

RESOURCES OF SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT: THE CASE OF THE REPUBLIC OF SERBIA

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ABSTRACT

The Sustainable Development Strategy implies a targeted long-term process that affects economic, social, environmental and institutional aspects of life. The goal is to meet the social and economic interests of citizens, reduce poverty, reduce unemployment and gender inequalities and reduce negative impacts on natural resources and the environment, resulting in long-term economic growth with economic efficiency, technology and innovation. Accordingly, in 2015, the United Nations adopted Resolution A / RES / 70/1 - Transforming our world: the 2030 Agenda for Sustainable Development, based on three dimensions of sustainable development: economic growth, social inclusion and environmental protection. At the end of the 20th century, parallel with the theory of development, which turned into the concept of sustainable development, there was globalization that integrated the entire world regions in order to gain as strong economic and financial positions as possible on the world stage. Today, Serbia is not in a position to choose whether to engage in modern globalization processes, but it must continue the initiated transitional reforms and accession to the European Union, regardless of the economic, political or environmental consequences. By implementing national policies, Serbia should aim at national and economic sovereignty, which will further influence sustainable development. Only by changing the current economic policy, by creating a national strategy based on the exploitation of domestic economic and industrial potentials, by reducing unemployment, social responsibility and individual freedom, economic growth and sustainable development can be achieved. This work, besides the introduction, consists of materials based on the presentation of the sustainable development strategy of the Republic of Serbia, and also presents the results and discussion that draft the current situation with possible solutions to achieve sustainable development in the future. Finally, final ratifications are provided.

Keywords: sustainable development, economic growth, national strategy, Republic of Serbia

INTRODUCTION

A country's sustainable development strategy is defined as a long-term and targeted process that affects economic, social, environmental and institutional aspects of life on all levels. Namely, this strategy should be oriented towards the creation of a model that will not be the best way to satisfy the social and economic interests of citizens of one state, while on the other hand it reduces the negative impacts on natural

resources and the environment itself. This will, in addition to economic efficiency, technology and innovation, lead to economic growth in the long run, which will directly affect the reduction of poverty levels and the increase in the quality of life, but also the preservation of the environment through the reduction of possible pollution. One of the most important goals of sustainable development is the reduction of the unemployment rate through job creation and employment of young people and the reduction of gender inequality, which must be supported by political will and public support.

The global goal of the national strategy for sustainable development is the balance of three pillars, namely the sustainable development of economic and technological growth, revitalizing the development of society through social balance and sustainable development of environmental protection, which must be supported by the institutions.

At the summit in September 2015, the United Nations adopted Resolution A / RES / 70/1 - Transforming our world: the 2030 Agenda for Sustainable Development. Specifically, the Agenda 2030 is a universal strategy in which State Parties are expected to mobilize all resources in order to achieve targets by 2030. Agenda 2030, with all 17 goals (the world without poverty, the world without hunger, good health, quality education, gender equality, clean water and sanitation, accessible and renewable energy, dignified work and economic growth, industry, innovation and infrastructure, reduction of inequality, sustainable cities and communities, responsible consumption and production, climate action, life under water, life on earth, peace, justice for strong institutions, partnership to goals) includes three dimensions of sustainable development: economic growth, social inclusion and environmental protection.

MATERIALS AND METHODS

In this paper, materials and methods are based on the analysis of the sustainable development of the Republic of Serbia, which includes the strengths and weaknesses of sustainable development, but also the opportunities and threats of sustainable development.

In order to enable the realization of a sustainable development vision, the Republic of Serbia was based on national priorities of key importance. It primarily refers to EU membership, and in addition to the development of a competitive market economy and balanced economic growth, development and education of the population with increased employment and social inclusion, the development of infrastructure and the balanced development of all regions in the country, as well as the protection and improvement of the environment with the rational use of natural resources. Certainly, there are strengths and opportunities to be used, on the one hand, but also weaknesses and threats to be avoided, on the other hand (*Table 1* and *Table 2*).

As it has already been mentioned above, the Republic of Serbia has defined accession to the European Union as the largest national priority, where the main goal is to meet a number of previously formulated conditions by the EU based on the

development of stable democratic institutions with the rule of law, the development of a market economy and legal harmonization with the EU.

Table 1

Strengths and weaknesses of Serbia's sustainable development

STRENGTHS	WEAKNESESS
Geographical position of the earth;	Insufficient trust of citizens in institutions;
Quality workforce;	Differences in regional development;
Legal basis of democratic and open societies;	Insufficient number of greenfield investments;
Reforms of a large number of sectors;	Slow privatization process;
Private Sector Growth;	Lack of traffic and communal infrastructure;
Trust on the regional level and raising reputation;	Insufficient investment in the development of the economy;
Awareness raising for the need of sustainable development planning on the local level;	Very low allocation rate for education and science from GDP;
Reducing current imbalances in the financing of social and pension-disability insurance funds;	Low rate of allocation from GDP in the field of social protection;
High degree of biodiversity;	Continuation of brain drain;
Various natural resources;	Ethnocentrism in the part of the ruling elite;
Risks of cultural infrastructure and cultural values;	Low level of citizen participation;
Existence of expert and financially significant diaspora;	Lack of consensus about further regionalization and decentralization;
Preserved environment in non-industrialized areas.	Unplanned exploitation of natural resources;
	Unfavourable socio-economic situation of young people;
	Excessive pollution of water, air and soil; Poor waste management practices;
	Lack of incentives to reduce pollution.

Source: *Republic Institute of Statistics of the Republic of Serbia* (2019)

The development of a competitive market economy and balanced economic growth can be achieved by supporting innovation through linking science, technology and entrepreneurship to IT technologies. This can be achieved by attracting FDI, macroeconomic stability, increasing exports, development, small and medium-sized enterprises, fostering innovation and entrepreneurship and the development of IT.

Development and education of the population with increased employment and social inclusion are achieved by increasing the number of jobs, increasing the number of experts, improving the quality of the workforce and investing in human resources. However, this can be achieved by preventing professionals and youth from leaving the country, better flexibility of the labor market, investing in education, achieving gender equality through the incentives for employment of young women and investing

competitiveness, evenly stimulating regional and local development, and by developing rural areas.

Table 2

Opportunities and threats to the sustainable development of the Republic of Serbia

OPPORTUNITIES	THREATS
EU integration;	Growing Intolerance and Social Division;
Inclusion in EU funds;	Possibilities of new ground insulation;
Cooperation with the Diaspora;	Adverse demographic trends;
Introduction of EU norms and standards for environmental quality assurance;	The increase in unemployment, poverty, indebtedness and slow economic development;
Completion of privatization;	Principle "not in my yard";
Further development and strengthening of democratic institutions in the areas of social development;	Lagging behind for the region due to unresolved political issues;
Reducing corruption and increasing transparency;	Unresolved issues of combating corruption and organized crime;
Political will to implement legal reforms;	Insufficient public awareness and insufficiently developed public awareness;
Increasing Public-Private Partnerships;	Lack of investments for infrastructure construction;
Introducing cleaner production;	Industrial production with outdated technologies;
Improvement of energy efficiency, rational use of raw materials and the reduction of traffic intensity.	Possible absence of political will to carry out legal reforms;
	Growing level of traffic with low quality fuel.

Source: *Republic Institute of Statistics of the Republic of Serbia* (2019)

Protection and improvement of the environment with the rational use of natural resources is based on establishing a system of protection and controlled use of natural resources, then investing in reducing the pollution of the environment, more efficient use of fossil fuels and others.

The National Strategy for Sustainable Development of the Republic of Serbia is based on the globally accepted principles defined in the Declaration on Sustainable Development from Johannesburg, furthermore on the objectives of sustainable development of the UN and the EU Sustainable Development Strategy (*Institute for Urban Planning*, 2017). Its main points are the following:

1. Intergenerational solidarity and solidarity. It refers to meeting the needs of the present generations without compromising the rights of future generations, which is achieved through a democratically harmonized distribution of available natural and created capital, providing basic human needs;
2. Open and democratic society - participation of citizens in decision-making. It refers to the guarantee of civil rights and participation in decision-making, providing access to information and ensuring access to justice.

3. Knowledge as a carrier of development. It involves promoting a prosperous, innovative, competitive and environmentally efficient knowledge-based economy that provides a high standard of living and full and high-quality employment.
4. Promote education and develop public awareness of sustainable development. It is based on involvement in social processes and the tendency that differences and polarization among members of society should be minimized and to combat social exclusion and poverty.
5. Integrate environmental issues into other sectoral policies. Promote the integration of economic, social and environmental approaches and analyzes, using instruments such as strategic environmental assessment.
6. The precautionary principle. Require the preservation of the natural balance in circumstances where there is no reliable information on a particular problem. In case of possible and significant environmental impacts, undertake preventive activities, especially in situations of endangering the welfare of people and animals.
7. Principle polluter / user pays. Include the costs of environmental damage in the economic costs of the polluter / user, applying the polluter / payer principle.
8. Sustainable production and consumption. Respect balanced relationships in the exploitation of natural resources and provide a high level of protection and improvement of the quality of the environment. Reduce environmental pollution and promote sustainable consumption and production, so that economic growth does not cause a proportional increase in environmental degradation.

This strategy reflects a positive image for the future of Serbia, and even only some of these items are fulfilled, because of the application of appropriate economic, technological and social strategies, it can lead to the improvement of today's very bad position in relation to other countries in transition. In particular, it should be taken into account that Serbia is in relation to the countries in its environment, and according to the analysis of the transition indicators, the EBRD had the slowest progress in the transition process (*Toskovic, 2016*). We can assert that the Republic of Serbia needs sustainable development that is based on an increase in the stability of basic macroeconomic aggregates such as GDP, employment, foreign trade, FDI inflows and increased competitiveness with the reduction of public and external debt, which will result in macroeconomic stability on the one hand, and on the other, it will contribute to a better quality of life of citizens. Also, in addition to everything mentioned above, our country requires educated people who possess knowledge and who will contribute to the implementation of all the items mentioned by their efforts and work.

RESULTS AND DISCUSSIONS

The results and discussions point to the objectives of sustainable development in the Republic of Serbia, which relate to social responsibility, freedom of the individual, regional development, the launching of industrial growth and economy, but also possible recommendations for the future.

At the end of the 20th century, the previously known theory of development turned into a concept of sustainable development, which has scientific and technological development in its base. At the same time, there has been globalization that has integrated the entire world regions in order to gain as strong economic and financial positions as possible on the world stage. Namely, globalization is a phenomenon of a newer date that can be understood as a process that enables the transformation of local or regional phenomena into global (*Toskovic and Filipovic*, 2017). Today, the term globalization implies „international integration” of goods, technologies, labor and capital, so globalization can be discussed in a wider sense (*Dujusin*, 1998). According to another interpretation, globalization implies the process of abolishing restrictions on the flow of goods, services and people (*Turek*, 1999). In one word, those who do not participate in these processes remain excluded from the main world commodity and financial flows, which are controlled by several world centers.

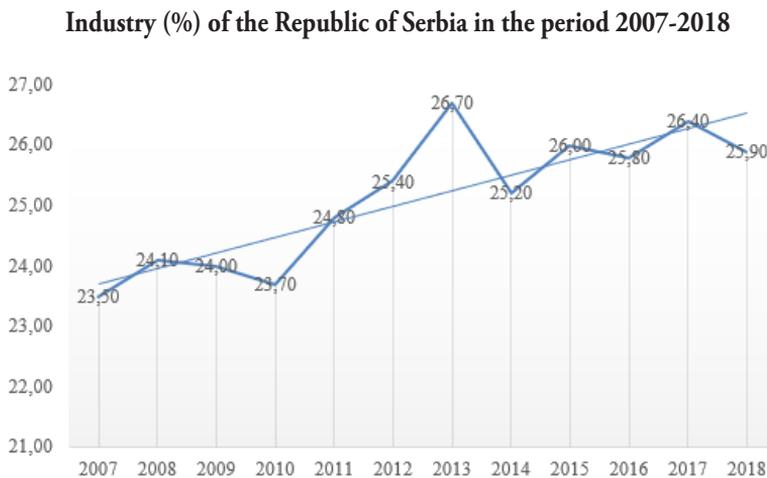
The development of the global economy is enabled by the technological development that began in the seventies in the most economically and technologically most developed countries in the world. The question of the development of national economies is a constant topic of today. Each country should formulate and adopt national strategies for economic development (*Toskovic and Filipovic*, 2018). By implementing national policies, Serbia should aim at national and economic sovereignty. Nevertheless, Serbia is not in a position to choose whether to engage in modern globalization processes, it simply needs to continue the initiated transitional reforms and accession to the European Union, whatever the economic, political or environmental consequences are. Sometimes the economic structure had the dominance of the primary sector, eg. agriculture and the organic industry, as well as the secondary sector or the processing industry.

Today, the primate has a tertiary sector, a service sector imposed on by globalization processes. Our country is facing a high external trade deficit as well as additional external borrowing, which leads to a burden on economic activity and the danger of a crisis of foreign liquidity. Also, one of the problems is the technological backwardness of domestic enterprises, which has led to low productivity and insufficient competitiveness of the economy on foreign markets. Insufficient competitiveness is the result of a high monopolization of the domestic market, which prevents further transitional reforms. However, this could be changed by changing the prevailing economic policy, creating a national strategy based on the exploitation of domestic economic and industrial potentials, increasing FDI but also by integrating the domestic economy into the world's economic flows. Accordingly, the possible goals of the sustainable development of the Republic of Serbia can be summarized as the most important ones:

1. Social responsibility. Social responsibility should be based on the principle of social justice and responsibility for each individual. In order to achieve a socially responsible economy, it is necessary to improve the economic environment for all residents and provide them with a chance to work, reduce poverty and the right to work, and reduce gender inequality.

2. Freedom of the individual. Citizens of our country should live freely, in society and economy with overall lower risks, and with greater chances for cultural, economic and technological development and life, without anxiety for existence and life.
3. Regional development. Balanced regional development and policy of regional development stimulation are necessary, since regional differences are large (economic, political, demographic), especially in the South and East parts of the country. These incentives relate to infrastructure, education, education and employment, and FDI.
4. Launch of industrial production. Serbia could improve its economic position by creating a national strategy based on the exploitation of domestic economic and industrial potentials. The observed period shows that industrial production is in constant decline, which is the result of the current economic policy (*Figure 1*).

Figure 1



Source: *World Bank* (2019, a)

5. Reduction of unemployment is necessary in order to achieve economic growth. For several years, Serbia has been struggling with high new unemployment, resulting in large migrations of the population into EU countries. The reason for abandoning the state is the inability of the population to live from their work, because in the current economic system they are unable to get to work and have a decent living from their work. Observing a ten-year period, the highest unemployment rate was in 2012 when it was 24%, which is the result of the second wave of the economic crisis (*Figure 2*).
6. Economic growth. It should be based on economic and technological development that will lead to the growth of production, employment and GDP, while improving the quality of life. In the last ten years, the consequences of the global economic crisis, economic growth did not exceed 3%. The *Figure 3* shows the economic growth in the Republic of Serbia between 2007 and 2018.

Figure 2

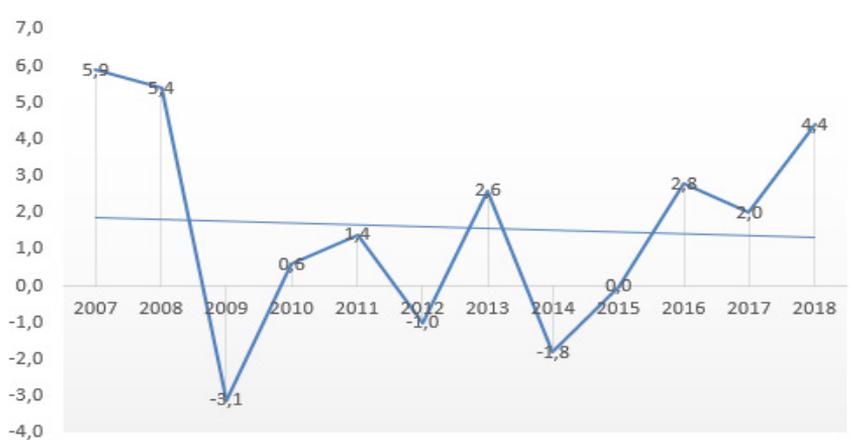
Unemployment (%) in the Republic of Serbia in the period 2007-2018.



Source: *World Bank* (2019, b)

Figure 3

Economic growth (%) in the Republic of Serbia in the period 2007-2018.



Source: *World Bank* (2019, b)

CONCLUSION

The sustainable development strategy of a country implies a targeted process in the long run, which affects both economic and social, environmental and institutional aspects of life on all levels. The goal of the strategy is to create a model that will best

satisfy the social and economic interests of citizens, but also reduce the negative impacts on natural resources and the environment, which will result in long-term economic growth with economic efficiency, technology and innovation. Furthermore, the strategy will directly affect the reduction of the level of poverty and the preservation of the environment through reduction of possible pollution. One of the most important goals of sustainable development is the reduction of the unemployment rate and the reduction of gender inequality, which must be supported by political will and public support. Accordingly, in 2015, the United Nations adopted Resolution A / RES / 70/1 - Transforming our world: the 2030 Agenda for Sustainable Development, based on three dimensions of sustainable development: economic growth, social inclusion and environmental protection.

At the end of the 20th century, parallel with the theory of development, which grew into the concept of sustainable development (the base is scientific and technological development), there was globalization that integrated the entire world regions in order to gain as strong economic and financial positions as possible on the world stage. In other words, globalization implies the process of abolishing restrictions on the flow of goods, services and people, while those who do not participate in these processes remain isolated from the main world commodity and financial flows, which are controlled by several world centers. Thus, in the seventies, the development of a global economy enabled technological development in the most economically and technologically developed countries of the world, while the issue of the development of national economies is a permanent theme of today. By implementing national policies, Serbia should aim at national and economic sovereignty, which will further influence sustainable development. However, Serbia is not in a position to choose whether to engage in modern globalization processes, but it must continue the initiated transitional reforms and accession to the European Union, regardless of the economic, political or environmental consequences.

Today, our country faces a high external trade deficit, high external indebtedness, unemployment, while the technological backwardness of domestic enterprises has led to low productivity and insufficient competitiveness of the economy in foreign markets, which is the result of high monopolization of the domestic market, which prevents further transitional reforms. Such a picture could be changed by changing the prevailing economic policy, creating a national sustainable development strategy based on the exploitation of domestic economic and industrial potentials, reducing unemployment, social responsibility, and freedom of individuals, which will ultimately result in economic growth.

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