croat national community has worsened. The demographic changes caused by the 1992-1995 war had the most severe impact on a number of the Croats residing in the country. This topic is covered in the articles of Mirko Pejanović and Tomo Vukušić, to some extent also Šaćir Filandra. Later, the author argues that the Croat-question is an issue of common concern in Bosnia and Herzegovina, warning that eventual engagement of the Republic of Croatia in finding a solution for the BiH Croats shall be taking into account welfare of all ethnic groups as this leads to a long-lasting peace and stability. A series of articles in the book deals with transformation of identities

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