

Summary

The recurring question of why some countries are more successful than others in fostering their economic development involves several dimensions and comprises different aspects of impacts produced by the enterprise culture and entrepreneurship on one hand, and the government's industrial policy on the other. Industrial policies differ between countries with regard to the aims they pursue and the measures and instruments they apply. The results they achieve also vary. The question of why the industrial policies of some countries are successful in fostering their economic development while others are not remains largely unaccounted for in economics. The OECD and the European Union have attempted to explain these differences through the quality of public financing – the structure of tax revenues and budgetary expenditure, whereby governments control economic flows and reallocate the collected revenues. Specialists have not been paying much attention to the appropriateness of the financial measures classified as state aid, which by and large correspond to selective industrial policy measures. The reason for this is not that economists are unaware of the direct interrelation between these measures and economic growth, but that they do not have the necessary data available to make the relevant analyses.

The existing inventory of state aids in Slovenia contains a relatively extensive collection of data on industrial policy measures classified by aims, programmes, purposes, instruments and aid beneficiaries. Using the available data, we consider the aims that Slovenian industrial policy has been pursuing through its financial instruments, the structure of existing aid programmes and the intended aid beneficiaries.

On the basis of data available from regular annual reports on state aids covering the 1997-2003 period in Slovenia and data from the state aid inventory (analysed separately for the 2001-2003 period), we find that Slovenian industrial policy has hitherto supported aims that are inconsistent with the aims defined as priorities in the Strategy for the Economic Development of Slovenia. Most financial measures classified as state aids, especially those applied after 2000, were directed to agriculture and other aims that do not stimulate accelerated economic growth and structural change. 75% of total state aids allocated to manufacturing industries were given to enterprises classified in the category of technologically poorly developed industries. Enterprises from this group, employing as many as 40% of people working in manufacturing, generally failed to reorient themselves to foreign markets and restructure their programmes and technologies in the past, hence the number of people employed in these industries is falling rapidly. This clearly shows that Slovenian industrial policy with its available financial measures is still addressing the acute and potential social problems instead of promoting economic growth and development.

Compared to previous years, 2003 saw some positive shifts in the developmental orientation of industrial policy's financial measures, which were most tangibly manifested in aids to research and development. The observed positive changes were much too small, however, especially given the proposed developmental aim according to which Slovenia should exceed the average development level of the EU-25 in the next ten years.

Key words: industrial policy, state aid, economic growth and development