

Lojze Sočan. *Pot v gospodarsko razvitost: Problemi dolgoročne razvojne usmeritve Slovenije*. Ljubljana: Delavska enotnost, 1978. 304 pp.

This book is an important contribution to the relatively young but extensive literature on Slovene economics. Focusing as it does on the long-range outlook for the economy of Slovenia, it is originally conceived, analytically incisive, and full of relevant policy implications.

After examining the determinants of contemporary economic growth in a broad geographical context, the author gradually narrows the scope of his investigation to the role of Slovenia within the Yugoslav federation. His empirical approach consists in identifying high and low-growth industries and in showing that it is the former which dominate the structure of developed economies. Moreover, in examining the input composition of individual industries, Sočan finds that high-growth industries are technology intensive, while low-growth industries--typical of developing countries--are labor intensive.

In countries which rely on sophisticated technology for both their internal growth as well as for the growth of their foreign earnings, endowment with technology-generating resources is not the result of market forces; rather, it stems from policies designed to stimulate the technology-generating potential. By investigating such policies the author has produced a remarkable chapter on comparative structural change, including the growth policies of such "unplanned economies" as are those of Japan, West Germany and Switzerland.

As regards Slovenia, Sočan's assessment is sobering. He views with concern the excessive reliance on established, mostly labor-intensive industries. The problem is not as severe in the rest of Yugoslavia as it is in Slovenia, where manufacturing industries account for a larger relative share of employment. For this reason the per capita income is higher. However, to the casual observer this performance measure conceals the fact that the productivity in manufacturing is lower in Slovenia than in the other republics. Antiquated equipment, a high proportion of unskilled labor (53 percent) and a low proportion of persons with higher education (3 percent) are all responsible for this. The share of university-trained personnel is unlikely to increase in the immediate future because university enrollment in such fields as engineering is declining and because an increasing share of personnel with higher education is being drawn into "unproductive"

activities, such as administration. New technology is in the main imported through licensing arrangements, while domestic research and development as measured by new patents is woefully inadequate. Moreover, the rate of exploitation of domestic patents is low.

The devaluation of the dinar in the mid-sixties had a stimulating effect upon the exports of the labor-intensive industries, and so did tariff protection. While not condemning protectionist policies outright, Sočan suggests that such policies be highly selective, reflecting clearly defined developmental goals and objectives. It is precisely the lack of a consistent developmental strategy which had led to extensive growth, preventing Yugoslavia from dealing effectively with inflation. And, even though extensive growth can be viewed as employment-creating in the short run, it does not represent a solution to the problem of unemployment in the long run. This is because capital formation cannot be brought to a level at which full employment, price stability and external balance are maintained simultaneously unless productivity is increased through improvements in the quality of output and the employment of sophisticated technology.

Presently its declining international competitiveness poses a real threat to the Slovene economy. The situation is explainable by the rising costs of principal inputs, i.e., imported raw materials and labor. If the present structure, dominated by labor-intensive production, is retained, both Slovenia and Yugoslavia will soon become indistinguishable from the multitude of developing countries.

The answer lies in the restructuring of the Slovene economy, so that advanced, specialized products can ultimately be offered in world markets. However, Sočan feels that such restructuring would be connected with large financial sacrifices unless it were accompanied by investment into the country's own research and development. He specifies the underlying strategy for such investment by analyzing individual branches of the rather diversified Slovene economy, and by suggesting product lines which appear most promising as a basis for specialization. In addition he discusses specific educational and research-development policies, selective credit and tax policies, export policies, and the establishment of a development bank.

Several characteristics which differentiate Slovenia from the other parts of Yugoslavia help to explain why Slovenia

should be in the forefront of efforts aimed at restructuring the Yugoslav economy. First, full employment within Slovenia makes the transition to technology-intensive production not only feasible, but necessary as well. Second, because of a lack of her own natural resources Slovenia must rely on the quality of her labor and on technological know-how. Moreover, of all the Yugoslav republics, Slovenia has come closest to those general economic and social conditions (per capita income, productive capacity, work discipline, and the technological and developmental base) which permit a qualitative restructuring. She thus represents a realistic base from which modern growth could spread to all of Yugoslavia.

Sočan's book abounds in statistical data as well as in various qualitative observations drawn from the Slovene and Yugoslav experience. The author refers to very recent literature and technical papers in the field, materials which have been collected during his research at such centers as the OECD Development Center, the European Economic Commission, Institut für Weltwirtschaft, and the Development Center of Japan. All in all, the study merits the attention of academic economists and practitioners alike.

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Jože Stabéj. *Kruh ubogih: Kulturnozgodovinski in jezikovni začetki zgodovine krompirja na Slovenskem*. Ljubljana: Slovenska Akademija znanosti in umetnosti, 1977. 96 pp. + German summary.

This is a rather interesting work not only because of its somewhat unusual subject matter (the history of the potato in Slovenia), but also and especially because of its presentation of that subject in a readable yet scholarly way, with extensive and thorough documentation.

Potatoes were brought to Europe (Spain) from America about 1555, and to Slovenia in the 1730's. The first written account about potatoes in Slovenia is from 1767. Stabéj has collected some 135 different forms of the word for 'potato' in Slovene. About half of these are really different spelling variants of the same word. Nevertheless, the 'potato lexicon' is very large. If we take a 'structural look' at these 135 lexical forms we see that some 89 of them are simplex lexemes,