SOUTH EASTERN EUROPE

New Means for Regional Analysis

A Policy Brief by Dr Vladimir Gligorov
based on the data collected for the SEE Public Agenda Survey
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Reality, expectations and perceptions

Perceptions of the population are political reality. They influence behaviour and are therefore real. The same is true of expectations, which are partly based on the perceptions of the reality and partly on other information. There is, however, the question of how realistic these perceptions and expectations are. Also, how are they to be interpreted? There are of course other ways in which reality is represented. For instance, there is the perception of welfare and there are measures of income. And, in general, there are 'objective' ways to represent reality. The interesting question is how these three elements – perceptions (expectations, beliefs), statistical data and interpretations – interrelate. In particular, it would be interesting to know whether these two different reports about the reality support a consistent interpretation.

Why is this question interesting? There are a number of reasons. Two are perhaps most immediately relevant. Firstly, the eventual discrepancy could be a sign that the statistical data are not real, i.e., they are deficient in one way or another. Secondly, the perceptions and the expectations may not be rational in the sense that they may not be processing the available information properly. On the other hand, if people's opinions are consistent with the statistical reality, that would mean that the public is well informed and understands the situation perfectly. That would be the additional knowledge that this exercise would bring in.

Perceptions of the population are political reality

In this paper, the usefulness of this approach will be illustrated in several examples that come out of the large opinion poll survey in Southeast Europe, conducted by International IDEA at the beginning of 2002. It marks the beginning of a long-term project of policy tracking in Southeast Europe. The details of the project and the findings are available on International IDEA web site The present Policy Brief will comment a limited amount of findings, of interest to our analysis. They will be put in the context of the analytical and statistical understanding of the developments in the region that are available.

The 'real reality'

What is the reality of Southeast Europe? Total population is somewhat above 50 million while the total GDP is about USD 90 billion. That gives less than USD 2000 *per capita* GDP. Total GDP is smaller than that of Greece alone. Greece however has roughly one fifth of the population of Southeast Europe. The comparisons with the EU average are of course much worse. No picture emerges if SEE is compared to Central European transition economies. From every economic perspective, countries like Hungary, Poland the Czech Republic or Slovenia are doing much better than the SEE countries. The figures collected in Table 1 at the end of the paper summarise the more general statistical reality of Southeast Europe and give more detail.

In the table the levels of unemployment are given. It is clear that, for most of the regions, this is the most important economic problem. It cannot be said that it is clearly known how important it is. The data on employment and unemployment are not very reliable. There are also quite a few definition problems, especially when informal economy is taken into account. But even in the formal economy the clarity is not necessarily much greater. There are those that are registered as being employed, but are not regularly paid, some are not even expected to show up for work; there are those that are registered as unemployed but work and earn income. In each of these categories there are grey zones where the criteria for classification tend to fail.

The other economic data give a similar treatment. Before confronting those and the perceptions that people have of them, it would be useful to get a grip on the general political reality, because this will be useful when opinions about political institutions are going to be discussed. Here, a very general classification of regimes to be found in the Southeast Europe may be in order.

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Stage of democratisation

- Countries approaching an advanced stage of democratisation:[1] Romania and Bulgaria.
- Countries in apparently sustainable process of democratisation: Croatia.
- Countries in the process of democratisation: Albania.
- Countries at the start of the process of democratisation: Yugoslavia (Serbia and Montenegro)
- Countries in political crisis (breakdown of democratisation): Macedonia.
- Countries with significant international security and political presence (quasi-protectorates): Bosnia and Herzegovina.
- Territories at the start of the process of democratisation: Montenegro.
- Territories that are *de facto* international protectorates: Kosovo.

A question may be posed as to why the level of democratisation is the most relevant criterion for classification. The reason is straightforward and, at the same time, important. The more successful European countries in transition are all stable democracies. This seems to indicate that democracy is a pre-condition for success in transition. The reason for this is twofold. One reason is that democracy offers the most transparent system of public responsibility, and transparency is clearly important in cases when far-reaching institutional changes have to be undertaken. Those changes imply large redistribution of power, wealth and opportunity, and the issue of legitimacy becomes crucial to the success of these changes. The other reason is that this is a pre-condition for EU accession, which in a number of cases has been seen as one of the main goals that the transition is set to achieve.

Clearly, democracy has been valued differently in Southeast Europe. There has been some flirtation with the post-communist parties, with various types of populism and, in some cases, with authoritarianism and even with para-military organisations. This all happened in the background of political and institutional disorganisation and, in some cases, of collapse. As a consequence the rule of law is quite weak in the whole region. This, in turn, influences the already weak level of security and opens up a lot of space for informal or outright illegal activities.

To summarise, countries in the region are burdened with quite fundamental economic problems (under-development, unemployment, poverty, corruption), are not stable democracies, are not free and market economies, and are not ruled by law. This is the reality as it can be seen through the usual instruments of research and analysis.

Perceived reality

In all the countries where the unemployment rate is high, unemployment is perceived as the main national issue.

How does the reality, as represented in figures and in the usual social research, look to the population? For instance, how important is unemployment? In most countries the population lists unemployment as the most important national problem.[2] Indeed, in all of the countries in which the unemployment rate is high or very high, unemployment is perceived as the main national issue. In countries in which the unemployment rate is not so high, unemployment is not perceived as the most serious problem. The exception is Montenegro where the unemployment rate is very high, about 27%, but where corruption is believed to be a more important national issue.

Why is this? One might expect that unemployment would not be seen as such a serious problem because of the large role that informal economy plays. This, however, is not how it works. In principle, high levels of unemployment lead to the existence of high levels of informal employment. This is why one can call the type of employment that one finds in the informal economy: involuntary employment. It is the counterpart of the so-called involuntary unemployment. If no regular job can be found, informal employment is the only available substitute, but that employment does not change the perception of the person being unemployed. Also, the availability of informal

[1] By democratisation the process of building of a democracy is meant. It is taken to include at least two or three more-or-less free and fair elections and at least one orderly change of the parties in government.

[2] The three most serious problems are unemployment, corruption and poverty in all surveyed countries and territories.

employment does not change the perception of the importance of unemployment as a policy issue. Croatia is a good example. Registered unemployment rate is now close to 24%. Labour surveys, which also take into account informal employment, give the unemployment rate as only about 15%. Still, it is not surprising that unemployment is seen as the most important national issue in Croatia, not only because it is high anyway but because it has been rising in recent years too (according to any measure).

Similar interpretation works for other countries too, because it is evident that, at unemployment rates between 30 and 40%, the level of informal employment or income generation must be quite high. Obviously, other issues may still be more important. In Montenegro, unemployment is quite high, as high as in Serbia and higher than in Croatia, for instance.

Corruption is seen as the most important national issue. One possible interpretation centres on the ambiguity of the word 'national'. In usual circumstances, the perception of the national problem is based on the perception of the problem the individual is facing. There are instances, of course, where the two are different. It is also possible that the one that is the most pressing individually is seen as being caused by the problem that has a national dimension. Clearly, in Montenegro corruption is seen as the problem that is aggravating other problems too. It may very well be the case that it is believed that one needs to bribe somebody to get employed, in which case corruption would be seen as the cause of unemployment and clearly the worse of the two.[3]

There are other factors that may influence the perception of unemployment. In some instances, unemployment is not seen as being as grave a problem as the statistical data would imply. The case in point is Serbia. There is a lot of confusion about the level of unemployment in Serbia, but there is no doubt that it is high and, more importantly, that it is potentially much higher than it is currently reported to be.

Serbia, however, is a latecomer in transition and the loss of employment due to enterprise restructuring is not something that is present in people's experience. In most other cases, it is not just the actual level of unemployment that is important, but also the expectation of the possible worsening of the situation in the labour market. That comes with transition. It is certain that the concerns with employment and unemployment are going to increase in countries like Serbia and Montenegro.

The employment issue is extremely important because it will certainly have a significant political influence in the future. It is interesting that personal fears and the national issues do not coincide in a number of cases. This has a rather straightforward interpretation. In cases where the perception of the most important personal and national problems coincide, as in Romania, Bulgaria and Croatia, it is clearly the case that some issues of personal security are not so important. This is the consequence of the importance that people attach to security. Obviously, in cases where the fears of war are high, the fear of losing the job is not as high. The same goes for political uncertainty, because it is causally connected both with the fears for one's security and with other personal calamities one might face in the future.

There are few, if any, inconsistencies between the economic reality and its perception

Important are the cases in which people see poverty as their main personal fear. This is the case with Serbia, the Bosnian Federation and Romania. In the latter case, registered unemployment is not very high, but the social prospects are quite bad. In the cases of Serbia and the Bosnian Federation, the fear of poverty can be interpreted as meaning that the situation is worse than the shear fear of losing or not finding employment would imply. It is not very easy to tell how realistic this perception is, because the data on poverty and other social indicators are not very good. Certainly, in all these cases, the official rate of poor people is higher than the rate of unemployment.

This finding about poverty does not contradict the finding that neither unemployment nor corruption is seen as the two main important national issues (with poverty being very close to them). The latter two can be seen as causes for the former. Other findings do not significantly contradict the picture

[3] This is easy to check against the data. In Montenegro, the employment in the public sector is much higher than the employment in the private sector, and it is notorious that one needs a 'connection' in order to be employed by the state.

that is arrived at from statistical data and from research findings. At least, at this level, it can be said that there are few if any inconsistencies between the reality and its perception.

POLICY BRIEF

Croatian employment and unemployment

	1995	1996	1997	1998	1999	2000	2001
Employment total, th pers., average 5)	1417.4	1329.5	1310.9	1384.8	1364.5	1341.0	1327.1
annual change in % 5)	-1.4	-6.2	-1.4	0.4	-1.5	-1.7	-1.0
Employees in industry, th pers., average 6)	349.2	315.1	319.7	308.9	299.5	291.9	283.2
annual change in % 6)	-5.2	-9.8	-6.4	-3.4	-3.0	-2.5	-3.0
Unemployed reg., th, end of period	249.1	269.3	287.1	302.7	341.7	378.5	395.1
Unemployment rate in %, end of period	15.1	15.9	17.6	18.1	20.4	22.3	23.1

Montenegro: Employment and unemployment

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Employment total, thous. pers., official		144.0	134.2	130.9	128.8	125.1	124.3	120.6	117.7	115.3	113.8	114.1
annual change in %			-6.8	-2.5	-1.6	-2.9	-0.6	-3.0	-2.4	-2.0	-1.3	0.2
Empl. in unrecorded sectors, th., estim.		66.4	75.2	86.6	80.5	81.6	90.9	87.6	79.8	84.9	88.3	89.2
Unemployed registered, thous. pers.		58.1	64.6	62.8	58.2	59.0	60.2	64.0	68.4	75.3	83.6	81.8
Unemployment rate in %		21.6	23.6	22.4	21.8	22.2	21.9	23.5	25.7	27.3	29.3	28.7

Yugoslavia: employment and unemployment[4]

	1995	1996	1997	1998	1999	2000	2001
Employment total, th pers., average 7)	2379	2367	2332	2504	2298	2238	2232
annual change in %	-1.4	-0.5	-1.5	-0.1	.	-2.6	-0.3
Employees in industry, th pers., average 8)	870.0	852.0	820.2	835.8	756.0	764.5	742.4
annual change in % 8)	-2.7	-2.1	-3.7	-1.9	.	-5.0	-3.2
Unemployed reg., th, end of period	777.0	826.8	793.8	849.4	774.0	812.4	860.5
Unemployment rate in %, end of period 9)	24.7	26.1	25.5	25.4	25.5	26.8	28

[4] The data are for Yugoslavia as a whole, but at least 90% of it is Serbia, so they are quite representative of the situation on the Serbian labour market.

Expected reality

Are the expectations realistic? Checking them against the statistical data, it seems that, in a number of cases, they are either optimistic or pessimistic. The question is, are they still rational?
Perhaps the more important case is that of Kosovo, where optimism is clearly in contrast with the reality. But this does not really mean that the citizens of Kosovo are not aware of the reality that they live in. It is difficult to check the findings of the opinion poll against the statistical data, because the latter is hardly available. Still, what data is available points in the direction of vast improvement over the situation that prevailed in, for instance, 1999. What is known about the GDP growth, about the growth of standards and about the other changes, all these data show quite significant improvements.[5] That, of course, does not change the fact that the social, political, legal and economic situation is far from being good and can be characterised as being at least difficult.

A radical improvement leads to highly optimistic expectations

The large improvement (in GDP growth, for instance, but in the political situation of the majority population even more) leads to the expectation of further speedy improvements. This is not only characteristic of Kosovo. The citizens of Serbia show similar signs of over-optimism. Again, not so much in GDP growth, which was a modest 5.5% in 2001, but in the overall political situation. This is not unusual. Dramatic changes lead to volatile expectations. Often, people generalise on the most immediate experiences and if those were of dramatic improvements, what looks like an unrealistic optimism is not surprising. The explanation can not be limited to a simple 'honeymoon phase". It is largely the accurate judgement that dramatic changes open up significant possibilities for large improvements. This is how the optimism in Serbia can be interpreted. This expectation may be proven to be disappointed, but it is not irrational to hold it because it is obviously the case that the change that just happened not only brought significant improvements but, even more, opened up the possibility for even larger improvements in the future.

It is more difficult to understand the expectations that are moderately optimistic. In a number of cases, it can already be said that they will be disappointed. Even in the cases in which they will not be disappointed, there are hardly any reasons to be optimistic at all. It is, for instance, quite difficult to see what are the bases for the moderate optimism of the Macedonians, the Montenegrins, the citizens of the Bosnian Federation, and even of Croatia. These are more instances of wishful thinking than of rational expectations.
Contrary to those that are moderately optimistic, it is not difficult to understand the moderate pessimism of Bulgarians and Romanians. It is not unusual that the public in transition economies is less than optimistic for a longer period of time than the actual slumps or the economic recessions last. In Bulgaria, for instance, the GDP has already been growing for a few years and the expectations are that the growth will continue.

The personal welfare may not have improved significantly in these years, though the average wage has been increasing in real terms, but prospects for that continuing to happen is certainly better now than it was before. That should work towards some optimism about the future. But the expectations are clearly lagging. People need extra convincing. The case of Romania is easier to understand because the rather deep recession that the economy went through there ended just a year or so before the opinion poll was taken. Assuming that expectations lag, it is not unexpected that pessimism is still persisting.

[5] The detailed data with the notes and explanations can be found in Table 2.

Kosovo: Selected Economic Indicators

	1990	1991	1992	1993	1994	1995	1997	1999	2000	2001	2002
Population, th pers.	1897	1944	1992	2040	2088	2138	2300		2000	2034	2069
Gross domestic product, USD mn, nom.	1330	1184	885	666	666	720			1396	1698	1969
annual change in % (real)	-19.8	-11.0	-25.3	-24.8	0.0	8.1				16.0	10.4
GDP/capita (USD at exchange rate)	689	601	441	326	320	340			735	880	952
Employment total, th pers., average		592.4					469.0		588.0		
annual change in %		-					-		-		
Unemployed reg., th, end of period		570.6					861.0		612.0		
Unemployment rate in %, end of period		49.1					64.7	74.0	51.0		

Bulgaria: selected economic indicators

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Gross domestic product, BGN mn, nom.	45,4	135,7	200,8	298,9	525,6	880,3	1748,7	17055,2	21577,0	22776,4	25453,6	28400
annual change in % (real)	-9,1	-11,7	-7,3	-1,5	1,8	2,9	-10,1	-7,0	3,5	2,4	5,8	5
Average gross monthly wages, BGN 2)	0,378	1,012	2,047	3,2	5,0	7,6	14,0	127,9	183,3	201,0	238,0	258,0
annual change in % (real, gross) 2)	5,3	-38,9	5,8	-8,7	-21,7	-5,5	-17,1	-16,6	20,7	6,9	7,4	0,9

Romania: selected economic indicators

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Gross domestic product, ROL bn, nom.	858	2204	6029	20036	49773	72136	108920	252926	373798	545730	800308	1154126
Annual change in % (real)	-5,6	-12,9	-8,8	1,5	3,9	7,1	3,9	-6,1	-4,8	-1,2	1,8	5,3
GDP/capita (USD at exchange rate)	1648	1244	859	1158	1323	1564	1563	1565	1872	1585	1644	1773
GDP/capita (USD at PPP - WIIW)	5670	5080	4960	5230	5570	6210	6630	6290	5980	6010	6250	6770

Trusting reality

Stable expectations are those based on trust. Many researchers have argued that trust is generally low in Southeast Europe. It is difficult to say whether that is really the case. The mistake that is usually made is to generalise on the low level of trust in a particular institution or organisation. For instance, it is often observed, and is certainly true, that in many former Yugoslavia countries there is low trust in the banking sector.[6] But this is the consequence of the fact that banks defaulted on the citizens, not because there is a low level of trust as a social capital. Irrespective of the general level of trust in any country, a failed bank elicits very little trust from its possible customers.

It is thus much more interesting to look at how people allocate their trust, rather than at the general level of trust in a particular country. The case of Kosovo stands out because the citizens show very high trust in the political institutions that either do not exist or do not formally exist. Thus, the high level of trust in the president, in the parliament and in the government, as well as in pretty much everything else is more of an indication that the hopes are high than an expression of any definite evaluation.

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Is this rational? The answer is probably yes. If the institutions are yet to be formed, it is probably rational to invest a lot of trust in them. In the same way in which a radical improvement leads to highly optimistic expectations, the radical change in the normative set-up can lead to high levels of trust in the institutions. Similar outbursts of trust in the new leaders, though not in the institutions, in Serbia is not really irrational or exuberant. In the latter case it would, however, be surprising if there were high levels of trust in the existing political institutions, because they have a very bad history.

If the cases in which there is a lack of trust are looked into, it becomes clear that there are no significant surprises here either. It is understandable that, in Macedonia, more or less all political institutions are devoid of any trust whatsoever. In a country in which these institutions have effectively collapsed, it would be as irrational to trust them as to trust a failed bank. Similarly, in Bulgaria, the lack of trust not only in political institutions but also in civil society is stunning, but it is not altogether surprising given their record during transition. Though it has to be said that the level of *anomie* that is to be found in Bulgaria is rather rare, especially because it seems to be aggravating all the time. The fact that more than 50% of the people think that their country has no direction at all is certainly disturbing.

Similarly, there is no surprise that the church and the mass -media are not among the most trusted institutions in Montenegro. It is even more understandable that security services are not in the highest possible esteem in Serbia and Montenegro, and the same is true for the courts in Bulgaria. This clearly corresponds to reality. It would take a very fine analysis to determine whether those are still trusted more than they deserve, as one might think is certainly true in the case of the army and the police both in Serbia and Montenegro.

What explains the high esteem that the church, the army and the universities elicit in some cases? This is not easy to interpret on the basis of more general principles. Still, perhaps, the following three factors may be the most influential ones: low risk of trust, symbolic value of trust, and the lack of reason not to trust.

For instance, why is there still a significant trust in the army in Serbia? The main reason is the high symbolic value of that trust. It reinforces the belief that the country has not been defeated. There is currently also low risk to trusting the army, because the likelihood of a new conflict is rather distant at the moment. These two reasons outweigh the third one, as there are clearly enough reasons not to trust the Serbian army.

The trust in the church is mostly due to the fact that nothing is risked by it. The symbolic value may be significant in some countries (Croatia, Serbia), and the reasons not to trust the church are often not strongly present in the popular perception, even if in fact there are more than enough of them.

The trust in the universities is probably the consequence of their utter irrelevance. In some cases that trust may have some symbolic value (Kosovo) and the risks are usually quite low. What the value is that people place on the universities is quite an-

[6] We know that this is true because the savings are low, especially in the old domestic banks.

other matter. The same is true for the army and the church. There is no doubt that the high level of trust is not being translated into the high contributions to their budgets. Thus, this trust is clearly quite sensitive to the costs that are associated with it.

The trust in foreigners is also not very surprising. It is easy to understand that Romania shows trust in the IMF, given that the inflation fears are high in that country. So, the IMF is more to be trusted than the local monetary authorities when it comes to lowering inflation. The overall trust in everything foreign in Kosovo is also easy to understand. Other shifts in trust are also mostly easy to understand from the respective realities and the expectations that people have.

Expecting democracy

In a number of cases in the world under transition, less than successful reforms have led to the disbelief in democracy. In Central Europe, as a rule, political satisfaction is higher than economic satisfaction. In countries like Russia or Ukraine, political dissatisfaction translates into doubts about democracy not only as it is practised, but also as a system of government in general. The political developments in Southeast Europe do not warrant the belief that democracy has had a very high value in the process of transition. Though anti-democratic forces have been strong and in some cases popular, it is difficult to say whether this was the case because of the general disbelief in democracy or because other things were thought to be more important. Still, the process of democratisation is clearly not yet finished.

Is this because people do not expect too much from it? Clearly the large number of people think that the public does not really understand what democracy is all about. There is also the widespread opinion that voting power is not decisive. The latter finding is not unusual for countries that are in a prolonged process of democratisation. The process usually starts with high hopes and expectations, here for instance represented by the high value that Kosovo puts on voting power. Then apathy settles in. This is especially the case in countries in which the elections fail to lead to changes in government. For the power of the vote to be felt it is not necessary to just have the opportunity to choose, but also the actual power to change the government.

This Popperian (power to change) approach to the value of democracy seems to be vindicated by the distrust in democracy that has developed in Macedonia. This is clearly the consequence of the practice of rigging the elections in order to prevent the change in government. It also reflects the disbelief that the problems the country is facing can be solved at the voting booth. Finally, it reflects the assessment that the democratic institutions have not really performed in the past.

In general, from what data there is about the democratic values in the region, it seems that the perceptions are consistent with the less than stellar performance of democracy in Southeast Europe. Still, it does not seem as if there are alternative political regimes that are more popular. This is somewhat surprising. Political research usually detects strong anti-democratic beliefs and values in the region. Authoritarianism and populism are clearly strong.[7] This is also to be expected because of the weakness of political institutions in the region. The region is populated with weak or failed states and those circumstances are usually very good breeding grounds for anti-democratic movements.

The future of democracy is in no way assured in South Eastern Europe

It is thus difficult to say whether people expect a lot from democracy. The fact that the majority in the region believes that democracy is the best regime, though it is clearly not perfect, probably indicates the fact that the legitimacy of the alternative regimes is not very high. But it is not the case that the future of democracy is in any way assured in Southeast Europe.

[7] Authoritarian or semi-authoritarian regimes were routed in Serbia and Croatia only a year or two ago. Authoritarian or populist or nationalist parties are still strong or very strong in practically all countries in Southeast Europe. This is clearly the reason why the process of democratisation has not been finished in all the countries in the region.

Perceiving neighbours, the region and the world

The findings on the perceptions of the neighbours, the region and the world as a whole are not surprising. Conflicts leave deep wounds. The region has little political and economic significance. The world is important as the source of money, opportunities, power and everything better. These findings support those that come out from economic and political research. Regional trade is not very important and the same goes for the economic relations in general. Political and other problems and conflicts originate from within the region and more often than not from the immediate neighbours.

It is difficult to say how forward-looking these perceptions are. In some cases not enough (Serbia, Republika Srpska) in others perhaps too much (Kosovo). But, in any case, the regional identity does not seem to have very much of a future. On the other hand, with Macedonia as an exception, it does not seem as if there are any urgent warnings that future significant conflicts are to be expected.

Beliefs and policies

This opinion polls aims at tracking the regional policy agenda. There is no doubt what the key policy issues are in this region: unemployment, corruption, poverty. The assumption is that the issues that people think are important will figure prominently on the political agenda. A cursory comparison with the policy agendas of the countries and territories in SEE shows that this is not the case. More often than not, the policy agenda in the region has very little or anything at all to do with the issues that people care about. Not to dwell on this point, as it would require a paper all by itself, it is enough to say that most of the complaints that the public makes would be consistent with the developmental agenda. At the same time, the policies that the governments in the region implement are mostly concerned with macroeconomic stability and systemic transformation, of which the latter is mostly a cover for wasteful redistribution and for corruption.

This being so, there is hardly any surprise that the government in the region have problems with legitimacy and with support.

The policy agenda in the region has very little or anything at all to do with the issues that people care about

Conclusion

If appropriately interpreted, the findings of the opinion polls do not contradict those that other types of research report. People seem to perceive the reality correctly, or the researchers seem to see the reality correctly because the local perceptions seem to confirm their findings. Expectations are more difficult to get hold of and to interpret. Some volatility is to be expected but, in many cases, the expectations are either too backward-looking or too forward-looking and, though they can be for the most part rationalised, the most that can be said is that they certainly accurately represent the still significant instability and uncertainty that people face.

On the broader issue of the picture of the individual and its relation to the institutions that emerges, the conclusion is that the institutional support is not very strong or reliable. This corresponds to the reality of the people being poor, unemployed, less then influential, and on the move if they are not stuck.

Table 1

Economic Indicators of Southeast European Countries, 2000

	ALB	B&H	BUL	CRO	MAC	ROM	YUG
Area in km2	28.750	51.130	110.910	56.540	25.710	238.390	91.296
Population, 1,000 persons	3.401	3750	8.150	4.500	2.030	22.443	8.380
GDP at exchange rate, USD mn	3.811	4.140	11.989	19.023	3.291	36.719	10.000
GDP/capita (USD at exchange rate)	1.120	1104	1.471	4.227	1.621	1.636	1.193
Unemployment registered, 1,000 persons, eop	215	415	683	379	262	1.007	812
Unemployment rate in % end of period	16,8	38.9/40.2	17,9	22,3	32,2	10,5	26,8
Av. Monthly gross wage (USD at exch. rate)	107	174	112	588	155	133	69
Consumer inflation, % per annum	0	1.2/13.6	10,3	6,2	10,6	45,7	85,6
Government balance, percent of GDP	-11	-7,2	0,7	-3,9	3,5	-3,6	-6,1
Trade balance	-814	-2.157	-1.682	-3.491	-766	-2.689	-1.988
Trade balance percent of GDP	-21,4	-52,1	-14	-12,5	-23,3	-7,3	-19,9
Current account, percent of GDP	-3,4	23,3	-5,9	-2,8	-3,4	-3,8	-13
Gross reserves excl. gold, USD mn	608	499	3.155	3.525	429	2.470	1.229
Gross foreign debt, USD mn	1.067	2.584	10.364	10.810	1.436	9.843	12.500

***Notes**:*

(1) Where two figures are given, the first refers to the Federation, the second to Republika Srpska

(2) 1999 data

(3) Calculated using 1999 population data

(4) 1998 data

(5) Net wages

(6) Consolidated government budget

(7) Central government budget

(8) Budget institutions only

Source: WIIW database incorporating national and international statistics, IMF, CBBH

Table 2

Kosovo: Selected Economic Indicators

	1990	1991	1992	1993	1994	1995	1997	1999	2000	2001	2002
Population, th pers. 3)	1897	1944	1992	2040	2088	2138	2300		2000	2034	2069
Gross domestic product, USD mn, nom. 4)	1330	1184	885	666	666	720			1396	1698	1969
annual change in % (real) 4)	-19.8	-11.0	-25.3	-24.8	0.0	8.1				16.0	10.4
GDP/capita (USD at exchange rate) 4)	689	601	441	326	320	340			735	880	952
Employment total, th pers., average 5)		592.4					469.0		588.0		
annual change in %		-					-		-		
Unemployed reg., th, end of period 5)		570.6					861.0		612.0		
Unemployment rate in %, end of period 5)		49.1					64.7	74.0	51.0		
General budget, DEM mn 6)											
Revenues									248.9	538.1	681.6
Expenditures									430.5	562.5	719.0
Deficit (-) / surplus (+)									-181.6	-24.4	-37.4
Deficit (-) / surplus (+), % GDP									-6.1	-0.7	
Consolidated budget, DEM mn 6)											
Revenues									465.6	740.9	937.2
Expenditures									511.0	858.1	1003.9
Deficit (-) / surplus (+)									-45.4	-117.2	-66.7
Deficit (-) / surplus (+), % GDP									-1.5	-3.2	-1.6
Current account, USD mn 6)									2.8	-60.4	
% of GDP									0.2	-3.6	
Exports, merchandise, USD mn 7)	171.0								10	20	
annual change in %									-	98.6	
Imports, merchandise, USD mn 7)	191.0								1140	1314	
annual change in %									-	15.2	
Trade balance, USD mn 7)	-20								-1130	-1294	
% of GDP	-1.5								-81.0	-76.2	
Average exchange rate DEM/USD 8)	1.6161	1.6612	1.5595	1.6544	1.6218	####	1.7348	1.8351	2.1176	2.1838	2.1838

Notes:
1) Preliminary
2) Projections.
3) RIINVEST data and estimations
4) Until 1995 RIINVEST, for 2000 and 2001 IMF, 2002 WIIW forecast
5) RIINVEST
6) IMF
7) for 1990 RIINVEST, for 2000 and 2001 IMF
8) Deutsche Bundesbank

Source: WIIW forecasts; IMF; RIINVEST; DBB.

Table 3

Montenegro: Selected Economic Indicators

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Population, th pers., mid-year		616.6	624.0	631.9	635.3	638.6	642.9	646.7	650.6	654.5	658.5	662.5
Gross domestic product, YUM mn, nom.	1778	3490	270819	.	1021	1916	3992	5209	7604	12920	34200	47762
annual change in % (real)		-10.8	-23.5	-36.5	1.6	14.1	27.7	6.6	5.9	-9.3		
Gross industrial production												
annual change in % (real)		-13.2	-19.9	-34.0	-8.3	-2.6	52.0	1.3	-0.3	-7.9	11.6	-1.0
Transport activity [2)]												
annual change in % (real)		3.5	-24.1	-40.7	-38.4	3.1	118.2	-15.5	2.0	-19.2	13.3	
Employment total, thous. pers., official		144.0	134.2	130.9	128.8	125.1	124.3	120.6	117.7	115.3	113.8	114.1
annual change in %			-6.8	-2.5	-1.6	-2.9	-0.6	-3.0	-2.4	-2.0	-1.3	0.2
Empl. in unrecorded sectors, th., estim.		66.4	75.2	86.6	80.5	81.6	90.9	87.6	79.8	84.9	88.3	89.2
Unemployed registered, thous. pers.		58.1	64.6	62.8	58.2	59.0	60.2	64.0	68.4	75.3	83.6	81.8
Unemployment rate in %		21.6	23.6	22.4	21.8	22.2	21.9	23.5	25.7	27.3	29.3	28.7
Average disposable wage, YUM					138.6	307.0	659.3	878.9	1227.7	1932.1	4945.8	6337.9
Average disposable wage, DEM [3)]					108.3	126.5	187.8	225.7	194.2	152.0	188.0	208.3
Consumer prices, % p.a., annual aver.						171.0	47.2	18.0	44.8	146.0	22.5	13.1
Producer prices in industry, % p.a.						97.0	88.8	28.2	28.9	63.6		
General government budget, DEM mn												
Total revenues						205.6	314.9	513.4	387.1	292.8	347.5	412.8
Total expenditures						202.2	306.7	497.4	369.9	301.6	457.2	497.6
Budget excl. extrabudgetary funds, net						3.4	8.2	16.0	17.2	-8.8	-109.7	-84.8
Extrabudgetary funds, net [4)]						-36.9	-55.2	-41.4	-44.7	-14.9	8.8	-4.5
Budget incl. extrabudgetary funds, net [4)]						-33.5	-47.0	-25.4	-27.5	-23.7	-100.9	-89.3
Exports of goods, USD mn [5)]	259	158	106	146	73	70	94	140	129	123	243	194
Imports of goods, USD mn [5)]	221	190	185	159	79	123	259	301	335	303	430	545
Trade balance, USD mn [5)]	38	-33	-79	-13	-6	-54	-164	-161	-206	-180	-187	-351
Current account, USD mn [5)]	165	-17	-70	-14	7	-47	-89	-60	-84	-75	76	-162
Street exchange rate YUM/DEM [6)]					1.2798	2.4269	3.5106	3.8941	6.3218	12.7112	26.308	30.4
Average exchange rate DEM/USD [7)]	1.6161	1.6612	1.5595	1.6544	1.6218	1.4338	1.5037	1.7348	1.7592	1.8351	2.1176	2.1838

***Notes**:*
1) WIIW estimates.
2) Railway, public transport, road, air, sea, and port activity aggregated using value weights of transport output structure in 1997.
3) Converted at the street exchange rate.
4) Extrabudgetatry Funds for 2000: Pension and Health Funds, excl. Employment and Development Funds.
5) As of 2000 including trade with Serbia (according to Yugoslav Statistical Office, trade in 2000, excluding Serbia, in USD mn: Exports 161, Imports 355).
6) As of 2001 official exchange rate.
7) Deutsche Bundesbank.

Source: Montenegro Economic Trends