

INTRODUCTORY NOTES

In this book we offer the papers presented at the 11th International Conference of the ASECU – the *Association of Economic Universities of South and Eastern Europe and the Black Sea Region*. First of all, let me remind and/or inform our readers about some facts regarding our Association. It was established in 1996 upon an initiative taken by Prof. Yanis Tsekouras, the Rector of the University of Macedonia in Thessaloniki at that time. After many efforts and endeavours that we could recognise now as a set of preparatory activities, the leading personalities of 24 universities or faculties from Albania, Bosnia and Herzegovina, Bulgaria, Former Yugoslav Republic of Macedonia, Greece, Romania and Yugoslavia as then was called but actually – Serbia and Montenegro, gathered at the founding meeting and established the first frame of the ASECU.

However, during the meeting it was decided that the Association should be open to other countries from the region and from the neighbourhood, which was a brave yet visionary decision. Today, our Association, the ASECU, consists of 51 member universities, schools and research centres, from Albania, Armenia, Bosnia-Herzegovina, Bulgaria, Former Yugoslav Republic of Macedonia, Greece, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Turkey, Ukraine and 4 associated members from Egypt and Lebanon forming an important network of higher educational institutions in Economics and related fields of study.

For all these reasons it is particularly important to point out that our 11th conference takes place in Poland, well beyond the initial borders of the ASECU. Moreover, we shall have today several participants from the countries where we did not have our member schools, which put in front of us an important task to further enlarge the scope of our activity. It is also remarkable that we have organised our conference in the ancient city of Krakow, which is broadly renowned for its long and excellent university tradition, but also at the Krakow University of Economics in the year of its 90th anniversary. Bearing in mind a relatively short history of Economics as a separate scientific discipline this is indeed a jubilee of an undoubted importance for any higher educational institution in Economics.

The ASECU Conferences, established as a biannual events but after a while evolving into a yearly gathering, were organised in 11 different cities actively involving in that way a large group of our members. They are one of the three main channels in realising principal aims of our

Association directed to ease and promote cooperation between Economic Universities, Faculties, Departments, and Scientific Research centres and to provide members with the opportunity to exchange information, opinions etc.

The second important channel of our academic communications is our journal, the South-Eastern Europe Journal of Economics (SEEJE), which is offering opportunities for publishing research results of our members and is particularly open to younger researchers and their results.

Finally, our third channel in promoting cooperation are summer schools and students' research conferences, an activity known as the ASECU youth that is developing already for five consecutive years; in 2014 the summer school was organised also in Poland, actually in Rzeszów and this year event took place in my country, in Belgrade, several months ago.

When summarising all these facts it is easy to realise that all principal aims as well as means of cooperation within the ASECU are of an academic nature, which is definitely the most appropriate and expected way in which an association that gather scientific, educational and research institutions should act. In this doing this we can mostly contribute to the goals connected with the benefit of the economy, the society, peace and the cultural development of the countries referred to the Association – as stipulated in our Statute.

Let me say now a few words concerning the topic of our conference and of this book. In the time of crises the issue of economic development is weighed up with an exceptional carefulness. Any sign of recovery raises certain amount of optimism sometimes even despite its just temporary effects. It was remarkable how loudly it was declared recently that there was a positive growth rate of 0.2 percent in the Euro area. Even that little shift upwards brings about some smiley faces regardless of the fact that it follows a considerable previous fall in economic activity.

There is no doubt that four magic terms seen as the foundation for economic development from the title of our conference – openness, innovation, efficiency and democratisation – play a major part in achieving any sustainable progress and growth. Indeed, innovation raises efficiency, efficiency opens doors of world markets, openness extends the scene where firms may play and in turn raises efficiency while democratisation should provide and protect stable institutions and a development supportive institutional environment. But the principal question is how economies can obtain, develop and combine all these four factors of their long lasting progress.

Unfortunately, we may witness that economists differ in understanding what policies could bring all these preconditions together and whether any policy at all is necessary to hold up economic development in an optimal way. We still have not reached a definite answer; is it a simple play of market forces or something more should be done for broader development effects. Is it enough to just open a national market and democratise political life to obtain fruits of innovation and increase efficiency? Let me be a bit provocative in these first pages of our book: in my view, the two recent events – economic transition and global recession – have shown that there are many more layers that have to be taken into account when designing policies for sound and sustainable development rather than just allowing markets to act as has been thought in recent times.

For example, it was expected that market led FDI inflows should be sufficient for fostering local export industries and for introducing a broad scale of innovation through the so-called spill over effects. However, the evidence and experience from many transition economies demonstrate that fulfilment of these expectations was pretty narrow. It appeared that with no local industrial policy FDI will be directed to conquering local markets rather than to opening of new markets for local exports. Moreover, they will commonly bring their old and known suppliers, retain the most innovative practices, and even keep R&D departments in their countries of origin rather than include local firms in businesses or develop new technology in the countries they are coming to invest.

Similarly, at the eve of global recession, it was thought that austerity measures should be a correct exit path from crisis granting a balanced economy that would be able to progress on its own in the future. Although there are economists that still believe in that story it became clear that austerity measures themselves, could be only an instrument – yet a myopic one in character – for securing debt payments to the lenders. Getting out from troubles by means of economic development and growth seems to be an issue that is left to the borrower-countries to resolve it somehow on their own – by using scratches that will remain after all imposed austerity exercises.

There are many other questions that could raise some quandaries when we speak about efficiency, institutions, world trade etc. Why so many analysts propose, at least in recent times, that efficiency upgrading and new investors attracting could be reached predominantly by diminishing of workers rights in terms of less secure jobs, lower wages, so-called flexible labour markets or by decreasing social benefits previously recognised as the European social model?

Will total efficiency truly be higher if education for example, becomes directed towards skills only putting aside disciplines like history, arts, social sciences, philosophy and even mathematics as nowadays it suggests a very modern and vivid discussion that takes place in America? Is it realistically to expect that history could be rushed up by enforcing certain political options in order to achieve a more democratic society and whether that kind of social engineering could lead to efficient economies? At least in this part of the world we had some experience with such forced ways of bringing happiness that produced decades of economic delay while today's similar examples are noticeable by long lines of migrants all over Europe.

All these provocative examples only show how serious and important task we have in analysing topics that should be the essence of this book. While drawing attention to some misinterpretations I wanted firstly, to incite a debate but also to show why we economists are sometimes presented in a pejorative manner. During this year's summer school in Belgrade I have warned our young colleagues about a joke regarding economists. People say that we are special experts who will know tomorrow why the things we predicted yesterday didn't happen today.

Indeed, this has somewhat to do with a number of our attitudes and ideas. But as time passes we have been learning the lesson. Let us hope that contributions found in this book could make even a modest step forward in a better understanding of the world around us and its economic side of life.

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