

ЕКОНОМИЈА

ПРИВРЕДНИ РАЗВОЈ СРБИЈЕ И ЊЕГОВЕ ДЕТЕРМИНАНТЕ

5. И 6. ДЕЦЕМБАР 2024, СВЕЧАНА САЛА САНУ



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ПРОГРАМ

ПРВИ ДАН (, 5.) – ,
10.00 – 10.15

10.15 – 10.35 **Милојко Арсић и Мирјана Глигорић Матић**

10.35 – 10.55 **Павле Петровић, Данко Брчеревић и Слободан Минић**

10.55 – 11.15 **Дејан Шошкић**

11.15 – 11.35 **Саша Ранђеловић**

11.35 – 12.00 **Пауза за кафу**

12.00 – 12.20 **Предраг Бјелић, Радмила Драгутиновић Митровић, Ивана Поповић Петровић,
Радован Кастратовић и Александра Ђорђевић**

12.20 – 12.40 **Милан Недељковић, Ивана Тодоровић и Тања Кузман**

12.40 – 14.00 **Коктел**

14.00 – 14.20 **Иван Остојић и Огњен Радоњић:**

14.20 – 14.40 **Владан Девеџић:**

14.40 – 15.00 **Душан Вујовић:**

15.00 – 15.20 **Бранко Урошевић и Бобан Стојановић:**

15.20 – 16.00 **Дискусија**

ДРУГИ ДАН (,6.) –

10.00 – 10.20 **Мирјана Рашевић:**

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10.20 – 10.40 **Владимир Никитовић:**

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10.40 – 11.00 **Гордана Матковић:**

11.00 – 11.20 **Кафе пауза**

11.20 – 11.40 **Никола Алтипармаков, Снежана Угринов и Иван Лакићевић:**

11.40 – 12.00 **Горана Крстић, Александра Анић и Бери Рајли (Barry Reilly) :**

12.00 – 12.20 **Коста Јосифидис и Новица Супић:**

12.20 – 13.00 **Дискусија**

13.00 – 13.10 **Завршне речи**

КЊИГА САЖЕТАКА

BOOK OF ABSTRACTS

ПРИВРЕДНИ РАЗВОЈ

УТИЦАЈ ФУНДАМЕНТАЛНИХ ФАКТОРА НА РАСТ ПРИВРЕДЕ СРБИЈЕ

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Кључне речи:

THE IMPACT OF FUNDAMENTAL FACTORS ON THE ECONOMIC GROWTH OF SERBIA

Milojko Arsić and Mirjana Gligorić Matić

University of Belgrade, Faculty of Economics and Business

Abstract. In the last 150 years, Serbia has not significantly caught up to the countries of Western and Central Europe, so it is still in the group of the least economically developed European countries. The paper explores how fundamental factors have influenced the economic growth of Serbia and suggests possible policies to make their impact more favorable in the future. Geographical position, climate and availability of natural resources have had a favorable effect on Serbian economic growth in the past, but climate change will negatively affect growth in the future. In the coming decades, large investments and various adaptations are necessary to mitigate the negative effect of climate change. The impact of historical heritage is mixed, but mostly unfavorable. It is favorable that the ancestors of the inhabitants of Serbia adopted agriculture and metallurgy early on and began to live as part of the state as a form of organization of society. It is unfavorable that most of the history was spent within empires, which had weak institutions, and the ancestors of the inhabitants of Serbia did not significantly participate in the governance of the country. After gaining independence, Serbia participated in wars more often than other countries and was exposed to the sanctions of major powers, which hindered its economic development. Literacy of the population and urbanization were significantly behind European countries, which also slowed down economic development. In order to catch up with developed countries, it is necessary to improve the quality of education and have a long period without wars, sanctions and internal conflicts. The value system of Serbian citizens makes it difficult to establish institutions that have proven to stimulate economic growth, but the negative impact is moderate. The quality of formal institutions in Serbia lags significantly behind developed countries and their implementation is selective and inconsistent. In order to reach a high level of development, it is necessary to improve formal institutions and their consistent implementation, which would lead to change in the value system of citizens.

Keywords: long-term economic growth, geographical factors, historical heritage, culture, institutions

ПРИВРЕДНИ РАСТ СРБИЈЕ: ДЕТЕРМИНАНТЕ И БУДУЋИ ИЗГЛЕДИ

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Кључне речи:

ECONOMIC GROWTH IN SERBIA: CURRENT DRIVERS AND PROSPECTS

Pavle Petrovi¹, Danko Brerevi² and Slobodan Mini²

¹Serbian Academy of Sciences and Arts

²Fiscal Council Republic of Serbia

Abstract. Economic growth determines human welfare in the long run, hence the relevance for studying it. International evidence indicates that upon achieving middle-income status, many countries had remained stuck there for decades being unable to move up to high-income level. We show that Serbia might well be now in the aforementioned "middle-income trap", implying that without substantial reforms it will be unable to join high-income club of Central and Eastern EU (CEE) countries. Thus, we found that growth in Serbia was dominantly driven by sheer increase in employment and capital as opposed to CEE where large investment infused advanced technology in their economies, thus propelling technical progress (TFP) and consequently economic growth. Furthermore, we demonstrate that low tech, traditional sectors dominated the Serbian economy, and that they drove overall growth, hence offering an explanation for dismal effect of technical progress on economic growth in Serbia. On the other hand, adverse demographic developments, substantial emigration, and economic growth in Serbia, had significantly decreased labour supply, hence pushing up real wages. Moreover, wages are additionally increased, in euro terms, by significant recent real appreciation of domestic currency, reaching the level that hardly can be paid by the low value-added traditional sectors. In order to escape the pending low growth trap, Serbian economy should restructure towards advanced, high value-added sectors that use cutting edge technology and can afford to employ highly qualified labour force. The current 'more of the same' approach, i.e. sizeable foreign investments channeled into traditional sectors, and large public investments that are poorly prioritized, can not elevate Serbia into high income country – substantial reforms are required.

Key words: middle-income trap, growth accounting, wages and productivity, unit labour costs, Serbia, central and eastern Europe.

ТРЖИШТЕ КАПИТАЛА КАО ФАКТОР РАСТА ИНВЕСТИЦИЈА И ПРИВРЕДНОГ РАЗВОЈА У СРБИЈИ

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(moral hazard)

Кључне речи:

CAPITAL MARKETS AS A FACTOR OF GROWTH OF INVESTMENTS AND ECONOMIC DEVELOPMENT IN SERBIA

Dejan Šoški

University of Belgrade, Faculty of Economics and Business

Abstract: Capital markets (securities markets) are a specific segment of financial system that is underdeveloped in Serbia for several decades back. Despite the legal framework that was enacted, financial institutions that have been formed and functioning, regulatory and supervisory institutions designated, capital markets in Serbia, in any meaningful sense, practically almost do not exist. A reasonable question to ask could be: why is it so? A substantial aspect of this market is investors' decision making based on a very limited set of information and relied on a limited number of institutions while making their investment decisions and realization of their trading orders on primary and secondary capital markets. Unlike commercial banking, where banks can, on their own, employ a number of well known techniques to overcome the obstacles arising from informational asymmetry, even in weak institutional environment, capital markets relies on publicly available information (disclosure requirements) and credibility of market participants and regulators. In a nutshell, capital markets require quality institutions, self-regulatory bodies and legal framework. Therefore, in a weak institutional environment, this potentially important segment of a financial system, does not have necessary elements for its development. Experiences of Central and Eastern European countries and other emerging economies throughout the World tend to support this proposition. Pronounced risks of adverse selection and moral hazard, arising from informational asymmetry are emphasized and exacerbated in a weak institutional framework. Therefore, weak institutions do not allow for a healthy endogenous development of capital markets and hamper investment growth and economic development of Serbia.

Key words: capital markets, institutional development, economic growth

СИВА ЕКОНОМИЈА У СРБИЈИ – ЕМПИРИЈСКЕ ПРОЦЕНЕ И ПРЕПОРУКЕ ЗА ПОЛИТИКЕ

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2013. 2021.

Кључне речи:

SHADOW ECONOMY IN SERBIA - EMPIRICAL ESTIMATION AND POLICY RECOMMENDATIONS

Saša Ranđelović

University of Belgrade - Faculty of Economics and Business

Abstract. The widespread shadow economy has a negative effect on the sustainability of public finances, the provision of public goods and services, the level playing field, and thus the economic growth. As a hidden, shadow economy cannot be directly measured but can be estimated using different methods. In this research, the shadow economy in Serbia was estimated using a method based on official macroeconomic data, as the sum of undeclared income (shadow economy in the domain of income - estimated on the basis of data from national accounts and standard national survey data) and unregistered taxable turnover of goods and services (shadow economy in the domain of consumption - estimated on the basis of the VAT gap derived from the corrected C-efficiency method and the average weighted VAT rate).

According to the obtained results, the shadow economy in Serbia in the period from 2009 to 2023 amounted to an average of 23.6% of GDP, moving from a maximum of 29.1% of GDP in 2013 to a minimum of 17.9% of GDP in 2021. In 2023, the shadow economy is estimated at 21.1% of GDP, of which about two-thirds is the shadow economy in the consumption domain, and one-third in the income domain. In the period up to 2013, the shadow economy recorded growth, which can be explained by the government's increased tolerance for such activities. After that, until 2021, there was a continuous significant decline in the shadow economy, which is the result of the action of a number of factors - the improvement of work organization and the digitization of inspection bodies, the reform of penal policy, the flexibilization of the labor market, the strengthening of the bargaining power of workers due to the decrease in unemployment, the reduction of the labor tax burden, surge in the share of large trade chains in retail sales, rise in the share of non-cash payments, etc. Further improvement of the capacity and efficiency of the work of inspection institutions, as well as further reform aimed at reducing fiscal and regulatory costs, encouraging the cashless transition, and raising the level of tax morale are crucial for further progress in this regard.

Keywords: shadow economy, public finances, tax revenues, Serbia

ЕФЕКТИ ДЕГЛОБАЛИЗАЦИЈЕ СВЕТСКЕ ПРИВРЕДЕ

УТИЦАЈ ДЕГЛОБАЛИЗАЦИЈЕ СВЕТСКЕ ПРИВРЕДЕ НА ГЛОБАЛНЕ ЛАНЦЕ ВРЕДНОСТИ И ПОЛОЖАЈ СРБИЈЕ

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Кључне речи:

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THE IMPACT OF DEGLOBALIZATION OF THE WORLD ECONOMY ON GLOBAL VALUE CHAIN AND THE POSITION OF SERBIA

Predrag Bjeli , Radmila Dragutinovi Mitrovi , Ivana Popovi Petrovi ,
Radovan Kastratovi and Aleksandra or evi

University of Belgrade - Faculty of Economics and Business

Abstract. For several decades, the contemporary world economy was marked by a significant degree of liberalization of international trade regime, but also of the foreign private investment regime liberalisation. This led to the creation of a single world market and a specific structure of production that is carried out in phases and abroad, known as Global Value Chains (GVC). However, in the first decade of the 21st century, there was a disturbance in global relations and the introduction of foreign trade restrictions, in the form of non-tariff barriers, and later tariffs. These tendencies lead to regionalization and closure of international trade in blocs, so called the process of deglobalization of the world economy. What is the position of Serbia in these global value chains and how will the deglobalization process affect Serbia's foreign trade?

In order to answer the above questions, Koopman's methodology, developed for the analysis of the participation and positioning of countries in global value chains, will be applied. We will analyze the position of Serbia in the GVC and compare the findings with the results of the previous research. This analysis will be carried out both at the aggregate level and at the level of sectors, which stand out for their importance for GVC. Using the panel model, we will analyze the foreign trade of Serbia and other CEFTA members in the period from 2010 to 2022, in global value chains. For these purposes, the concept of trade in value-added (TiVA) will be used applied, based on the UNCTAD-EORA database. The obtained results will be the basis for determining the effects of deglobalization on foreign trade.

Keywords: International Trade, Global Value Chains, Deglobalization, Serbia, TiVA.

РЕАЛОКАЦИЈЕ СТРАНИХ ДИРЕКТНИХ ИНВЕСТИЦИЈА: СЕКТОРСКЕ ПЕРСПЕКТИВЕ И СТРУКТУРАЛНЕ ДЕТЕРМИНАНТЕ

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NEARSHORING: SECTORAL PERSPECTIVES AND STRUCTURAL DETERMINANTS

Milan Nedeljkovic^{1,2} Ivana Todorovic¹ and Tanja Kuzman¹

¹FEFA, Metropolitan University, Belgrade

²CESifo, Munich

Abstract. Over the past decade, we have witnessed significant changes in global supply chains due to shifts in trade relations between the U.S. and China, the Covid-19 crisis, and the conflict in Ukraine. Available data and emerging literature point to a phenomenon known as the “great reallocation”—a trend involving a decrease in foreign direct investment (FDI) in China and the Far East, with a shift towards countries that are geographically and/or politically closer to the West. By analyzing FDI activities across 99 countries from 2014 to 2023 and employing a novel econometric approach that combines regularization methods and factor analysis, we have identified sectors with a greater propensity for “nearshoring”—the re-allocation of production closer to home—and the structural characteristics of countries that significantly influence their nearshoring potential. The findings highlight sectors and structural enhancements where Serbia has the potential to attract investments in higher value-added products.

Keywords: SDI; nearshoring; structural determinants

ТЕХНОЛОШКИ ПРОГРЕС И ПРЕДУЗЕТНИШТВО

КОМПАРАТИВНА АНАЛИЗА УЗРОКА ЗАОСТАЈАЊА СРБИЈЕ НА ПРЕДУЗЕТНИЧКОЈ И СТАРТАП СЦЕНИ У ОДНОСУ НА ЗЕМЉЕ РЕГИОНА

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Кључне речи:

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COMPARATIVE ANALYSIS OF THE CAUSES OF SERBIA'S LAGGING IN THE ENTREPRENEURIAL AND STARTUP SCENE COMPARED TO REGIONAL COUNTRIES

Ivan Ostoji ¹ and Ognjen Radonji ²

¹Infobip

²University of Belgrade, Faculty of Philosophy

Abstract: Serbia lags behind key regional countries (Bulgaria, Romania, Hungary, and Croatia) in the entrepreneurial development of new high-tech companies. All these countries have a rapidly growing technological ecosystem and at least one "unicorn" (Romania - UiPath, Bulgaria - Payhawk, Hungary - Prezi) or more (Croatia - Rimac Group, Infobip), which are private companies valued at over one billion dollars and not listed on stock exchanges. This text will analyze possible reasons for Serbia's lagging in this field, starting from the institutional framework (investment context and company establishment), through the economic context (e.g., the majority of newly established Serbian companies are focused on traditional industries), the high-tech industry context (Serbia is primarily an IT outsourcing center), and extending to cultural (attitudes towards entrepreneurship) and demographic factors (net migration). In the end, we will draw conclusions and provide practical recommendations for improving Serbia's high-tech development framework.

Keywords: innovation, sustainable economic growth, entrepreneurial environment, industrialization.

ВЕШТАЧКА ИНТЕЛИГЕНЦИЈА: ОЧЕКИВАЊА И РЕАЛНОСТ

Владан Девеџић

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вештачка интелигенција (Artificial Intelligence, AI)

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Стратегије развоја вештачке

интелигенције у Србији за период 2024-2030

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Кључне речи:

ARTIFICIAL INTELLIGENCE: EXPECTATIONS AND REALITY

Vladan Devedži

Serbian Academy of Sciences and Arts

Abstract. What is referred to as artificial intelligence (AI) is a global reality. AI affects the economy, development, education, healthcare, politics, social movements, and all other spheres of life, as well as every individual. One important sphere of economic and social life where discussions about AI are particularly heated is the dynamics of job change: some jobs are disappearing, new ones are emerging, and the media is full of headlines about how AI will take jobs away from people. Interestingly, the field of AI is no longer led by academic institutions and research institutes, as it was until recently, but by powerful companies, enterprises, and other similar institutions. And that's not the only controversy surrounding AI - there are many more. The creation of a new *Strategy for the Development of Artificial Intelligence in Serbia for the period 2024-2030* seems to be an attempt to establish guidelines at the highest level in our country for the most efficient alignment of the further development of AI in Serbia to global trends.

Keywords: Artificial Intelligence (AI), economic trends, job change, leading role, development strategy.

УТИЦАЈ ГЕНЕРАТИВНЕ ВЕШТАЧКЕ ИНТЕЛИГЕНЦИЈЕ НА ПРОДУКТИВНОСТ, ЗАПОСЛЕНОСТ И ЕКОНОМСКИ РАСТ

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THE IMPACT OF GENERATIVE ARTIFICIAL INTELLIGENCE ON PRODUCTIVITY, EMPLOYMENT, AND ECONOMIC GROWTH

Dušan Vujovi

FEFA, Belgrade

Abstract. Generative Artificial Intelligence (GenAI) has experienced exponential growth thanks to large language models (LLM), powerful computers, and the vast availability of data. These models are transforming many industries (entertainment, marketing, healthcare, finance, and research) and contribute 1.0-4.4 trillion USD (1.0-4.2%) to the annual global GDP.

Leading companies are rapidly introducing GenAI to inform their strategic decision-making. A recent ILO study shows that the fourth-generation ChatGPT models have a strong impact only on the administrative-clerical occupations (which make up 9.6% of employment in Serbia). Globally, 24% of administrative jobs are at high risk of significant impact from GenAI models, and even 58% of clerical jobs are moderately exposed. The impact appears in the form of increased labor productivity (augmentation) or job replacement by machines (automation). For the remaining nine groups of occupations, the degree of high exposure is low, ranging from 1-4% while the share of moderately exposed jobs does not exceed 25%.

The effect on individual jobs and occupations, and on employment in Serbia, will depend on many factors. The aim of the paper is to identify these factors and offer a conceptual basis for assessing the effects of GenAI on jobs/occupations. Depending on the available data, specific economic-political and structural measures (including retraining and education reform) will be proposed to secure positive overall effects on employment, real incomes, and economic growth.

Key words: AI – artificial intelligence, GenAI – generative AI models, GPT – generative pre-trained transformers, LLM – large language models, ChatGPT, productivity, employment, economic growth.

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ARTIFICIAL INTELLIGENCE IN SERBIA

Branko Uroševi¹ and Boban Stojanovi²

¹School of Computing, Union University,

²Faculty of Science, University of Kragujevac

Abstract. Artificial Intelligence (AI) refers to the simulation of human intelligence processes by machines. The ever-increasing ability of AI systems to analyze large amounts of data, automate tasks, and improve decision-making is likely to significantly impact virtually all industries: from healthcare, finance and manufacturing to agriculture and creative industries. Although many new business opportunities will be created under the influence of AI, numerous traditional jobs will be transformed or may even disappear.

In the first part of the paper we present the current landscape of organizations and institutions connected to AI development and applications in Serbia. We find that over 130 companies registered in Serbia are actively involved in developing AI-based products or offering AI services, making this a vibrant area of technological development. The ecosystem is supported by various government and government-related institutions, more than 40 funding mechanisms, including accelerators, innovation hubs, technology parks, and regional centers, and approximately 20 master's and bachelor's degree programs focused on AI and related fields.

However, there is no doubt that AI already has much bigger impact on the Serbian society than what can be observed from the institutional numbers alone. For example, generative AI applications, such as Chat GPT, are increasingly used in all strata of our society: by students and teachers, programmers and laymen, digital artists and writers, translators and business people. Thus, in the second part of the paper we discuss opportunities and challenges related to the development and application of AI in our country.

Key Words: Artificial Intelligence (AI) Ecosystem in Serbia, AI Applications and Societal Impact, Generative AI in Education and Industry

СТАНОВНИШТВО И ОДРЖИВИ РАЗВОЈ

СРБИЈА: 30 ГОДИНА ОД МЕЂУНАРОДНЕ КОНФЕРЕНЦИЈЕ
О СТАНОВНИШТВУ И РАЗВОЈУ

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Кључне речи:

REPUBLIC OF SERBIA: 30 YEARS SINCE THE INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT

Mirjana Raševi

Serbian Academy of Sciences and Arts

Abstract. The International Conference on Population and Development, which was the third United Nations World Population Conference, was held in Cairo in 1994. The resulting document of the conference was the Program of Action, adopted by 179 countries. The Program of Action is widely recognized as a document of indisputable significance, especially due to its innovative approach in demonstrating the links between population, development and individual well-being. The United Nations Commission on Population and Development conducts five-year reviews of the implementation of the Program of Action and provides recommendations for its further implementation. This year, marking the thirtieth anniversary of its adoption, a new assessment of the Programme implementation process will take place at the national, regional and global levels, based on the analysis of outcome indicators and policy-related indicators across three priority thematic areas: (1) population dynamics and sustainable development; (2) families, sexual and reproductive health over the life course; (3) inequalities, social inclusion and rights. The former set of indicators tracks changes in individual behaviour, lifestyle, living conditions and opportunities primarily by employing relevant indicators formulated for monitoring the Sustainable Development Goals. To gain a more comprehensive understanding, though, findings of qualitative studies are also incorporated. The latter set monitors progress in achieving the recommendations by taking into account relevant laws, policies, programs, research and funding. This paper reviews the national progress towards the implementation of the Program of Action in the period 2019–2023, or in a period determined by the availability of relevant data. The analysis shows positive developments, but also highlights areas where the implementation could be improved. Based on the findings and the discussions held during the consultations with representatives from state institutions, academia, the non-governmental sector and youth in September and October 2023, the next steps for implementing the Program of Action of the International Conference on Population and Development in Serbia were determined.

Keywords: Serbia, International Conference on Population and Development, Program of Action, United Nations, Sustainable Development Goals

КОЛИКО РАДНИКА ТРЕБА СРБИЈИ? ДЕМОГРАФСКА ПЕРСПЕКТИВА

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Кључне речи:

HOW MANY WORKERS DOES SERBIA NEED? DEMOGRAPHIC PERSPECTIVE

Center for Demographic Research of the Institute of Social Sciences, Belgrade

Abstract. The demographic crisis in Serbia is most often perceived as depopulation and aging of the population. Both of these processes seem to be unstoppable in the coming decades. Of particular concern is the many implications of population ageing, especially when it comes to the sustainability of vital social systems – health care, social protection and pension system. The expected increase in the pressure of the inactive to active population in conditions of low fertility raises the question of the required workforce size, as a key segment of the population. This issue will be considered in the context of possible changes in external migration patterns and labor force participation. Recent research suggests that an increase in economic activity alone can significantly reduce, or even annul, demographically generated pressure on the workforce. On the other hand, recent changes in the mobility of workers indicate that the Serbian labor market has already reached for the import of foreign labor, as a solution to the lack of supply caused by the demographic and migration factor. The aim of this paper is to show what changes in external migration and economic activity of the population are necessary to achieve favorable demographic indicators. To this end, models of demographic development in the coming decades will be conceived depending on different socio-economic scenarios.

Keywords: economic activity, migration, labor force, population ageing, demographic forecasts

ПРОДУЖЕЊЕ РАДНОГ СТАЖА КАО ОДГОВОР НА СТАРЕЊЕ СТАНОВНИШТВА У СРБИЈИ

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Кључне речи:

PROLONGING YEARS OF SERVICE AS A RESPONSE TO POPULATION AGING IN SERBIA

Gordana Matkovi

FEFA, Metropolitan University, Belgrade
Center for Social Policy

Abstract. Prolonging years of service in Serbia is significant for the sustainability and adequacy of the pension system and for addressing the demographic challenges posed by an aging population. An analysis of the National Transfer Accounts based on 2018 data shows that the period in the life cycle during which consumption is higher than labor income lasts for a long time. Individuals typically exit the deficit late, around the age of 27, but re-enter it early, by age 58. In 2019, the average years of service for new pension beneficiaries in Serbia were only 32 years for men and 30 years for women, which is relatively short in a comparative context. This paper examines various solutions within Serbia's pension system in relation to EU countries, focusing on measures that could influence the length of service years. These measures include options for further extending the legally mandated retirement age, reassessing penalties for early retirement, introducing bonuses for delaying exit from the labor market, and relaxing regulations that mandate retirement. However, the effectiveness of pension policies in extending years of service remains limited.

Keywords: years of service, pension system, retirement age, penalties and bonuses, Serbia

ЕКОНОМСКА НЕЈЕДНАКОСТ

ДЕТЕРМИНАНТЕ НЕЈЕДНАКОСТИ У СРБИЈИ У ОДНОСУ НА ЗЕМЉЕ ЕВРОПСКЕ УНИЈЕ

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Кључне речи:

DETERMINANTS OF INCOME INEQUALITY IN SERBIA IN COMPARISON TO THE EUROPEAN UNION COUNTRIES

Nikola Altiparmakov¹, Snežana Ugrinov² and Ivan Lakićević³

¹Faculty of Economics and Business University of Belgrade and Fiscal Council Republic of Serbia

²Fiscal Council Republic of Serbia

³Institute for Philosophy and Social Theory

Abstract. A panel analysis of trends in income inequality in the countries of the European Union after the global financial crisis in 2008 indicates marked heterogeneity among countries, both in terms of initial market income inequality and in terms of disposable income after the redistributive tax and benefit policies. The inequality of disposable income in Serbia, which according to official statistics shows a decreasing trend in recent years, is still higher than the average of the European Union. We show that initial market income inequality is (still) the dominant cause of higher disposable income inequality in Serbia compared to the European Union, thus stressing the importance of pre-distributive measures and policies aimed at reducing initial market income inequality.

Keywords: income inequality, tax and benefit policies

РОДНА НЕЈЕДНАКОСТ ДУЖ ДИСТРИБУЦИЈЕ ЗАРАДА: ЕМПИРИЈСКИ НАЛАЗИ ЗА СРБИЈУ

¹,

¹ Barry Reilly²

¹Универзитет у Београду, Економски факултет

²Универзитет Сасекс, Велика Британија

Сажетак.

У овом раду се истражује родна неједнакост дуж дистрибуције зарада у Србији. Истраживање се заснива на подацима из периода од 2019. до 2022. године, који су добијени из базе података Националног система статистику (НСБ). Циљ је да се утврди да ли постоји разлика у дистрибуцији зарада између мушкараца и жена, и да ли се ова разлика мења током времена. Резултати показују да постоји значајна разлика у дистрибуцији зарада између мушкараца и жена, и да се ова разлика мења током времена. Највише разлике су забележене у нижим категоријама зарада, док се разлике у вишим категоријама зарада смањују. Овај резултат је у складу са теоријом о родној неједнакости дуж дистрибуције зарада (Lemieux, 2018).

Кључне речи:

THE GENDER WAGE GAP ACROSS THE UNCONDITIONAL WAGE DISTRIBUTION: FINDINGS FROM SERBIA

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Abstract. Most of the existing research on the gender pay gap in Serbia has focused exclusively on conditional mean analysis. In contrast, this paper addresses the following research questions: How does the GPG vary across the wage distribution in Serbia? Is there an evidence of the larger gap at the top of the wage distribution or at the bottom? How much of the gap is attributable to differences between males and females in their characteristics (education, labour force experience, sectoral and occupational segregation) and how much is attributable to differences in the wage that they receive for the same characteristics, with the later possibly interpreting as discrimination? We will decompose the GPG along the entire wage distribution using the LFS data spanning the Covid-19 period between 2019 and 2022 and applying the re-centered influence function regressions with reweighting procedure (Firpo, Fortin and Lemieux 2018). The empirical findings reveal a considerable degree of heterogeneity in the Serbian labour market with respect to the size of the gender pay gap across the unconditional pay distribution. Our results reveal a stronger 'glass-ceiling' than a 'sticky-floor' effect. Although women within the higher percentiles of the wage distribution exhibit the greatest advantage relative to men in terms of their pay determining characteristics, a large unequal treatment in terms of the wages received for the same characteristics as men persists. This unequal treatment of women remains stable across the time-period studied suggesting no adverse effects on the treatment effect associated with the Covid-19 episode.

Keywords: Gender wage gap, decomposition, unconditional wage distribution, Serbia

СЕКТОРСКА ДИСТРИБУЦИЈА СТРАНИХ ДИРЕКТНИХ ИНВЕСТИЦИЈА И ДОХОДНЕ НЕЈЕДНАКОСТИ: РЕПУБЛИКА СРБИЈА ВЕРСУС ПОСТ-ТРАНЗИЦИОНЕ ЗЕМЉЕ ЧЛАНИЦЕ ЕВРОПСКЕ УНИЈЕ

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Сажетак.

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Кључне речи:

SECTORAL DISTRIBUTION OF FOREIGN DIRECT INVESTMENT AND INCOME INEQUALITY: THE REPUBLIC OF SERBIA VERSUS POST-TRANSITION EU COUNTRIES

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Abstract. The paper examines the complex relationship between foreign direct investment (FDI) and income inequality in the Republic of Serbia, contextualized within the experiences of post-transition European Union (EU) countries. Specifically, we explore whether—and to what extent—the sectoral structure of foreign investments and their distributive effects in Serbia align with those observed in new EU member states. By doing so, we aim to identify public policies and institutional reforms that could mitigate the potentially adverse impacts of foreign investments on income distribution. In contrast to Serbia, where FDI is predominantly concentrated in low-value-added sectors, the new EU member states have experienced a shift in FDI inflows from labour-intensive industries with relatively uniform wage structures to knowledge- and innovation-intensive sectors with greater wage inequality. Findings from a panel analysis on a sample of post-transition EU member states, during the last three decades, support the hypothesis that sectoral reallocation of FDI diminishes the positive impact of foreign investment on income distribution in the short term, but improves income distribution in the long term. These findings are explained by data indicating that foreign firms, on average, employ fewer workers and offer higher wages compared to domestically owned firms. Additionally, the wage gap between foreign and domestic sectors is generally wider in knowledge- and innovation-intensive industries than in labour-intensive ones. Spillover effects between foreign-owned and domestically owned sectors—where foreign capital often plays a dominant role—suggest that a positive impact of FDI on income distribution may occur in the long term. The observed shifts in the sectoral composition of foreign investments and their influence on income distribution in post-transition EU countries are not, however, predominant features of current FDI inflows in Serbia. This is expected given the differences in the level of development and integration into the European and global economy between Serbia and EU countries. The unique challenges Serbia faces in regulating foreign capital flows—when compared to European practices—are found in multifaceted role of foreign capital in its economy, the substantial presence of foreign employers in the labour market, and the preferential institutional treatment afforded to foreign investors.

Keywords: Foreign Direct Investment, Income Inequality, Republic of Serbia, Post-Transition European Union Member States