

The budget for 2022 was adopted in record time, without much discussion, there were no amendments to it, and the expert public evaluates it as good, especially because a lot of space has been given to public investments. Reserves, of course, exist, and one of them is how long it will last. Because, next year is an election year, and then, as a rule, the state treasury is closed, that is, rebalances are made.

The Fiscal Council (FC) also pointed out that: "The specificity of the budget is that it will most likely not be valid for the whole year. Parliamentary elections are planned for the spring of 2022, followed by the formation of a new government, and the practice is to rebalance the budget on that occasion."

Ivan Nikolic, from the Institute of Economics, says the budget has been carefully designed with ambitions to make greater savings. It seems to him that revenues are underestimated given the estimated inflation and nominal GDP growth. In such conditions, it is certain that the income will be higher. Therefore, he believes that there is room for the deficit to be lower than the projected three percent of GDP.

"Next year is an election year, and the state has shown thrift, which was not the case in previous similar situations. Because, with the announced economic growth of more than seven percent and inflation, which is now 6.6 percent, the demands for an increase in salaries in the public sector could have been even higher. And it will be seven to eight percent, which is possible only in the current solid political stability," states Nikolić.

He sees in the budget the continuation of good tendencies that the expenditures for capital investments have increased, and they bring economic growth. This economist notices the risks to the realization of budget parameters in the still unfinished pandemic, as well as in the energy crisis. Namely, in many countries, even in those in the wider environment, the health situation is deteriorating, they are closing down, which is why there will be less consumption, less transport.

"The energy crisis is also a consequence of the pandemic. Whatever agreement we reach with the Russians on the price of gas, it will be more expensive than we have paid so far. In the first half of the year, the price for a thousand cubic meters was 240 dollars, and now it is around 400 dollars, which has been announced, and these are especially those in metal production. If the situation lasts, the state aid to the economy will have to be higher, which means higher budget expenditures than planned," Nikolic believes.

Milojko Arsić, a professor at the Faculty of Economics, says that it is good that public investments have remained high, but the weakness is the choice and realization.

"The public is not aware, nor is there any evidence, that a project is the best and most desirable. In socialism, there was more discussion about where a route should go, who is building it, at what price, what technologies are used. The question is whether the subway should go exactly that route. It is bad for the state to be financially burdened, without much benefit from that," notes Arsić.

In his opinion, the budget does not reduce social inequality enough, and progressive taxation has not yet been introduced so that those who earn more pay taxes at higher tax rates.

"It is not good that the aid of 180 euros is given to all pensioners and those with incomes of 220 euros and 850 euros. We have 150,000-200,000 old people without any income, and nothing is being done to identify them and help them in particular. I know that it is easier for the state to solve everything with one payment. The children also stayed aside in the previous aid packages, because they received adult support. It is also bad that salaries in the public sector are increased by sectors, and not by type of work, but it is obvious that this is easier for the state," states Arsić.

According to the assessment of the Fiscal Council, the budget was planned quite carefully, which suggests that fiscal developments in 2022 could be better than expected. The draft budget for 2022 envisages the continuation of a gradual reduction of the fiscal deficit compared to previous years and the reduction of the excessive share of public debt in GDP (planned from 58.2 percent at the end of 2021 to 56.5 percent at the end of 2022).

Pensions and salaries in the public sector, which represent by far the largest budget expenditure, remained under control. State allocations for public investments in 2022 are at an economically good, high level. The energy crisis as a possible source of fiscal costs is completely overlooked by the budget, according to the FC, Politika reports.