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It should be stressed that Serbia is not the only country constrained by the outcomes of wrong policies of the 1990-s. Some part of the similar argument could apply to Croatia. By its initial position Croatia had better starting point than the majority of neighbouring countries. Indeed, it suffered war destruction but also authoritarian and ethnically exclusive politics that have additionally prevented faster development. According to the EBRD assessments on transition progress the country could be an earlier candidate for the EU accession but political burden have hindered and still impede faster inclusion. A wary co-operation with the Hague tribunal (similarly to the Serbian case) is also a constraint for better positioning. However, relatively long macroeconomic stability and revived economic activity look encouraging and promising in terms of overcoming former political fallacy.
Some other kinds of political limitations are met in Bosnia and Herzegovina where the war caused probably the biggest losses at an already inherited low development level. Organised into two entities the country has not yet a clear development strategy and still is under more or less direct international governance control. This results in low rate of privatisation and slow recovery. Implementation of institutional rules is also slow, doubtful and sometimes obstructed by local misunderstandings.
Macedonia (FYR) had relatively effective start but slowed down in the late 90-s. It had the privilege of a good politics that kept it out of wars and conflicts in the early phase but internal political disputes, frequent political changes including transition policies change, together with lower development level blocked more rapid transition recovery and produced visible stagnation at the beginning of 2000-s. Although it seems to be on a firm track toward the EU accession it will obviously meet yet more challenges.
A kind of internal political instability until the final form of transition policy has been reached characterises cases of Romania and Bulgaria. The former was rather closed and autarkic entity until the 1990-s and the latter structured as a predominantly agricultural base of the Eastern block, while both countries were arranged according to relatively tough Soviet like centralised economic model with almost no market experience. This can explain certain rambling over the first phases of (more declarative and political than inner economic) transformation and can be understood as a *macro effect* of Blanchard's disorganisation phenomenon. Having opted for a more transparent transition plan from the end of 90-s they stepped on the EU accession track more firmly and move on an upward GDP growth curve that could exceed average transition figures.
A somewhat specific case is Albania, a country that for long has been isolated and cut off general flows. Despite some internal turmoil within the 90-s (and since then) the country made a remarkable advancement. Although far less developed compared with the vicinity, it has vigorously moved on, at least regarding its GDP level. According to some analyses it advanced even faster than expected bearing in mind its initial conditions and minor market experience. Although it is still among those countries that are seen as the last accession group (probably because of its poor infrastructure in certain fields) and apart from yet big share of grey economy, the country can be an interesting case for transition analysts since it had the least favourable starting position but got into a small set of transition economies that passed their initial GDP level within a first decade of transition reforms.
Finally, this brief overview can not be successfully completed without some generalisation. Countries developed from former Yugoslavia (excluding Slovenia) did not make use of their advantages for transition, but plunged into ethnic conflicts. The case is known from the history: lost confidence in an old collectivist ideology could be offset either by a new (opposite) concept of individual action or by a surrogate collectivist idea usually in form of nationalism. The latter has prevailed. It seems that the entire social structure of those countries was not prepared for choosing the first possibility. Some of this proposition can explain a lagged transition in other Balkan countries (though luckily without a "good enough" surrogate as could be found in multinational environment). For that reason all Balkan countries do need much more assistance in developing mutual economic cooperation that will be based on economic interests of each party (including those with the EU), particularly because it is already visible and growing. That will incite growth and increase benefits, but also strengthen confidence in the new arrangement. This kind of help should be definitely more effective than mere recommendations and general designs on what has to be done as it is predominantly the case and would make better use of non-negligible foreign donations.

2.2. UNITY AND DIVERSITY IN THE BALKAN ECONOMIC TRANSITIONS.

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The economic transition process, or better still, the processes taking place in the Balkans are very heterogeneous phenomena that have, at the same time, common distinctive features that differentiate them from the post-socialist transitions of the Central Europe (CE). The differences are not only economical, but also geographical, historical, cultural and political. The Southeast European countries (SEE) are less developed and they are going through more chaotic and painful transitions than the CE countries recently incorporated to the EU. The Balkan transitions are marked by serious political, social and economical crisis, not only in the former Yugoslavia but also in Albania, Rumania or Bulgaria. On the other hand, from the beginning of the transition in the East Europe, the European Union (EU) has shown lesser interest and commitment towards the Balkans than towards the CE countries and it still maintains asymmetric relationships with the different countries of this area. However, beyond the common features, it also exists a considerable regional heterogeneity. The inheritance of the socialist stage differs according to the variant experienced in each country that goes from the Albanian autarchic socialism to the Yugoslavian self-management models including the most pro-Soviet system in Bulgaria or the slightly more autonomous strategy of Rumania, and it defines institutional forms, productive structures and different ways of international integration. The reforms strategies are also different. In spite of the unanimous acceptance of the same objective, which is the implantation of a market economy and the integration in the euro-Atlantic structures (basically EU and NATO), the strategies practised in SEE, just as V. Gligorov points out, include diverse modalities of gradualism, active, defensive or misguided, and of shock therapy, adequated, misguided or imposed.

The results of the reforms have a double reading. The most optimistic one puts special emphasis on the economic growth and the macroeconomic stability. The growth rates are around 4%, the inflation rate is below 3%, except for Rumania and Serbia and Montenegro, and, with the exception of Albania, the public deficit is under control. At the same time, most of the economic activity is developed in the private sector, except in Serbia and Montenegro and Bosnia-Herzegovina, while Rumania and Bulgaria represent, according to the European Commission, good examples of successful implantation of a market economy. A different picture can be obtained when observing that none of the countries, except for Albania, has reached the levels of production of 1989, and that with the exception of Croatia, the income per capita does not even get to the 2,000 $ and the unemployment and the poverty have extended to the entire area. The patterns of commercial specialisation generate uncertainty as regards the possibilities of further economic development, with reference to the geographical orientation as well as the structure of the trade. The exports are mainly made of low added value industrial goods and intensive in low qualified labour and low technology. On the other hand, in spite of the existence, in the SEE, of more than 20 free trade agreements, the intra-regional trade is very reduced, often irrelevant. With such a weak external sector, the hope of these economies resides mainly in attracting foreign resources. Tourism, foreign investment and external assistance are some of the ways, although they will reinforce the economic dependence from the UE.

Moreover, if we analyse the institutional change relative to the implantation of a market economy, beyond the formal changes of the privatisation or the trade and price liberalisation, the degree of extension of the market relationships is limited. Even in the most advanced transitions of Bulgaria or Rumania we can identify the clear existence of phenomena which are far from market rules, such as the survival of companies privatised in bankruptcy situation, the use of land for self-consumption, the extension of ways of survival detached of salary work, the expansion of mafias and crime rate in the economic sphere, etc.

Finally, the Balkans are still a scenario of uncertainties. In a few years various and very delicate political questions should be resolved, as for example the final status of Kosovo, at the moment under the administration of United Nations, the future of the union between Serbia and Montenegro beyond 2006, the end of the international presence in Bosnia-Herzegovina, the future of the Serbian Republic of Bosnia, the situation of the Albanian minority in Macedonia and of the Serbian minority in Kosovo. Moreover, the European integration process is uncertain for many countries of this area and it could originate a deep socio-economic dualization broadening severely the frustration feeling among the population. A fundamental question will be to verify if these perverse phenomena are short-term phenomena or, on the contrary, if they will root as it happens in the southern underdeveloped economies.

2.3. THE SPECIFICITY OF THE BALKAN TRANSITIONS

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From the beginning, the transitions of the Balkan countries were considered as more problematic than those of the Central Europe. The perception of a low pace of reforms in the context of a severe economic and social crisis – in the case of the western Balkans, wars and ethnic conflicts render the transformation process even more complicated – was combined with an ambiguous role of the state given the influence of and close links with some private interests, contradictory macro-economic policies and the role of informal, or even criminal, activities.

It is interesting to note that economists rarely explained the Balkan blockages by economic backwardness and poverty arguments. Meanwhile, we have to keep in mind that, with the exception of Slovenia and to a lesser extend Croatia, the historically low development level and their late constitution as national states constitute basic structural features of these countries and have largely influenced their trajectories.

The emergence of the Balkan countries through the dissolution of the Ottoman Empire took place in a system of international dependencies and asymmetric relations. The impossibility to reproduce organically the phases of economic and institutional evolution of the advanced countries and to create endogenously the mechanisms of collective action typical of modern states, were at the origin of institutional imitation and imported formal rules (laws, constitutions, etc.). Now, the outcomes of a long historical process in economically richer and politically/socially more structured

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Submissions deadline for the next issue:

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