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EDITORIAL

Number 2 Volume 14 of the *Economic Horizons* scientific journal has a thematic character. It encompasses the double-blind reviewed, revised versions of the manuscripts preliminarily presented at the Scientific Meeting: The Institutional Changes as a Determinant of the Serbian Economy Development in 2012, which was organized by the Faculty of Economics, University of Kragujevac, and the Association of Economists of Serbia, and held at the Faculty on the 6th April 2012. The important theoretical, methodological and applicative issues and problems of the complex, dynamic, ambiguous and interactive relationships between the developed/underdeveloped institutional framework and the successful/unsuccessful functioning of the economy, with a particular focus on the implications on the Serbian economy, are identified and explored in the two original scientific and four review papers in detail and critically. The insights and findings acquired by the authors of these published papers through their own research processes can represent a scientifically grounded and practically useful basis for making creative decisions in the respective spheres of the economic policy. Also, the different issues that can be relevant for a future theoretically-methodologically valid, socially responsible and practically effective research have been highlighted.

As one of the key elements of social capital, confidence, especially institutional confidence, can be considered as a significant institutional determinant of the economic success. Starting from a precise conceptual determination of confidence and related concepts, *Vlastimir Lekovic* identifies the roles of confidence in the economy and the society, singles out and discusses

the main types of confidence, explores the complex and multifaceted aspects of the interactive relationship between institutional confidence and the economic success. Also, the role of confidence - as a stimulating institutional factor in a more successful conducting of the economic activity in the circumstances in which economic agents are faced with asymmetric information, incomplete contracts, an underdeveloped institutional framework, *per se* uncertain future - is critically reviewed.

The economic principle that an economic growth is not possible without continuous structural changes is once again confirmed in the global recession. Relying on the identified important relationships between economic growth and macroeconomic imbalances, *Edvard Jakopin* explores in detail the development gap of Serbia, the key structural imbalances, the sectoral reallocation of the growth factors, the post-crisis structural transformations. Taking into account the overall results of the conducted research, it is concluded that economic policy-makers in a new model of the economic growth of Serbia should give a central role to structural changes in the economy and productivity growth that will be based on a reallocation element, and that, in the medium term, the greatest accountability lies on industrial policies.

Relying on the introductory considerations of the recent fiscal and debit positions in the six countries of South-Eastern Europe – namely Serbia, Croatia, Bosnia and Herzegovina, Montenegro, Macedonia and Albania – with a particular focus on Serbia, *Ljubinka Joksimovic* identifies and researches into the main institutional and political factors that can provide credibility to the consolidation efforts and support commitment to financial sustainability. Based on the evaluation of the effectiveness of the key instruments of the fiscal framework – the fiscal rules, fiscal

councils, the medium-term budget framework, and the budget procedures – the necessity of their appropriate improvement in order to contribute to the reduction of the fiscal deficits and public debts is indicated therein. Also, it is pointed out that fiscal consolidation can be underpinned by respective binding instruments only by means of the permanent political will to consolidate.

Dealing with the methods of measuring competitiveness and particularly with the Global Competitiveness Index (GCI), by which the competitiveness of the countries in the global frameworks can be ranked, *Ljiljana Maksimovic* explores the problems with transition, i.e. privatization, macroeconomic stabilization and economic restructuring, as the main causes of the non-competitiveness of the Serbian economy. The hypothesis that the macroeconomic performances of the national economies are in a positive correlation with their global competitiveness index has been confirmed on the examples of Serbia, Croatia, Slovenia and Slovakia. Also, the hypothesis that the unfavourable macroeconomic performances of the Serbian economy and a bad ranking in relation to the GCI are a resultant of the respective systemic constraints has been proved.

Observing the demographic trends as a relevant determinant of the economies' competitiveness in the coming period, *Slavica Manic* and *Dragan Azdejkovic* explore the key specificities of the demographic transition. In addition to the consideration of the demographic trends' dynamics in Europe, possible improvements in the educational sphere, adjustments on the labor market and in the pension system and the shift in the retirement age have been researched as the main non-demographic solutions to mitigate the negative consequences of the age-structural transition. By using descriptive statistics, the specificities of the

demo-economic transition in Serbia have particularly been analyzed, and its potentially problematic effects on the sustainable competitiveness of the Serbian economy have critically been evaluated.

The success of the implementation of the competition protection policy implies an appropriate normative regulation. Upon identifying the key aspects of the relationships between competitiveness and economic efficiency, *Boban Stojanovic*, *Vladimir Radivojevic* and *Tanja Stanisic* reexamine the results of the competition protection policy in Serbia in comparison with the ones in Bosnia and Herzegovina, Croatia, Montenegro and Macedonia. Also, the institutional and administrative capacity for implementing the competition protection policy in Serbia is explored. It is concluded that the institutions have to provide that the competition protection policy are in function of the protection of competition, not competitors.

The current issue of the Journal contains a book review: Balaam, D. N., & Veseth, M. (Eds.). (2008). *Introduction to International Political Economy*. New Jersey, NJ: Pearson Education, Inc., written by *Milka Grbic*.

On behalf of the Editorial Board and my own behalf, I would like to thank, first of all, the authors of the papers published in this Issue. At the same time, we owe special gratitude to the reviewers for their efforts and constructive comments and guidelines for the authors of the submitted manuscripts.

Last but not least, from Number 2, Volume 14 (Number 1, Volume 14 was included retroactively), all contributions published in the Journal are automatically transferred to the SC Index and other bases supportive of the international protocols for data transfer, and the Digital Object Identifier (DOI) is assigned to each of them enabling the greater visibility and accessibility of the papers published in the Journal (*CrossRef*).

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