

Preface

The developments in Europe and in the world are rapid. The global financial crisis has led the economies into deep recession, exaggerated the problems of employment in the job market, limited the investments and pointed out the dangers that uncontrolled expansion of the credit system over real economy bears. The collapse of banks and financial organizations, the widening of economic and social inequalities and generally the weakening of the growth rates of the economies are some of the consequences of the global financial recession.

In Europe, the results of the crisis have led to serious problems in the European Union (EU) and especially in the peripheral countries. The developments therein have shown the main issue to be the debt problem in countries such as Greece, Ireland, Portugal and Spain and the difficulties of refinancing. This issue has led to a lively debate in the EU over the formation of institutions and policies that make the economic policies of member states more flexible and effective and, at the same time, offer the opportunity for the EU to coordinate the national policies at the EU level.

The developments at the European and global levels are sure to have an effect on the economies of the Balkan and Black Sea countries. The global financial crisis has caused a recession in economic activities, has limited the flow of foreign funds in the wider region, has created serious problems in each country's job market and has decreased the incomes and the living standards of the citizens. Furthermore, the financial character of the crisis has created conditions of economic instability, has caused problems in national budgets and made the countries with limited exporting orientation vulnerable. Finally, the foreign businesses that are working in this area have postponed investment plans and, in addition to limited funding for the banking sector, have slowed down the growth rates of the economies.

At the same time, however, the countries of the region constitute undoubtedly a very promising financial area with many possibilities for development. Specifically, the Black Sea and South-eastern European regions are an important reference point for investors and exporters, especially European ones, as the population in these regions increases rapidly and their oil and natural gas reserves make them enormously appealing. The needs for development and expansion of infrastructure, investments in new technologies, energy, environment, waste and water management

as well as investments in the health sector are common for all countries. It is interesting that according to some views, the economic area covering the Balkans and the Black Sea can become as significant as that of China and India, while much is said about “Europe’s tigers”.

The third International Scientific Conference, “The Economies of Balkan and Eastern Europe Countries in the changed world” (EBEEC 2011), which was co-organized by the Department of Accountancy of the Kavala Institute of Technology, Greece, and the Faculty of Economic Sciences of the University of Pitesti, Romania, took place in May 2011 in Pitesti, Romania, and introduced the issue of economic developments in Eastern Europe, Balkan and Black Sea countries. There was a discussion of the past, present and future economic issues regarding the region as well as an in-depth analysis of the aspects and domains of the countries’ economies; policy suggestions were also made concerning the achievement of 80 remarkable growth and improvement in the residents’ standard of living.

The papers in this volume are contributions of the suggestions made by some scientists who participated in the conference mentioned above.

In Part I, Joel I. Deichmann analyses the origins of FDI in the Republic of Croatia and records the important factors that have facilitated FDI during Croatia’s transition period. The factors that affect the attraction of foreign investments are revealed, and an expanded gravity model is used in order to conclude to important policy implications. The results show that Croatia fits into the typical transition economy scenario, favouring follow-the-leader firms from nearby (especially EU) origins.

The chapter of Eftychia Tsanana, Constantinos Katrakilidis and Panagiotis Pantelidis focuses on the convergence of the Balkan economies with the EU-15 average over the period 1989–2009. With the use of an econometric model, the existence of dissimilarities among the examined Balkan economies in the process to catch up with the EU-15 is pointed out. The results support income convergence with the EU-15 only for Greece and Slovenia.

George D. Borovas refers to the economic relations between two countries of the Center and Western Balkans, especially those of FYROM and Bosnia-Herzegovina, and he also analyses interesting social and economical aspects of these relations. Emphasis is laid on the phenomenon of “Yugonostalgia”, in order to interpret the relations of the past, the present and the future.

Özcan Karahan and Olcay Çolak analyse the effect of inflation target policy on inflation uncertainty in Turkey. For this purpose, they use a GARCH model. The results show that inflation target policy is a strategy to illuminate the inflation uncertainty.

Georgios Makris and Konstantinos Filippidis study the role of fiscal policy under the framework of the Stability and Growth Pact (SGP) in Economic and Monetary Union (EMU), taking into consideration the financial crisis in Europe and especially the high deficits. Under this framework, they argue on the point that the macroeconomic and financial imbalances can be dealt with a flexible labour market.

In Part II, Felix-Constantin Burcea, Victor Balau, Cristina Baldan, Tiberiu-Cristian Avramescu and Emilia Ungureanu refer to the role of the central banks; especially to the role in correcting imbalances in the economy and in creating

grounds for vi Introductory Note durable economic performance. Using the case of the Romanian central bank, the authors deduce that the Romanian National Bank's momentary policy, inflation policy and change rate policy play a very important role in macroeconomic and monetary stabilization.

In the paper of Eftychia Nikolaidou and Sofoklis D. Vogiazas, the determinants of credit risk in the Romanian banking system over the period 2001–2010 are investigated by applying the autoregressive distributed lag (ARDL) approach to cointegration. The empirical results indicate that bank-specific factors as well as macroeconomic activity factors have a significant impact on Romania's credit risk, both in the short and in the long run. Furthermore, the findings strongly support the hypothesis that the Greek crisis has a significant impact on Romanian non-performing loans.

In Part III, Alexiadis Stilianos, Ladias Christos and Milionis Sotirios investigate the extent of cohesion amongst European regions in the light of the current policy dilemma of "cohesion-competitiveness". They take into account the notion of knowledge-based economy in a model of regional growth. The model suggests possible ways to overcome the "development gap", identifying certain areas of policy intervention.

Fotios Chatzitheodoridis, Anastasios Michailidis, Georgios Theodosiou and Efstratios Loizou investigate the role and importance of local cooperation for endogenous rural development. By using a two-step clustering analysis, the authors investigate the relation between social characteristics and willingness to adopt endogenous development.

Lambros Tsourgiannis, Anastasios Karasavoglou and Michael Nikolaidis explore consumer buying behaviour towards organic food in the region of East Macedonia and Thrace in Greece. With the use of proper tools (principal component analysis, cluster techniques, discriminate analysis), they find interesting correlations between the factors that affect consumer buying behaviour, such as personal consumer characteristics and preference for consumption of organic wine.

Kateryna Kononova indicates the composite Information and Communication Technology's Development Index (IDI) and analyses the growth in relation with the progress of Information and Communication Technology's (ICT's) use in developed countries. It is indicated that national strategies can facilitate the introduction of ICT in Ukraine, Belarus and Moldova and contribute to the intensification of their transition to information society.

We would like to thank all the participants of the conference EBEEC 2011 held in Pitesti, Romania, and especially the authors of this volume. We are indebted to the Kavala Institute of Technology and especially to the Department of Accountancy for offering valuable support for the realization of this conference. Also, we would like to thank Dr. Theodosios Theodosiou, Dr. Ioannis Kazanidis and Ph.D. candidate Dimitrios Chatzoudes. Finally, we express our sincere gratitude to Fotini Perdiki for editing the volume.

Kavala
February 2012

Professor Anastasios
G. Karasavoglou
Dr. Persefoni Polychronidou

Balkan and Eastern European Countries in the Midst of
the Global Economic Crisis

Karasawoglou, A.; Polychronidou, P. (Eds.)

2013, X, 174 p., Hardcover

ISBN: 978-3-7908-2872-6

A product of Physica-Verlag Heidelberg