

ECONOMIC CHALLENGES THAT SMALL OPEN ECONOMIES“ ARE (NOT) ALLOWED TO AND CAN (NOT) SOLVE

-Why Bosnia and Herzegovina can (not) answer-

ЕКОНОМСКИ ИЗАЗОВИ КОЈЕ МАЛЕ ОТВОРЕНЕ ЕКОНОМИЈЕ
“ (НЕ)СМИЈУ“ И (НЕ)МОГУ РЈЕШАВАТИ
-Зашто Босна и Херцеговина (не)може одговорити-

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Abstract: *The modern world is a complicated paradigm of influence and struggle for interests, with the fact that the possibilities of winning positions have diversified and increased in a sophisticated way!?. Military, economic and political scenarios and penetration projects are integrated with the aim of gaining dominance in the market, especially in the market of having modern technologies, strategic raw materials and resources. "Exporting ideology" has become the doctrinal and governing credo of the supremacy of the capitalist mode of production and the methodological framework for the operationalization of globalization as the "perfect model" of international economic relations!?. Globalization, based on the philosophy of liberalism, cannot consistently function and solve problems because theoretically, the issue of competition, equal rights for all, as well as the issue of subsidies and risk insurance, and the problems of the "natural lottery" have not been satisfactorily resolved!?. Contemporary philosophical, political and economic thinking is faced with intriguing conundrums in the domain of formulating answers to the following areas and generated questions: 1. Current position and perspectives of globalization; 2. National economies and international economic order; 3. Sovereignty - security – economy; 4. Classical*

dichotomy commodity-monetary sector; 5. Economic crises. In all of this, the position of Bosnia and Herzegovina, which is "struggling frantically" to be "its own", "European" and "sovereign", is a special challenge in the current circumstances of institutional and management deformations and incompleteness, in which everyone is continuously against the positions for which a certain political segment advocates, and vice versa!?. On the other hand, history teaches us that the vices and whims of the big have always been paid for by the small!?!?!?

Key words: globalization, national economy, institutional setting, sovereignty, international economic relations

Апстракт: *Савремени свијет је компликована парадигма утицаја и борбе за интересе с тим да су се могућности освајања позиција софистицирано диверзификовале и увећале!?. Војни, економски и политички сценарији и пројекти пенетрације су интегрисани с циљем освајања доминације на тржишту, посебно на тржишту располагања савременим технологијама, стратешким сировинама и ресурсима. „Извоз идеологије“ је постао доктринарни и управљачки кредо супремације капиталистичког начина производње и*

методолошки оквир за операционализацију глобализације као „савршеног модела“ међународних економских односа!? Глобализација, заснована на филозофији либерализма не може конзистентно да функционише и рјешава проблеме јер теоријски није на задовољавајући начин ријешено питање конкуренције, једнаких права за све, као и питања субвенција и осигурања од ризика, те проблеми „природне лутрије“!? Савремено филозофско, политичко и економско промишљање се суочава са интригантним недоумицама у домену формулисања одговора на следећа питања и генерисана питања: 1. Актуелна позиција и перспективе глобализације; 2. Националне економије и међународни економски поредак; 3. Суверенитет – безбједност – економија; 4. Класична дихотомија робни-монетарни сектор; 5. Економске кризе. У свему овој позиција Босне и Херцеговине, која се „грчевито бори“ да буде „своја“, „европска“ и „суверена“, је посебан изазов у актуелним околностима институционалних и управљачких деформација и недовршености, у којима су сви континуелно против ставова за које се одређени политички сегмент залаже, и обрнуто!? С друге стране, историја нас учи да су обијест и хирове великих увијек плаћали мали!?!?!

Кључне ријечи: глобализација, национална економија, институционални сетинг, суверенитет, међународни економски односи

JEL classification: A11, A12, D81, D82, E41, E42, F33, F43

1. INTRODUCTION

In modern conditions, some of the richest countries in the world have organized political, economic and military alliances with the aim of affirming the advantages of an open market, freedom of movement of labor, goods, capital, innovation and technology, and with the ambition to continuously strengthen the concept institutionally through formal and informal alliances in to the interest of key actors who prefer competent and cheap labor, the most propulsive technologies and innovations, abundant capital and the removal of barriers to access to targeted markets!?!?

If you want progress, success and the realization of your dream, the key question is how to create, formulate and implement ideas, concepts and policies when everything is known, given, set and difficult to change without restrictions and sanctions.

By the way, one of the most important questions of the theory and philosophy of liberalism for which we do not have an effective answer and risk protection mechanisms that arise due to unequal starting conditions in the competition process, is precisely the fact that it is actually impossible to reach equal (or approximately equal) conditions due to the natural lottery and the fact that some actors were born in a rich country and some in a poor country!?

Due to the absence of systemic solutions established on stable and sustainable theoretical propositions about freedom (competition) and equal rights for all, the world is being formatted into a wanton majority of the richest and strongest, which results in unscrupulous exploitation and an increase in the gap between the rich and the poor!?

Effective answers are not easy to find because of the prevailing prejudice that in the existing circumstances any effort to change something for the better is in vain!

In the belief that not everything is "lost" in advance, we indicate some of the thinking and operational steps that could lead to positive changes!?

2. WHAT TO DO WHEN FACING GLOBALIZATION

Globalization was created in an attempt to make the economy a universal state of thought and organization everywhere in the world in order to increase economic performance and goals continuously and undisturbed!?

This context makes globalization one of the most modern and propulsive approaches to economics as a theoretical concept and operational implementation.

As a question of special importance and importance, economics has been a special challenge since time immemorial, both for ancient thinkers, philosophers and poets, and for contemporary thinkers of the philosophy of liberalism and different directions about existentialism, motives, human action, optimization and organization of society!?

Discussions on economic issues are primarily found in Aristotle, and they have to a greater extent an ethical than an economic, "economist" dimension, which is natural for the state of mind and thoughts of that time; ETHICS, as is known, dominated in every domain and meaning!

Such a point of view is logically imposed by a superficial inventory view of the repertoire and heritage of ancient thinkers, philosophers and poets, which most probably encouraged Alexander

Gray, a prominent researcher of the history of economic doctrines, to take a critical look at the relationship between Economics and Ethics and establish: "Economy (in ancient Greece) was not only the handmaiden and assistant of Ethics (as perhaps it always had to be); she was suppressed and marginalized by that more successful and pampered sister, so researchers, in search of the origin of economic theory, can only find disconnected fragments and unfinished ideas". (Gray, 1984. p. 14.)

But, it is interesting that, even if fragmentarily, ancient thinkers identified economic phenomena in a given context and established certain standards of propositions about which we still debate today and/or on the basis of which we establish adapted or new propositions.

"Accordingly, it is clear that some people are free by nature, and others are slaves, and that it is both useful and just for slaves to be slaves" (Aristotle, 1984, p. 9) is an ethical code adapted to a given social relationship, which is the pretext the absence of consideration of price theory because wages were not paid, as well as interest for productive purposes, because there were no such arrangements.

Even more, interest was ethically prescribed in the most rigid way with the formulation of the function of money as a medium of exchange, which is one of the functions of money retained to this day.

"The most hated kind of money-making, and for a reason, is usury... Because the purpose of money was to be used for exchange, not to be increased by interest" or "some people turn every value-virtue or art into a means of making money; they believe that this is the goal and that all things must contribute to the achievement of that goal" (Aristotle, 1984. p. 6/7., 8.)

A significant contribution to the development of economic ideas in that period was also made by Xenophon, emphasizing the importance of the division of labor and the importance of peace in the development of the economy, but also Plato by problematizing the ideal of power that should be exercised by chosen honorable individuals-"tutors" with the principle of ascetic renunciation of the right to property and income above the necessary needs: "If they ever acquire houses or lands or their own money, they will become householders and husbands instead of tutors, enemies and tyrants instead of allies of other citizens" (Plato, according to Gray, p.19), which is ideological profiling and anticipation centuries later

formulated (in a certain form and measure and operationalized) communist dogma.

But Plato's most gifted student, Aristotle, who undoubtedly advocated the importance and effectiveness of ownership, made an effort to prevent things from going "in the wrong direction". because love for oneself is a natural feeling...No one, when people have all things in common, will no longer set an example of liberality or do good deeds; because liberality consists in how property is used" (Aristotle, 1984). On those grounds, the Romans, with the codification of Roman law, ordained the institution of private property on the pedestal of the universal heritage of civilization.

The breakdown of collectivist socio-economic systems additionally positioned and strengthened the institution of private property in the focus of the doctrinal and operational paradigm of contemporary civilization. All doctrinal concepts of economic and social development were established on those foundations, with the fact that even dogmatic approaches that prefer the importance and role of the common good and public interest do not in any case call into question the inviolability of private property.

A brief review of the initial ideas about the economy and the dilemmas about its organization, effectiveness and ethics aims to ask how it is possible that the same or almost the same questions and doubts are still on the scene today in the same content or a variety of modified variations that complicate the questioning, with fascinating and troubling analogies that confuse, apologetic indoctrinations that use crude propaganda to distract attention from the essence of established propositions and relationships.

As if the gods, masters and slaves, "assigned by nature" mission - before Christ, do not know and/or do not want to improve and/or change it in thousands of years of duration!?¹

Globalization is a repertoire of ideas and organizations that cannot be ignored and/or avoided!?

The claim is supported by the fact that all countries are willingly and/or unwillingly involved in globalization processes, organization and rules of functioning with the aim of valorizing their own

¹ See in detail: Тушевљак, С.(2014). Маргиналије о економији и кризи – Питања која о(без)храбрују актере, *Зборник радова Научни скуп ЕКОНОМИЈА ДАНАС – ЕКОНОМИЈА И КРИЗА – Треба ли нам нови одговор*, Универзитет у Источном Сарајеву, Андрићград 2014., ISBN 978-99976-610-1-2, COBISS.SR-ID 4645912

potentials as best as possible, that is, to minimize potential losses and damages!?

Globalization is theoretically based on the determinants of the philosophy of liberalism and the general intention to operationalize propositions about maximizing performance.

In the process of searching for answers, it is most important to look in detail at:

1. Thought, theoretical and ideological context of the phenomenon of globalization;
2. The position of the entity and the set of circumstances and conditions that we want to improve;
3. Resources we can use for improvement;
4. Necessary redesign of the organization and
5. Timing - deadlines for implementation.

1. Thought, theoretical and ideological context of the phenomenon

Prompt adjustment of the "thought software" is extremely important because without understanding that "we fell asleep in socialism and woke up in capitalism" one cannot understand how quickly extremely radical changes happened!?

For effective management of such radical changes, it is necessary to know the theoretical and ideological framework of functioning in new circumstances, which completely changes the focus and importance of the individual and individual entities in the business and social environment!?

2. The position of the entity and the set of circumstances and conditions that we want to improve

The individual, as well as the individual business entity, are exposed to the effect of the market, market factors and conditions without protection and limitations exactly as regulated by the propositions of globalization. The free flow of people, goods and capital is consistently realized in the goods sector, with almost negligible status restrictions, while in the workforce and capital sector the effects on related areas and risks are calculated, which limits and slows down the dynamic flow processes!?

3. Resources we can use for improvement

The processes of adaptation to new circumstances are determined by market criteria as imposed by the concept of globalization. For these reasons, as well as for all others, it is important to understand that the individual and individual entity in the economy is the focus of "interest" and that no one will care about their interests until themselves,

while everyone else is under the "attention" of the state, social and other policies, where this "attention" in poor countries is more and more limited every day if there are no effective answers to the possible negative consequences of globalization!?

Good answers should be sought in consistent reliance on one's own strengths and creative valorization of one's own human and material resources, because the state, even if it wanted to do that, does not have sufficient resources!

4. Redesigning the organization is necessary

In order to realize the transition as efficiently as possible, in addition to organizational redesign, appropriate thought settings and educational reforms are also necessary. It is useful to understand that capitalism has become the dominant political and economic system and all ideas about a different organization of society, the state and the economy are neither rational nor operationally useful in the short term!?. It would be intelligent to understand that it is most useful for small, open economies to lead their own policies that are focused on the most efficient valorization of their own material and human resources, based on models of modern rational organization. Each individual entity, citizen or company legitimately and autonomously takes care of its own interests, functional and existential needs and priorities and creates a rational organization for their realization!?

5. Timing - deadlines for implementation

An effective and efficient approach to adjusting institutions, individuals, business and social entities to the conditions of transition and globalization implies that the processes take place in synchronization and in the shortest possible time in order to minimize the harmful consequences of changes in the political, social and economic system!?

The most important thing in this process is to get rid of all ideological prejudices and apologetic approaches of glorifying preferences imposed by propaganda in order to rationally manage business opportunities and risks in "real" time and circumstances!?

3. WHAT TO DO WHEN DEALING WITH BOSNIA AND HERZEGOVINA

In general, the world has not changed, nor has the position, opportunities and influence of small and underdeveloped countries in international relations.

Only the mechanisms and effectiveness of influence have changed and everything has

accelerated in a sophisticated manner; pressures, realization of interests and power, mechanisms of control of target performance in the monetary and financial sphere, use of strategic resources, weapons and military force.

In this context, the position of small states and open economies such as Bosnia and Herzegovina (and Republika Srpska) should be considered with the aim of reaching a consensus on vital interests and the strategy of their realization by relying primarily on their own material and human resources.

The basic premise for formulating this approach is political stability, which cannot be achieved in Bosnia and Herzegovina without the consent of key political actors and respect for the legitimate interests of entities and constituent peoples in accordance with the Constitution of Bosnia and Herzegovina.

On the other hand, the mechanisms of international political presence, defined by the Dayton Peace Agreement and the Bonn mandate, function as unproductive partnership and/or guardianship without effective responsibility, which causes more harm than good to the political stability and social development of Bosnia and Herzegovina!?

The current model of international presence significantly limits the functionality of the democratic mechanism and the effectiveness of the institutions of Bosnia and Herzegovina.

In such a context, political factors in Bosnia and Herzegovina are to a significant extent limited in formulating functioning mechanisms in an authentic and authentic manner and taking responsibility for their implementation.

In the conditions of limited state and monetary sovereignty in Bosnia and Herzegovina, it is not possible to reach a consensus on the most important issues of the survival and functioning of the state due to the fact that the current mechanism of international presence voluntarily imposes political and institutional solutions with selective favoring of political "favorites", violation of the Constitution and neglect of legitimate interests of key political factors and constitutive entities.

Few believe in declarative proclamations about partnership in the function of the progress of Bosnia and Herzegovina, not even decades-long political "favorites" (with and without quotation marks), because the political and essential current mechanism of international presence is increasingly manifested as guardianship without transparent responsibility, which is become an end in itself.

Such circumstances have negative implications for the political stability and sustainability of Bosnia and Herzegovina, but also have a detrimental effect on the business environment and economic development.

The imposition of solutions that, without the consent of all relevant political factors in Bosnia and Herzegovina, derogate from the position of the entity and the interests of the constituent peoples have unfathomable negative consequences for political stability, economic position and development prospects.

On the other hand, key international factors did not make an effort to reform the mechanism of international presence (OHR and CURRENCY BOARD) in a way that would enable the peoples and key political factors in Bosnia and Herzegovina to take responsibility for their own development.

With all that, in the absence of fundamental research, there is no systemic cooperation between political factors and the academic community, and no use of knowledge in solving complex social and economic problems!?

What are the recommendations for Bosnia and Herzegovina in the current circumstances and in the future?

Fortunately, it's not difficult at all!!!

Recommendations for progress should be created and formulated by the subjective strengths of Bosnia and Herzegovina.

The "good services" of the most influential international actors generated many successes, functional benefits and excellent results for Bosnia and Herzegovina, excellent, but not timely and sufficient, for which the key domestic political factors in Bosnia and Herzegovina who were not capable (or they didn't want) to autochthonously resolve disagreements and misunderstandings, instead they brought the country into war, irresponsible arbitrariness and the supervision of foreign powers!?

And none of that had to happen!?

Thirty years later, almost identical problems, misunderstandings, controversies and arguments are on the scene, in which "reckless bureaucrats and experts" trace the Euro(Atlantic) path through propositions and conditions that will certainly not be fulfilled in their lifetime, while almost all important issues are ignored. of real life and young and old!?

What are, in the current circumstances, the most important issues for Bosnia and Herzegovina should be defined by the key domicile factors, and

if they fail to agree, it is necessary to open a dialogue with the European Union on:

1. essential reform of the model of the presence of the international factor in Bosnia and Herzegovina,
2. terms and conditions of admission of Bosnia and Herzegovina to the European Union i
3. program and transition deadlines.

Regarding the previously addressed questions (1-3), subjective forces should be expressed freely in democratic procedures based on analyzes and arguments prepared by independent and competent expert structures, with the fact that the processes under 1. and 3. should be limited to a maximum of 5 years, and processes under 2 to 10 years.

CONCLUSION

Unexpected and very complex changes took place in Bosnia and Herzegovina:

- democratization,
- war,
- political independence with monitoring by the international community,
- transition i
- globalization

The previously addressed processes caused the inevitability of adjusting the entire social, social, economic and institutional infrastructure in the functional, legal and operational domain with the aim of risk management and with the aim of maintaining functional potential and identity recognition!?

In some things it succeeded, and in many things it did not because of inexperience, poorly structured and underdeveloped education and a deficit of functional, useful and usable knowledge!?

The context is much more complex than the level of generalizations expressed, which is sufficiently illustrated by the (impossible) answers to only part of the relevant challenges facing Bosnia and Herzegovina (and Republika Srpska):

- To what extent certain decisions made under the influence and sponsorship of the international factor (including certain decisions of the Constitutional Court of Bosnia and Herzegovina) influence the generation of political instability, which is directly reflected in the growth of "country risk", the growth of interest rates, the decline of competitiveness and investment!?

- Do the interest rates in the candidate countries for joining the EU, which are 40% to 4000% higher than the corresponding interest rates in the European Union countries, also reflect the

differences in risk, or is the global engineering of financial imperialism on the scene!?

- To what extent does the interaction of the high cost of capital and debts encourage growth and/or the maintenance of high interest rates and the path to "debt slavery"!?

An extremely good and useful circumstance is that Bosnia and Herzegovina is one of the least indebted countries in Europe, which with the implementation of three key recommendations:

1. essential reform of the model of the presence of the international factor in Bosnia and Herzegovina,
2. precise deadlines and conditions for the admission of Bosnia and Herzegovina to the European Union (maximum 10 years), and
3. defined programs and transition deadlines (up to 5 years maximum), creates solid preconditions for economic recovery and development!?

Otherwise, the problems generated by the recession are difficult to solve in the existing institutional setting (OHR, currency board), which evidently does not have the capacity to creatively manage changes, but, apparently, there is no interest (!?) of the key political factors in changing the existing mechanism. anything, so that the mismatch of authority and responsibility continuously generates not only political misunderstandings, but also negative implications for the economic position and interests of Bosnia and Herzegovina (and Republika Srpska)!? In order to change such circumstances, political will and consensus are needed that one's own problems must be primarily solved by one's own forces, for which the political factors do not show the necessary agreement!?. Otherwise, conflicts and misunderstandings threaten to destroy not only the economic potential and opportunities of the country, but also peace!?

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SUMMARY

Globalization, international political, trade and financial relations and their effect on national economy is an exceptional challenge for serious research that would undoubtedly should generate creative reflections on strategy and policies!/? In the case of Bosnia and Herzegovina, the challenge is more complex and intriguing because it is a small, open economy in transition, a country under international supervision (OFICCE OF HIGH REPRESENTATIVE-OHR) without monetary sovereignty (CURRENCY BOARD) and a country without institutional opportunities to create autonomous and autochthonous ones economic policies!/? Globalization arose in an attempt to make economics a universal state of thought and organizations all over the world in order to increase economic performance and goals continuous and uninterrupted!/? This context makes globalization one of the most modern and propulsive approaches economics as a theoretical concept and operational implementation. Bosnia and Herzegovina was created the way I was created, in the end in DAYTON as everyone's need to stop the war!/? Unfortunately, even today irresponsible but influential factors produce meaningless, unsustainable, illogical, often unconstitutional and illegal provocations in order to produce tensions and continuously maintained "status quo"!/? In order to systematically approach the solution of the addressed problems, it is necessary to: 1. carry out an essential reform of the model of the presence of the international factor in Bosnia and Herzegovina, 2. to specify the deadlines and conditions for the admission of Bosnia and Herzegovina to Europe union (maximum up to 10 years), and 3. define programs and transition deadlines (up to 5 years).



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