STATE VULNERABILITY AND THE FACETS OF DEVELOPMENT: LESSONS FROM POST-COMMUNIST EVOLUTIONS IN SOUTH EASTERN EUROPE[1]

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Abstract

This paper contrasts various theoretical constructs of 'state vulnerability' and explores in a summary account their applicability for the development processes in South Eastern Europe.

The findings support the supposition that 'vulnerability' is an elusive concept despite many attempts at quantifying fragility of a country's political and economical construction. This paper provides a comparative analysis of three categories of indices, of human development, of governance (i.e. government effectiveness), and of economic performance. On the example of South Eastern Europe countries, it is argued that the varied facets of vulnerability enlarge the perspective of development, and also suggested that the expected correlations require an extension of the standard analytical framework.

Keywords: development, vulnerability, the Balkans, failed states

Introduction

Is there a certain threshold henceforth a country may escape the Sisyphean effort toward progress and become able to sustain self-generated development processes? Economists may infer the answer from some critical values of a set of economic variables; the institutionalist camp has lately received much credit for its arguments related to the effectiveness of state governance; political scientists refer instead to measures of "failed states" to present a diagnosis of state vulnerability to security threats; other constructs point to the context of nurturing individual capabilities to explain why a society fails to defend its reason of being a viable political and economic unit.

In either formulation, the meaning of 'state vulnerability' comes in accurate metrics for measuring threats to a country's future development. These various and often overlapping measures, exemplars of as many disciplinary endeavors, provoke a double interrogation, about their methodological validity—To what extent are the defining attributes of 'vulnerability' aligned to the real-world phenomena that the term is intended to capture?; and about their analytical relevance—To what extent does the measurement accurately applies to a variety of historical contexts of the empirical world?

If a private actor collapses, national administrations, either on unilateral basis, or through multilateral policy coordination, have the option to step in to rescue it. But what if a state constituency goes bankrupt, that is it ceases to perform its functions? As financial crises

[1] Paper submitted to the 4th International Conference of ASECU, "Development: Cooperation and Competitiveness", Bucharest, 22-24 May, 2008

can barely be foreseen by sophisticated 'risk management systems'[2] we may be entitled to suppose that for more complex systems prediction is something near to wishful thinking. Because of intertwining threads of social, political, cultural, or economic lives and not just single instances of any of them, dealing with state vulnerability eludes framing in clear-cut realms of observation which compounds the analytical complexity. We may ask, for example, how the case of Zimbabwe, in the midst of hallucinating evolutions with unemployment rate at 80% and inflation of 10,000%, may invite hopeful reflection that a fair electoral process will suffice to transform anew the country into "a beacon of African hope".[3] Do we indeed possess the necessary analytical tools able to diagnose collapse (the issue of validity) and give suggestions to solve for the needed adjustments (the issue of relevance)?

It is the task of this paper to provide answers to these issues in the form of a critical exploration of the existing literature and empirical evidence. The next section looks at the toolkit at hand and attempts to provide a contrasting view of the main approaches to understanding 'vulnerability'. Our methodological choice to favor investigative breadth over analytical depth is explained by a continuously amassing amount of scholarship that leaves the phenomenon of development exposed to disparate accounts, at least as far as the thin balance between fragility and viability is concerned.

A subsequent section deals with the applicability of selected indicators to the case of South Eastern Europe (SEE) countries over the last decade. This regional grouping aptly qualify as a case for discussion as has been continuously exposed since the fall of communism to a varying explosive mixture of incipient economic development, military tensions, and humanitarian problems. SEE is facing evolutions critical for its emergence as a stable and attractive area of development and the usefulness of available early warning indicators is examined. The final section concludes with the observation that the standard treatment of 'vulnerability' may provide valuable information on a country's state of crisis although this information is mainly indicative, namely the existing indicators do not allow for prediction of crises, nor their timing.

Identifying 'state vulnerability': an overview of disciplinary approaches

There were times when a powerful financier could seal a country's fate. These days, debt service is probably less worrying an issue for a country's administration; at the same time, the victims of natural disasters usually benefit from prompt pecuniary, material, and moral relief from the international community. There is nonetheless a host of other critical points in development that define the two-way passage from collapse to sustainability. These periods of vulnerability are less visible and less tractable to identifiable sources than our customary perspective of development, and are often matters of ideological conflict and, hence, seemingly perennial. So, when and how fragility may be perceived? The field of social inquiry often raises questions of equivocal measurements when more or less sophisticated assessment scales seem not enough unless one adds a particular vision of the respective socio-economic system.

The scholarship is unanimously in agreement (e.g. Nelson, 2000; Garfinkle, 2003; Brooks, 2005; Patrick, 2006) to point to a disparate series of events that in whichever combination converge to circumstances of increasing vulnerability. The list may begin but does not end with economic degradation, environmental hazards, organized crime and mafia-related corruption, ethnic and religious conflicts, mass migration, aggression, ethnic

[2] For example, IMF recognizes that its Early Warning System (EWS) models "have a mixed record in terms of forecasting accuracy, and are only used as one amongst many inputs into IMF surveillance" ("Factsheet").
[3] "The country is on its knees but it has brains and resources" runs the commentary in the Economist, April 5th, 2008.

cleansing, rape as a tool of war, lack of basic services to citizens, epidemic catastrophes, energy insecurity, transnational terrorism, adverse regime changes, genocides etc.

However evasive a definition may thus be formulated[4], another point of agreement rests on a fundamental set of three pillars associated with statehood: political legitimacy over a given territory; material welfare for citizens; and institutional governance. Failing to *adequately* secure one or more of these "fundamental political goods" intrinsic to a "responsible sovereignty" (Zartman, 1995; Eizenstat, 2005; Patrick, 2006) gives rise to the rationale of measuring and understanding the strength or weakness of a national political entity. The concern of *adequacy* has been taken up and given numerical expression in a context of multidisciplinary approaches that differ as to the criteria used to define vulnerability, the indicators used to gauge it, and the relative weighting of multiple facets of the developmental processes.

The political view The aftermath of the decolonization era of the '60s, as well as the end of the cold war in the '90s configured a world populated with emerging nations—and in several cases new legal entities altogether—for whom the adoption of state institutions presents an ongoing challenge.

The relevant literature finds such qualifiers as 'neopatrimonial', 'lame', 'weak', 'quasi', 'premodern', to designate 'state failure', a state "that does not function as 'we' think they are supposed to" on the basis of a prototype residing in the geographical core of Western Europe and North America (Bøås and Jennings, 2005). This apparently solid referential is subject to a two-pronged argumentation.

Firstly, although it seems almost familiar to link our concept of 'state' to the products of modern civilization, authors like Nixon (2006) note that its origins can be traced to the ancient civilizations, including locations such as Mesopotamia, Egypt India, Northern China, Mesoamerica and Peru. It becomes so reasonable to believe that what we call a *prototype* may in fact be nothing more than a "semifictional overlay of institutions… historically contingent social experiment" (Brooks, 2005) or a "legal illusion" (Milliken and Krause, 2002), of occidental or oriental roots likewise.

That brings the argument to its second qualification: if the very notion of 'state' may be plausibly put in doubt, how should we represent the ideal design to which a state on the brink of collapse must be restored? Elaborate answers seem hard to be found under circumstances of imminent threat. Terrifying events like those of ethnic cleansing in former Yugoslavia and most of central Africa, or devastating security breaches like that of the terrorist attack against the U.S. on the 11th November, 2001, prompted global powers such as the U.S. or EU to include in their national strategy policy initiatives to combat 'state failure'[5], although few details are given beyond the standard terminology of preserving free markets and democratic values. One approach is to oppose a skeptical view (e.g. Brooks 2005) to these 'nation building' efforts and argue that they are doomed to remain an "ineffective response" and a "misguided approach" to state failure. In line with the idea that a state construction is not directly observable, in historical terms, from an idealized mode of government, a practical proposition would be to envisage alternative accountability mechanisms. A corresponding research agenda is developing fast, with corroborated findings from interdisciplinary fields (for such an account see Cojanu, 2007).

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[4] The US Agency for International Development (USAID) determines 'vulnerable states' according to a condition in which states are "unable or unwilling to adequately assure the provision of security and basic services to significant portions of their populations and where the legitimacy of the government is in question" (quoted in Bøås and Jennings, 2005). See also definition from Brooks (2005: 92-93).

[5]Other most notably initiatives involved in the creation of a strategy applicable to failed states include working at the World Bank, the U.S. government-commissioned *State Failure Task Force*, U.S. Agency for International Development, the OECD DAC, AusAID, DFID, and selected UN agencies.

A different stance consists in enlisting a set of conditions characteristic for a normalized course of governance and measuring the critical, vulnerable condition on a scale of quantified variables. This perspective is supported by a continuous, linear view of reality (see Milliken and Krause, 2002; François and Sud, 2006), in which fragility is a matter of degree, ranging from failure to collapse, viz. from a 'functional' event that occurs when a state does not fulfill its major responsibilities to an 'institutional' event that occurs when state institutions deteriorate completely.

The economic view The conceptual squabbles surface less conspicuously in the economic field probably because the issue of vulnerability has been in general associated with just one type of institutional actors, namely the financial sector. In general, the economists create a separate niche for discussions referring to the containment of the risk of crises propagating throughout the world system using such intermediaries as capital flows, fiscal deficits, exchange rate volatility, commercial dependence, or reserves adequacy.

Work began in the mid-1990s on constructing indicators of economic vulnerability in response to various challenges the new emerging international order had to confront, whether in the form of currency crises ("Factsheet", 2003), or the awareness of instability inherent to the least developed economies (UNESC, 1998; UNCTAD, 2000) or associated with the transition process of the European post-communist countries (EBRD, 1999). The subsequent empirical analysis revealed a facet of development hitherto obscured by an economic content exclusively given by indicators that measure variations in GDP (gross domestic product) or its variants. It suggested instead that growth rates however significant cannot conceal vulnerabilities to shocks especially for small, incipient economies. In other words, economic tableaus of similar evolutions tell different stories about the ability to recover from or adjust easily to hardship.

On the other hand, the economic problem continued to be viewed for most part indistinct from its political complement. There is rare a case when a development initiative does not address multiple targets of vulnerability. For example, USAID, in its own *Fragile States Strategy*, sustains reforms in countries "that could breed terror, crime, instability, and disease", and the Bush administration justified the Central American Free Trade Area as "a means to prevent state failure and its associated spillovers" (quoted by Patrick, 2006).

Probably the most interesting conceptual dilemma has been raised by the evident observation that politic and economic vulnerability does not necessarily correlate with each other. Poor economic development may or may not point to imminent security threats (Patrick, 2006), at the same time as undemocratic practices may well coexist with material progress (Cojanu, 2006). It is for this reason that a still more comprehensive vision of vulnerability has to consider other variables, found on the borderline between formal and informal rules, which for all their diversity have been included under one single label of 'institutions'.

The institutional view The exclusive emphasis on either the *economic* or *political* content of development has had a collateral effect in concealing the interdependence between development and the incidence of critical evolutions, whether of social, political or military nature. The fact that "mesmerized by the rise and fall of national incomes (as measured by GDP), we tend to equate human welfare with material wealth" (UNDP 2006: p. 263) has become widely controversial at least since 1990 when the United Nations Development Programme (UNDP) began devising alternative measures for a better understanding of well-being. This effort is principally grounded on Amartya Sen's insight that "development

can be seen as a process of expanding the real freedoms that people enjoy" (quoted in UNDP 2006: p. 263).

Due to its mixed origins, institutionalism cannot escape both the limits and merits of its constituting political and economic interpretations. On the positive side, parallel initiatives have considerably enlarged the perspective from which development is assessed. A good discussion thereof provides Gadrey (2004) who enlists several noteworthy researches such as those on the Index of Social Health, the Index of Economic Well-Being, and the Genuine Progress Indicator. All these initiatives converge to pinpoint one major finding: some countries rank far below their income rank in terms of overall development, while others invert this relationship, and so support the criticism against the limits of standard measurements.

On the controversial side, the conventional view (e.g Root, 2001; Acemoglu, 2005) inherits a vision of the state and economic development that depicts two types of government, strong and weak, according to its capabilities to achieve changes in society: by way of interventionist strategies for maximizing returns to a well-disciplined governing elite, or of promoting economic performance in a liberal regime, respectively. In light of conclusive evidence, this literature makes a point that seemingly withstands any criticism: development may be equally constrained in either regime, as long as it distorts the allocation of resources and discourages entrepreneurial profit. As it became obvious to several observers (e.g. Bertelsmann Stiftung; Business Monitor International), any policy initiative based on this dichotomy is counter-intuitive as it may bolster the worst traits of corrupt or abusive states, strong states typically being in a state of *defective democracy*. A middle-range theorizing, 'the limited government'[6], draws attention again to a blurred analytical zone, of some accepted principles of *good* governance applied under indefinite circumstances.

The quantitative corollary One self-imposing presumption would be that no attempt at measuring vulnerability could overcome the methodological indecisiveness specific to all these interdisciplinary challenges. A first sign is that there is no consensus on the precise number of weak and failing states.[7] The lack of convincing conceptualizations of various disciplinary approaches may account for a partial explanation, but it is similarly true that several shortcomings of the inherently imprecise ways of measurement in complex socio-economic systems should qualify any policy initiative.

The vast domain of vulnerability threats is synthesized by comparably extensive techniques of data collection[8] and model approaches. The latter's diversity is mainly reflected by their quantitative innovations, while the main themes and concerns usually overlap. A summarizing overview is presented in **Table 1** below.

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[6]"The development of strong but limited government depends on the existence of institutions that create incentives for political officials to abide by limits on their power." (Root, 2001)

[7] According to Patrick (2006), the group of failed or weak states may comprise as many as between 50 and 60 according to the *Commission on Weak States* and *U.S. National Security* estimates; 46 (the United Kingdom's Department for International Development); 30 as "low-income countries under stress" (the World Bank); 50 as the world's "ungoverned spaces (the Central Intelligence Agency (CIA).

[8]Data are generated by the monitoring organizations themselves, selected from other polls, from country statistics ('hard data'), or from qualitative assessments by experts (see also Brusis, 2005, for an encompassing review). It is noteworthy to remark that the World Bank's *Governance Indicators*— "one of the most comprehensive and well-respected system for evaluating state performance" (Patrick, 2006)—cover 213 countries and territories and are based on several hundred variables produced by 25 different sources, including commercial data providers (see Kaufmann et al., 2006). The study embraces 119 developing and transformation countries worldwide. Another example is the Bertelsmann Foundation's *Transformation Index* that relies on 58 qualitative & quantitative indicators for 119 countries and a total of 19 criteria.

Table 1 Selected methodologies to measure vulnerability risks

Methodology	*Description*
The World Bank's *Governance Indicators* (WGI)	The study defines governance broadly as "the traditions and institutions by which authority in a country is exercised." The WGI rank countries with respect to six aspects of good governance: *Voice and Accountability, Political stability and absence of violence, Government effectiveness, Regulatory quality, Rule of law, and Control of corruption.*
The United Nations Development Programme (UNDP)'s *Human Development Index* (HDI)	HDI provides a composite measure of development which includes aspects of education, health, and material prosperity.
The Bertelsmann Foundation's *Transformation Index* (BTI)	The BTI provides *two rankings*: *the Status Index* shows the state of development that a country had achieved on the way to democracy and a market economy (scores for dimensions "Political Transformation" and "Economic Transformation"); *the Management Index* classifies the quality of transformation management in the countries examined.
The European Bank for Reconstruction and Development (EBRD)'s *Progress in Transition*	In annual *Transition Reports*, the Bank rates progress in transition to a market economy for 27 countries of Eastern Europe and the former Soviet Union. The macroeconomic variables are assessed by indices of low, medium, and high macroeconomic vulnerability.
The Fund for Peace's and *Foreign Policy*'s *Failed States Index* (FSI)	The FSI ranks 60 states in order of their vulnerability to violent internal according to indicators including demographic pressures, economic crisis, human rights abuses and corruption.

A cautious note is always required in interpreting the resulting rankings. Firstly, the indicators are suggestive when applied to individual cases as a "snapshot of relative vulnerability" (BMI, 2005) rather than comparing different national estimates. Measures are aggregated by combining indicators which, as it happens, may differ between countries, because of varying data sources (the WGI case) or the composition of the panels of experts (the BTI case). For both these cases and those cases where hard data is used instead, the relative rankings produce values that are not statistically significant in contrast with other close estimates. It is for this reason that, secondly, discrimination between rather broad categories/concepts does make a difference as regards the influence of domestic environment, which is fact represents the prime target of any vulnerability study.

To sum up, there are limits beyond which the efforts of conceptualizing or quantifying complex realities, and the topic of state vulnerability certainly belongs to this realm of study, apparently become intractable. An illustrative summarizing account of these qualifying notes comes next relative to the SEE transformation processes.

State vulnerability in South Eastern Europe[9]

The Balkans lends itself to vulnerability threats for obvious reasons. The processes of nation building inherit a subverting legacy of hundreds of years of Ottoman authority, competing great power interests, and fifty years of communism that left the region in a continued state of conflict. The multifarious tensions which surfaced in the aftermath of the fall of communism in Europe have given analysts reason for considerate concern in somber terms like, "South-East Europe is now a vast political laboratory on top of a mass grave" (Krustev, 1999). In general, the confidence in a clear-cut analytical framework to deal with the problems of vulnerability is, not surprisingly, considerably moderate. Referring to the regional evolutions, Malek (2006) observed that "they are much more difficult to be operationalized and assessed."

In the ensuing discussion, several events critical for an accurate assessment of vulnerability risks—e.g. the dispute between Greece and Turkey over Cyprus; the emergence of Kosovo as a new legal entity; or the differentiated status of most countries as to their NATO and EU membership—had to be left aside because, first, of data limitation, and, second, of introducing nevertheless irrelevant detail as to our two topics of concern.

In the framework of our aims, the methodological choice goes for a contrasting analysis of three most important indices of vulnerability (e.g. HDI, WGI, and EBRD's *Transition reports*), presented in **Tables 2** and **3**. The surveys coincidentally cover the period of transition[10], and we may thus say that the evolutions in transitional societies, due to their intensity, magnitude, and regional linkages, constituted a kind of experimental laboratory for the analytical *trials* on vulnerability. Two sets of observation are worthy of discussion.

Firstly, both our selected methodologies, and the other just mentioned in **Table 1**, place three countries (Croatia, Bulgaria and Romania) equally on top, with the rest similarly rated roughly equal by the all studies. The only exception is Albania, which is usually rated the weakest country in the Balkan region, but in the middle of the ranking according to the Failed State Index. Although it may be an accidental result, a look into more details reveals persistent inconsistencies between the historical terms and the numerical ones. After a ruinous setback in 1996 as a result of deceiving pyramid schemes, of such force to push the country to the brink of collapse, WGI 'political stability' scores of the same year depicted Albania (0.22) almost on a par with Egypt (-0.25), Brazil (-0.01), South Korea (0.19), Hong Kong (0.28), and Greece (0.38), as if no trace of *vulnerability* had become manifest.

In another example, how should one reconcile the EBRD verdict of macroeconomic vulnerability for, say, Romania as 'low' when assessed against the indicators of net external debt/GDP and 'high' against current account balance and short-term foreign debt/foreign reserves?

[9]In this representation, the region includes the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia, and Montenegro.

[10] The World Bank's study has been done four times since 1996 and covers two-year periods, the UNPD's index is mostly a construct of the end-1990s, and the EBRD's reports date back to 1995.

A second observation regards the apparent regional homogeneity in such rankings as the HDI, which may indeed be a legacy of a common past, but nevertheless dissonant with the other more differentiated hierarchies. A case in point is the apparent favorable ranking of SEE countries along the HDI, on a par with developed Western European countries for example, which strongly contrasts with the innumerable security shocks they had and still have to face on the way to a market, democratic economy.

A normal reaction would be that our comparison of the different vulnerability ratings has shown that they represent different underlying concepts which are most obvious in the case of the EBRD's focus on economic reforms. But also the other two ratings exhibit conceptual differences, ranging from WGI's concern with effectiveness to the HDI's focus on individual capabilities, which may explain the differences.

However, given the methodological and conceptual variety, it is encouraging to note that the ratings produce somewhat comparable maps of state vulnerability, suggesting that the ratings measure aspects of a single empirical phenomenon. On the other hand, the above notations equally emphasize the need of embracing simultaneously a broader perspective of development for a reliable representation, eloquent for as many facets of reality.

Table 2 Selected indicators of institutional vulnerability for SEE countries (1998-2006)

Country	**Human development index** Index										**Governance indicators** Index									
	98	99	00	01	02	03	04	05	06	07	98	99	00	01	02	03	04	05	06	07
Croatia	0.795	0.803	0.809	0.818	0.830	0.841	0.846	0.85	-	-	60.2	-	65.4	-	66.4	65.9	69.7	68.2	69.7	-
Bulgaria	0.772	0.772	0.779	0.795	0.796	0.808	0.816	0.824	-	-	56.4	-	60.7	-	63.5	59.7	61.1	62.6	60.2	-
Romania	0.770	0.772	0.775	0.773	0.778	0.792	0.805	0.813	-	-	45.5	-	41.2	-	51.2	51.2	53.1	55.5	53.6	-
Macedonia	0.763	0.766	0.772	0.784	0.793	0.797	0.796	0.801	-	-	27.0	-	23.7	-	35.5	45.5	51.7	43.1	48.3	-
Montenegro	-	-	-	-	-	-	0.799	-	-	-	-	-	-	-	-	-	-	-	48.8	-
Serbia	-	-	-	-	-	-	-	-	-	-	8.5	-	18.0	-	31.8	34.6	52.1	42.2	44.5	-
BiH	-	-	-	0.777	0.781	0.786	0.8	0.803	-	-	9.5	-	19.9	-	14.2	19.4	26.5	29.4	29.4	-
Albania	0.713	0.725	0.733	0.735	0.781	0.78	0.784	0.801	-	-	23.2	-	26.1	-	31.3	33.6	43.1	31.8	38.4	-

Sources*: Human Development Reports*, available at: http://hdr.undp.org/en/reports/global/hdr1990/
World Bank Governance Indicators – WBGI (2006), available at: http://info.worldbank.org/governance/wgi2007/

Table 3 Selected indicators of macroeconomic vulnerability for SEE countries (1998-2007)

Country	Current account balance (in per cent of GDP)										Fiscal balance (in per cent of GD)										Gross external debt/exports (in per cent)										Net external debt/GDP (in per cent)									
	98	99	00	01	02	03	04	05	06	07	98	99	00	01	02	03	04	05	06	07	98	99	00	01	02	03	04	05	06	07	98	99	00	01	02	03	04	05	06	07
Croatia	-6.8	-7.7	-2.8	-3.6	-8.6	-7.1	-5.1	-6.4	-7.8	-8.3	-3.5	-8.2	-7.5	-6.8	-5.0	-6.2	-4.8	-4.0	-3.0	-2.6	125.7	133.0	130.2	126.0	136.1	151.4	161.0	168.6	172.1	-	49.7	54.5	61.5	61.5	61.9	75.8	80.0	82.4	85.3	-
Bulgaria	-0.5	-5.0	-5.6	-5.9	-2.0	-5.1	-6.8	-12.2	-15.8	-20.8	1.7	0.4	-0.5	1.9	0.1	-0.9	2.2	1.9	3.3	2.3	182.1	188.2	159.5	146.0	149.7	133.8	123.8	116.6	127.4	-	85.5	84.2	88.6	78.1	72.5	67.2	70.1	69.4	78.2	-
Romania	-6.9	-3.6	-3.6	-5.8	-3.4	-5.8	-8.4	-10.2	-11.3	-8.8	-3.2	-4.5	-4.6	-3.3	-2.0	-1.5	-1.5	-1.4	-1.9	-2.5	107.6	96.8	92.9	97.9	104.2	109.0	110.1	109.3	106.1	-	24.3	26.8	30.4	32.5	36.8	37.8	39.6	36.6	34.3	-
Macedonia	-7.5	-0.9	-1.9	-7.1	-9.5	-3.2	-7.8	-1.4	-0.4	-1.0	-1.7	0.0	2.5	-6.3	-5.6	-0.1	0.7	0.3	-0.4	-1.0	99.7	102.7	94.6	106.9	120.0	109.4	102.8	94.0	86.2	-	40.1	40.9	43.2	43.5	43.5	39.7	39.2	38.8	38.7	-
Montenegro	-	-	-4.5	-15.2	-12.9	-7.4	-7.8	-8.6	-29.1	-23.0	-	-	-6.9	-4.0	-3.8	-4.9	-2.6	-1.7	3.6	3.0	-	-	-	-	148.6	-	-	86.7	80.2	-	-	-	-	-	57.1	-	-	39.6	38.3	-
Serbia	-4.2	-4.4	-5.1	-5.0	-17.5	-16.4	-14.8	-10.0	-12.9	-12.0	-	-	-1.0	-4.9	-8.3	-3.4	0.0	0.9	2.7	-2.3	267.0	500.4	442.5	240.5	638.5	438.9	272.1	246.9	228.0	-	67.3	61.8	167.4	105.0	78.4	71.2	63.1	63.8	68.2	-
BiH	-8.5	-16.8	-16.4	-18.8	-22.3	-22.5	-20.2	-21.1	-11.7	-12.5	-3.6	-6.4	-8.3	-4.5	-3.3	-2.2	-0.6	0.8	2.9	-1.4	300.4	294.1	225.1	216.3	254.6	206.0	170.7	156.3	137.4	-	84.9	76.9	52.1	50.7	59.0	58.0	54.8	55.4	53.8	-
Albania	-6.7	-7.6	-7.4	-6.3	-9.7	-7.9	-4.8	-6.6	-7.3	-9.9	-11.8	-12.1	-9.2	-8.5	-7.2	-4.3	-5.2	-3.6	-3.2	-3.9	506.1	298.2	232.4	142.9	128.9	121.7	104.5	93.6	79.9	-	54.0	45.6	44.3	29.2	26.2	24.1	22.9	20.9	20.0	-

Sources: *Transition report update* available at http://www.ebrd.com/pubs/econo/series/tr.htm

Note: The correspondence between the levels of macroeconomic vulnerability and the colour of the cells is, 'red'/ 'high', 'orange'/'medium', and 'green'/low' according to the following scales: indices of low vulnerability—CA deficit < -2%; Fiscal deficit < -2%; Ratio of Gross external debt/exports < 100%; Ratio of Net external debt/GDP < 30%; indices of high vulnerability—CA deficit > -7%; Fiscal deficit > -5%; Ratio of Gross external debt/exports > 200%; Ratio of Net external debt/GDP > 50%; and indices of high vulnerability with in-between parameters (Table 3.3, EBRD, *Transition Report 1999*, p. 70).

Conclusions

Other essential dimensions of state vulnerability are evidently missing from our presentation, of which the environmental facet seems the most obvious. In spite of this and other limitations as mentioned, this paper aims to create a more general representation of the issue of economic development as influenced by the real-world problem of state weakness. Accordingly, it has been produced a synthesis of the theories of "state vulnerability" and the range of policy ramifications. These are assessed in different ways by different authors and organizations. Still, the aim remains more or less the same: building strategies to strengthen vulnerable states in the best possible way.

The limited degree of precision and sensitivity of the indicators studied in this paper may be caused by the vagueness of vulnerability as a theoretical concept. But it may also be due to the fact that empirical patterns of governance are more mixed than typologies that are or could be deduced from theoretic considerations. Our case of the SEE countries confirms the mixed view as to the validity and relevance of measuring phenomena bordering less visible and tangible realms of reality.

Acknowledgment

The authors acknowledge financial support under the CEEX III (2006-2008) grant of the Ministry of Education and Research of Romania.

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