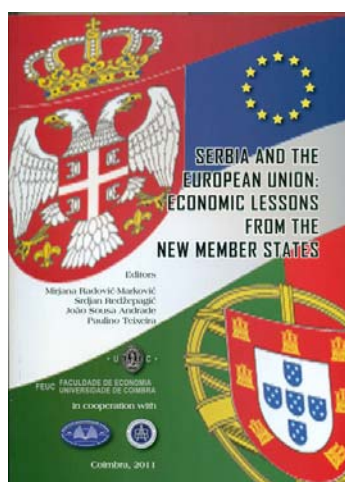


**BOOK REVIEW****SERBIA AND THE EUROPEAN UNION: ECONOMIC LESSONS FROM THE NEW MEMBER STATES**

Edited by  
Mirjana Radović-Marković, Srdjan Redžepagić, et al.



The “Serbia and the European Union: Economics Lessons from the New Member States” proceedings is a result of the cooperation between the Institute of Economic Sciences and the Belgrade Banking Academy and the Faculty of Economics of the University of Coimbra. The editors of these proceedings are the honoured professors of the Institute of Economic Sciences: prof. dr Mirjana Radović-Marković and dr Srdjan Redžepagić, as well as the honoured professors of the Faculty of Economics, Coimbra: Professor Joao Sausa Andrade and Professor Paulino Teixeira. The reviewers of these proceedings containing 25 papers were the professors of the Coimbra University: Prof. dr Anonio Portugal Duarte, Prof. dr Marta C.N. Simoes and Prof. dr Carlos Carriera.

The major goal of the book „Serbia and European Union: Economic lessons from the new member states“ is to provide an accessible presentation of the facts, theories and controversies that are necessary to understand this process. This book covers the essential aspects of integration, institution, laws, politics and policies. The book does not only contribute to our understanding of the explanations of the enlargement through community rules and norms, but also provides a strong theoretical contribution to the analysis of international institutions as well as tries to extract some general lessons that can be learned from the history of EU admission of the member countries. The different aspects of the integration process are presented in different chapters of the book.

The book consists of three parts:

- The first section examines the modern European economy and integration.
- The second section examines the regional policy, agriculture and the EU accession
- The third section examines the role of policy in SME development and the EU accession.

One of the basic problems of the transition countries, among them Serbia, in their endeavours to integrate into the EU are mirrored in the lack of foreign capital, in serious indebtedness, in the budget deficit, as well as in the adjustment of financial systems. It is these issues that the authors of the Publication dealt with, offering proposals and



recommendations for improving the critical points in the economic, social and political sphere in the integration processes domain.

The first section consists of 10 chapters the aim of which is to get the answers to some economic, financing, monetary and cultural issues as the major circumstances for the process of integration. The integration is connected to the political and normative conditions and thus considers the establishment of the system of functioning market economy. Due to the integration process in Europe and the European Union, the authors of the papers concentrate in a special way on the economic integration process and describe the attractiveness of some Balkan countries for foreign direct investments as essential to the dynamic economic and social development of the countries. Special attention is paid to the financial system in Serbia and other countries because it has been subject to major structural changes in the past decade.

Some authors stress the importance of the cultural dimension in the process of individual countries' accession to the EU, because Europe is often seen as economically prosperous, with high standards of living and monetary investments that could stimulate economic development, and the fact is that to join Europe requires many written and unwritten rules and laws as mental adjustments to the new value system and behavioural models that are different from the old habits. In case of Serbia, joining the European Union means not only the access to the funds and a higher standard of living but also changing the „mental models“ under the influence of the requests that would be made when Serbia has joined.

A group of authors point out that one problem of the transition countries, among them Serbia, is the credibility problem, since prominent risks of the transition countries reduce the credit worthiness of these countries, thus directly increasing the price of capital and consequently reducing the national and international competitiveness of their entire economies. Also, the performance of the current monetary regime in Serbia and other countries is not satisfactory. In Serbia, like in most developing countries, the predictions for adopting inflation targeting are not present yet. The credibility problem is still unsolved. This problem is emphasized by the lack of trusting in the national currency and its exchange rate.

The experiences of other countries, such as Greece and Portugal, in constituting the consumption model can serve as a good example to Serbia in its efforts to solve the problems of debts and high interest rates. The experiences of Slovakia in resolving the monetary policy problems certainly serve as a good example for a further analysis and benchmarking of similar problems in Serbia.

The second part of the Proceedings explores the issues regarding the regional policy and agriculture in view of the accession to the EU. The selection of regional policies of a country is largely conditioned by the regional differences in its development and the specific features of its economic structure. The inequalities in economic growth certainly is an important problem of the developing countries, among them Portugal, the authors dealing with this phenomenon stress. The financial policy of development and of the assets from the republic and institutions' funds cannot ensure the results that are necessary to accomplish in a short-term and the medium-term periods. It is for these reasons that one solution to an accelerated development of Serbia is to make use of the European funds earmarked for the regional development. The importance and potential support of these funds for Serbia is visible in



the fact that the European Union's financial capacity for the purpose of the equal regional development is more than ten times higher than the Serbian annual GDP. One of the basic prerequisites for a stable and continuous social and economic development is the equal regional growth of all the regions of the country and as one of the basic European values this should contribute to planning and application of the development policy. As a potential candidate, the Republic of Serbia has made great efforts in conducting legal and technical preparations for an access to these funds. In that sense, regionalization may be a good preparatory activity. By the time it attains the status of a candidate country, Serbia could do more on the cooperation play with neighbouring countries and by doing so it would receive more resources from the EU funds.

Since agriculture is the prevailing activity in a majority of the most underdeveloped regions of the EU, as well as of Serbia, it is evident that a large number of the Serbian regional development policies may be related to the EU policy. A large number of authors highlight the importance of agriculture as a key factor of a country's economic growth. The authors that deal with the agriculture problems in this section of the Proceedings point out that agriculture is an important determinant of a country's economic growth. The agriculture sector in Serbia has a highly important role in the employment of the population. The development of agriculture should become a corner stone of a general policy of development in Serbia and should be allocated far larger financial assets from the budget compared to the previous period. In order that the competitiveness of agriculture sector should be improved it is necessary that a system solution to its financing be worked out. This requires that the agricultural budget and policy be known for the period of at least five years, as well as that a transparent mechanism of cost control and the control of the efficiency of measures financed from the agricultural budget be established.

The third section of the Proceedings deals with the area of policies in the context of the small and the medium-size enterprise development as well as creating conditions for the accession to the EU. The authors stress that small and medium-size enterprises make a key issue in the economic development of any country, and the basic source of economic growth and flexibility. It is for this reason that they stress the importance of formulating adequate policies and legislature in this area. The policymakers are conclusive in their attempt to promote a more dynamic development of the SME sector by creating policies and consistently implementing the basic principles contained in the European Charter for Small Enterprises. The further course of the Serbian integration to European Union will be a primary determinant of the SME sector. The realization of SMEs growth potential in the future requires an advanced approach oriented towards promoting entrepreneurship and creating a friendlier environment for small businesses.

It should be noted that an important point in bringing together the small and medium-size businesses and entrepreneurship is the company's socially responsible business doing that is one way of achieving sustainable growth. The countries such as Serbia, which strive to become the EU members, should base their socio-economic development on the good EU practices. The role of the academia, the civil sector and the business associations is crucial for the achievement of this goal. The state has a particular role in stimulating the CSR through rewarding the socially responsible behaviour and through public-private partnerships in addressing the needs of the society.



Having in mind the importance of the above-mentioned areas in the process of Serbia's accession to the European Union, this Proceedings addresses the key issues and problems the transition countries are faced with. Sharing the experiences of the countries such as Portugal, Greece, Slovakia, we gain the economic, financial and monetary knowledge which may be of use to Serbia in the process of its accession to the EU. This is where the importance of this Proceedings lies – in the efforts of each of its authors to contribute with their works to the European integrations.

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