

The previous measures of the Government of Serbia to help citizens and the economy were calculated to stimulate investment and final demand, so that the economy would be maintained and ready for the period after the pandemic, said Dragan Djuricin, professor at the Faculty of Economics in Belgrade, in a statement for Tanjug.

“The main economic consequences of the pandemic are reflected through a break in supply and demand. Practically, the economy without some extraordinary measures of the state is slipping into hibernation,” said Professor Djuricin.

He stated that for that reason, every macroeconomic program has two parts, medical and economic.

“Medical should ensure that the mobility of the health care system is preserved, reduce the number of unfavorable outcomes and infections, and economically find ways to keep the economy to a minimum, so that when this unusual thing passes, it can be restored,” said Djuricin.

He emphasized that in that sense, one of the tasks of the state is to stimulate the demand, which is at a standstill due to the pandemic, both investment and final.

The investment refers globally to the activities of the state in order to increase public investments, and to that end, Serbia based its development strategy in the previous period on public investments, primarily in infrastructure, physical and digital, explains Djuricin.

“The second way is through foreign direct investments, which have a very healing effect on the capital balance, given that they reduce the deficit in the capital balance. So, in addition to activities that increase with the arrival of foreign companies in Serbia, we have a macroeconomic positive effect,” stated Professor Djuricin.

He added that since the state has done a lot to increase investment demand with its measures, the segment of final demand remained, and those are the goods and services that citizens consume, primarily food, energy and transport services.

“In any case, we have companies of different levels of integration in the economic structure, so stimulating demand by ‘thickening’ wallets is not a small thing,” said Djuricin.

He explained that this is achieved through a series of measures, one of which is the partial payment of salaries for companies that have problems in maintaining production so that there would be no layoffs, and the other is a typical “Helicopter money”, ie giving money to adult citizens.

“These measures are such as to stimulate aggregate demand, return through taxes to the budget, and if the state has fiscal space for these measures or to borrow on credit by issuing sovereign debt bonds, then those measures can be implemented,” Djuricin told Tanjug.

He emphasized that it is very important to keep the short-term liquidity of the state when it borrows, because all those measures cost money, and we cannot print that money, as the states of reserve currencies do.

On the other hand, Djuricin added, long-term liquidity must be maintained through

measures to expand production and restructure the economy.

Regarding the announcement of giving 25 euros to citizens who have been vaccinated, he says that this is an unconventional measure that surprised many.

“I see in it the government’s commitment to increase the level of vaccination of the population, given that the government has decided to vaccinate a critical mass of the population as soon as possible and thus slow down the virus mutation, which is a long-term goal. And reduce infection, which is a short-term goal,” assessed Djuricin.

He put that measure in the same rank with the distribution of money to all adult citizens.

“And it’s a kind of ‘helicopter money’ measure, with the aim of encouraging people to get vaccinated, to spend a little and to fill the budget through tax revenues, but these are more symbolic things than they affect the balance of the budget, which is the most important thing for the Ministry of Finance,” assessed Djuricin.

He added that he sees it as one in a set of measures that is unconventional, as he said, “a little sympathetic”.

“Well, if it acts on the population, the goal will be achieved. And if it does not act, something else will have to be devised,” he added.

“In any case, if we already have the necessary condition to have vaccines, and if we, as a state, have decided to produce vaccines in the medium term, then it is important that, first of all, we, the citizens of Serbia, use those vaccines which is the solution at this moment, until the drugs appear,” said Professor Djuricin, RTV reports.