

WORKING PAPER

The Serbian Labor Market During the Covid-19 Pandemic: An Assessment of the Government's Response to the Crisis

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Abstract

During the Covid-19 pandemic many governments have implemented large socio-economic packages, providing massive fiscal support to protect employment, households and vulnerable populations. The focus of this research is on the types and effects of employment-related measures of the government of Serbia.

Direct employment-related measures of the government were: compensation of salaries to companies in order to preserve employment, financial assistance and facilitation of business to enterprises with the condition of retaining workers, measures relating to certain categories of employees or sectors. Besides, as indirect employment related measures, a set of measures of non-selective payments to the entire population, often called “helicopter money” was implemented with aim to increase domestic demand, and consequently production and employment.

The research question is: “What effects these measures have produced on the employment in Serbia”? Methodology of research included: *descriptive statistics, classification and cost/benefits analysis*.

The research found that, among the employment-related measures applied in Serbia, all types of assistance to companies had a positive effect, but the long-term effects would be only possible by intensifying efforts to achieve greater transparency of employees in temporary and additional jobs, as well as labor inspection, especially in the private services sector. Another important result is that mechanism of “helicopter money” has successfully stimulated domestic demand. The benefits of Serbian government measures significantly outweigh the costs of fiscal deficit and increasing of public debt.

Keywords: *Covid-19, Serbia, Unemployment, Employment-related measures, Fiscal support.*

Introduction

The Covid-19 pandemic and the subsequent lockdown during 2020 had strong economic consequences worldwide. Prohibitions on movement and work caused the halt of economic activity in a lot of sectors and its disruption in others. The pandemic in all countries has led to macroeconomic problems, such as rising unemployment, work stoppages, a total decline in production and the closure of a large number of companies in the hospitality sector, but also craft services, whose work has been completely banned for a long time. The crisis also affected the international economy in the form of a reduction in international trade and an almost complete cessation of foreign investment.

In contrast to the previous financial crisis, especially 2001 and 2008, which was usually accompanied by theoretical disputes for and against state interventionism, during the Covid-19 pandemic, governments, reputable economists, as well as influential international financial organizations, agreed that government action was necessary in order to protect economies. The almost all governments of the world have provided massive fiscal support to save companies (not just large ones), to maintain employment level, and households` income.

The government of Serbia has implemented measures of massive support the entire economy through three packages: in spring 2020, in December 2020, and in February 2021. The analysis of the effects of all measures is too broad for this study, so this research is limited to one of the biggest challenges for governments during a pandemic - maintaining employment. Serbia is an excellent example for analyzing the effectiveness of certain interventions, because it is not in the European Union (EU) aid system, so there are no external influences that could give a false picture of the success of the analyzed forms of state support. Serbia has received foreign assistance from other international actors, primarily China and Turkey, and that “was very important for them, especially at the beginning of the pandemic when the EU did not show the expected solidarity and efficiency” (Arežina, 2020, p. 22). But this was friendly humanitarian aid, not systemic support as intended for EU members, in the form of common guidelines, recommendations and instructions for action in emergency situations (although this

was also lacking within the EU itself). Thus, it can be considered that the results of pandemic economic measures are largely the merit of the Serbian government.

Measures implemented to support employment are divided into two groups: a) direct support for maintaining the employment rate, and b) indirect support, by stimulating domestic demand.

Direct employment-related measures were: wage compensation for all employees of small and medium enterprises, additional partial compensation of salaries in vulnerable sectors, and financial assistance and various benefits to companies, provided that they do not lay off workers. The all of that were provided by direct incentives from the budget.

Indirect support to employment was a set of measures of direct payments to the entire population, with aim to maintain the previous level of demand. This is not directly related to employment, but indirectly are very important, due to keeping companies busy and make workers necessary. Direct non-selective payments to the entire population have been a controversial measure, which is implemented in Europe only by the Serbian government, and which still causes many disputes in the European Union.

The main research question is: “What effects these measures have produced on the employment in Serbia?” The aim of the paper is to investigate the effects of every type of direct and indirect employment-related measures, to point out their possible omissions and failures, and form framework recommendations for future government measures, given that the pandemic is not over.

The main methods used to determine the effects of government interventions implemented in Serbia are: descriptive statistics, classification, comparison and cost/benefits analysis. They determine and compare the effects in terms of the rate of formal and informal employment, the number of employed persons, as well as the data on the dynamics of other key indicators indirectly related to employment, such as business revenues and dynamics of the number of companies.

The first chapter explores data of measures taken by the Serbian government to preserve employment and demand. This chapter is divided into three parts, the first of which refers to measures to support formal employment, the second to informal employment, and the third to demand support, as an indirect measure for keeping labor demand.

The second chapter is methodology.

The third one gives the results of the research, that is findings on effects of implemented measures on the dynamics of unemployment. It is divided into four parts relating to the effects of government measures on total employment and informal employment, as well as the effects of government measures on business revenues and number of economic entities, as indicators of labor market conditions. The fourth part of Results refers to the cost of these measures in the form of fiscal deficit and increase in public debt.

1. Data

Data included in this research included measures of Serbian government aimed to: a) support employment; b) direct support for formal employment; and c) indirect support for formal employment. Data are taken from databases of International Labor Organization (ILO), World Bank mission in Serbia and World Bank Serbia.

1.1. Measures for supporting employment of Serbian government

In the spring of 2020, the International Labor Organization (ILO) recommended a set of an appropriate government policy in response to the economic challenges of Covid-19, emphasizing that the key elements should be “income compensation and active labor market policies” (ILO, 2020a). Later that year, the ILO (2020b) lists four categories of government measures to maintain the desirable level of demand, the first three of which are aimed at providing benefits to the unemployed: “improving access to and coverage of unemployment benefits, extending unemployment benefit durations, raising the level of unemployment benefits, and providing income support for the most disadvantaged” (ILO, 2020b, pp. 29-30). It has gone unnoticed that maintaining demand through excessive unemployment benefits actually *supports unemployment*, and is a passive rather than an “active labor market policies”. These are two socio-economic policies with almost opposite effects, and it is interesting that they were recommended by the same organization, in the same year, and in the same situation.

Unemployment incentives can only be applied by very rich countries. No country in Eastern and Southeastern Europe, nor in many Western Europe, has the budgetary resources for excessive financing of the unemployed, as recommended by the ILO (2020b). Typical examples of the application of this set of measures are Norway and Ireland, in which huge funds have been invested in rescuing large companies and banks, without conditions to retain workers. The result is higher unemployment growth than in other European countries. Due to excessive support for the unemployed, no motivation was created for workers to keep their job or look

for a new one, nor were employers motivated to retain surplus workers and lose profits, because companies are strongly financially supported regardless of layoffs.

The Serbian economy, although experiencing moderate general improvement (not just growth) over the past few years, has very limited budgetary resources for extreme shocks, such as those caused by the pandemic lockdown and the state of emergency. In the first month alone since the declaration of the state of emergency on April 29, 2020, about 11,000 people in Serbia lost their jobs (IMF, 2021). The Serbian government has adopted and implemented several types of measures, spent most of the budget on the fight against unemployment, but none of the measures was related to mentioned support for the unemployed. Measures implemented to support employment can be divided into two groups: a) direct supporting the preservation of employment, and b) indirect support, by stimulating domestic demand through and citizens busy and make workers necessary. These measures will be analyzed below, as well as a brief review of the absence of assistance measures for the otherwise most vulnerable sector of informal employment.

1.2. Direct support for formal employment

Measures supporting the preservation of employment implemented by the Serbian government were following:

- Net minimum wage for each employee in micro, small and medium enterprises for three months (Spring 2020);
- 50% of the minimum wage for each employee in large companies whose workers are on forced leave;
- Additional 60% of the minimum wage in two months for employees in all companies that requested assistance (Autumn 2020).

Compensation of salaries was the most common type of measures taken by the Serbian government during the entire period of the pandemic (from April 2020, to February 2021, when the third package was implemented). The wage compensation theoretically has a doubly positive effect on the economy. It is a strong support to the companies, but at the same time it maintains the level of demand, because employed workers are also consumers. Stable demand ensures the survival of many companies in the country, regardless of the difficult business conditions.

According to OxCGRT, income compensation higher than 50% was provided by almost all EU countries, as same as by Serbia. But, this support in Serbia, at least in the first, largest

package of measures, did not have any requirements. It is provided to all companies that have applied for salary compensation for all their employees.

In the entire EU and most countries in other regions, categories of companies that can seek government aid, were precisely defined. These companies had to provide evidence about the serious damages due to the pandemic lockdown (KPMG, 2020). Besides, there have been countries that have adopted such complicated procedures and complex conditions for employment support, that many companies have failed to realize these benefits, such as Croatia (KPMG, 2020).

In Serbia, all entrepreneurs, micro, small and medium enterprises (only large companies are exempt) were entitled to grants in the amount equivalent to one minimum wage per employee (275 USD/month), including the owners, for each of the three months of duration of the state of emergency. Since that no criteria were prescribed, as many as 232,000 business entities (more than a third) applied, with a total of more than a million employees. Therefore, there was a lot of abuse of this government aid. Business entities from the sectors that do not have any business risk related to the pandemics (private faculties and schools, which certainly collected tuition fees for enrolled students at regular prices) applied and received salary compensation.

Informal employment is defined in different ways, but it always refers to work without a formal contract - employees without a contract, self-employed, seasonal workers in tourism and agriculture and the like. The informal economy is present in all societies and at all social levels.

In Serbia, the measures aimed to help informal segment of the workforce have been completely absent. An additional problem is that it is informal employees who have borne the brunt of the lockdown during the pandemic, and another problem beyond all this, it is mostly young people, who are the most vulnerable category in terms of employment. These are employees in cafés, which were closed for health security, promoters in shopping malls (also closed), engaged through youth cooperatives in all kinds of jobs, students on practice work in craft service sectors, such as hairdressing and beauty salons (also closed during few months), and similar.

None of the large number of strategic documents and measures of the Government of Serbia, related to COVID-19, are applicable to these segments of the labor market (UN Serbia and UNDP, 2020). The only support for informal employees was through direct payments to all adult citizens of Serbia, which is analyzed below.

1.3. Indirect support for employment

In addition to measures to support employment, direct non-selective payments of certain amounts to the entire population were important for the Serbian economy during the pandemic crisis. The term “helicopter money”, coined by Milton Friedman in 1968, is often used for such measures. This term will be used here conditionally, because it originally means emission of money that is then "sprinkled" on the population, which is not the case in Serbia. The goal of this mechanism is to increase domestic demand, which then encourages an increase in production and consequently economic growth.

During 2020, the following one-time aids of this kind were realized in Serbia:

- 100 euros to all adult citizens;
- An additional 4000 dinars (about 34 euros) to all pensioners (1.7 million pensioners).

Financial aid is also planned for 2021 and started with the realization:

- 60 euros to all adult citizens;
- 3000 dinars (about 25 euros) to all vaccinated citizens;
- Additional 50 euros to all pensioners.

During 2020 and 2021, the USA made such payments, precisely from the primary issue of money, while in Europe there was no non-selective financial assistance. The Central Bank of the European Union has so far (August 2021) not succumbed to pressure from the media and NGOs to help directly the population that does not belong to social categories, which already receive assistance. According to the knowledge of the authors of this article, Serbia is the only European country that has applied these measures.

This is the most controversial measure of the Serbian government aimed at mitigating the economic consequences of the Covid-19 pandemic, and it is still a topic of public debate. The counter-argument is that if the total amount of about 600 million EUR had been directed to poor families, in addition to justice and humanity, the effects on the economy would have been immeasurably greater, because these are the groups of consumers who generate demand for basic goods. But this is just general assumption based on logic, not on the knowledge of the socio-economic sphere of Serbia. In Serbian reality, given the inaccurate bases of the socially vulnerable population, as well as the high level of misuse of any state aid in recent history,

paying all citizens is probably the only way for the lower and middle classes to really receive some financial assistance.

2. Methodology

As the main research question is defined: “What effects these measures have produced on the employment in Serbia”? The scientific answer to this question involves the application of the following methods: *classification, descriptive statistics, comparison and cost/benefits analysis*.

Classification, as one of the basic scientific methods, has been applied to divide government labor market activities during a pandemic into groups according to their goals and nature.

Descriptive statistics show the dynamics of total unemployment rate, as well as the effects of the absence of government measures related to informal employment. The dynamics of these indicators are compared with the period of validity of specific government measures. Descriptive statistics should also show how government support for demand, as an indirect measure of employment support, has been reflected in two specific indicators: business revenues and the number of economic entities.

Cost/benefits analysis is used to explain first of all the costs of implemented mass government measures, in the form of budget deficit and growth of foreign debt. The analysis of benefits beyond those statistically visible should indicate the initiation or resumption of production of missing goods on the market due to a pandemic lockdown, which would not be possible without government support measures.

3. Research results

3.1. The effects of government measures on total employment

The effects of the implemented measures on unemployment in Serbia are given in table 3. The data are given to illustrate unemployment trends during period from the beginning of 2019 to Q1/2021.

The data show varying degrees of success in maintaining unemployment at pre-lockdown levels. The Government of Serbia managed to prevent a larger number of the unemployed mostly thanks to payment of the three minimum wages. Serbia did not record a significant increase in unemployment, as a result of strong government support to companies, so that their employees would not be a burden. The Serbian government by providing support for earnings has also conditioned companies not to lay off workers until March 2021.

Table 1. UNEMPLOYMENT RATE % OF LABOR FORCE, (2019 – 2021)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Serbia	12.1	10.3	9.5	9.5	9.7	7.3	9.0	9.9	12.8

Source: Statistical Office of the Republic of Serbia

The Government of Serbia has allocated huge funds and invested a lot of effort, which, as the data show, has resulted in the preservation of employment. We note that unemployment was the lowest, at only 7.3%, in Q2/2020. This is not an indicator of the success of government measures, but points to mass abuses caused by non-selective wage compensation. Employers have temporarily registered their workers who are otherwise employed informally or even unemployed family members or friends, in order to receive a salary for three months. We conclude this on the basis of: a) the fact that unemployment has been reduced to a rate that has never been so low in Serbia, in the period when labor ban measures were most intensive, and a large number of companies were not allowed to work, b) data on current unemployment rose when the measure of state compensation of salaries expired.

On the other hand, unemployment of less than 10% indicates the success of the Serbian government in maintaining earlier unemployment rates. According to the Statistical Office of the Republic of Serbia (2021), formal employment has even increased by 7,000 workers, but informal employment has decreased by 22,700. The entire rise in unemployment is the result of changes, i.e., a return to previous positions in the informal employment sector. Since there was no longer compensation for full salaries for everyone, but only for the vulnerable sectors, 60% of the salary, informal employees were returned to undeclared work.

The labor market in Serbia decreased sharply in Q1/2021. The number of employees decreased by 79,500 compared to Q4/2020, and the number of unemployed increased by 64,200 to 12.8% (Statistical Office of the Republic of Serbia, 2021). However, this is not so much a failure as it seems at first glance. It is mostly seasonal workers in the agricultural sector (Statistical Office of the Republic of Serbia, 2021), so the higher unemployment rate is always higher in Q1/2021, when there are no agricultural activities. In addition to 32,700 seasonal workers, another 35,000 informally employed lost their jobs in Q1/2021. Thus, the formal labor sector has not actually suffered almost any significant damage, but the situation with the informal sector is somewhat worse than usual, which will be discussed in more detail in the next section.

In addition to statistics, which indicate the government's success in maintaining formal employment, surveys and assessments by international organizations also assess government measures positively. The results of the survey of economic entities, conducted by the non-governmental organization CEVES (2020), also show a positive assessment. The majority of respondents assessed the government's measures as very useful, and the most used measures are those related to the payment of minimum wages and deferral of tax payments. According to a survey of businesses from 2021 of the Institute for Development and Innovation, the most useful government measures were direct payments in the form of payment of three minimum net wages for all employees in micro, small and medium enterprises and deferral of social security contributions and payroll taxes. The research conducted by IMF and Serbian authorities also estimated that the fiscal support provided in 2020 was widely appropriate and helped companies overcome the COVID-19 disturbances (IMF, 2021). UN Serbia and UNDP (2020) also stressed that “although the crisis caused by COVID-19 had a significant impact on the economy and society in Serbia, they expressed short-term resilience and ability to recover”.

It is interesting that, despite a certain increase in the unemployment rate, Serbia has had a moderate but continuous growth in the number of employees since the beginning of 2019. From May 2020 to May 2021, the number of employees in Serbia increased by as many as 67 thousand people. During 2020, the number of employees increased by 2.3% compared to the previous year, with a slight increase in average gross and net wages (SBRA, 2021, p. 5).

A significant increase in the number of employees with a simultaneous increase in unemployment rates shows that there was a large increase in the labor force in Serbia during the pandemic. This is a direct consequence of the government's wage compensation measures.

As it stated, many private entrepreneurs have declared their previously informally employed workers in order for the government to compensate their salaries. Upon termination of this assistance, some of them have returned to irregular employment, but many employers continued to operate on a regular basis, resulting in an increase in the number of employees.

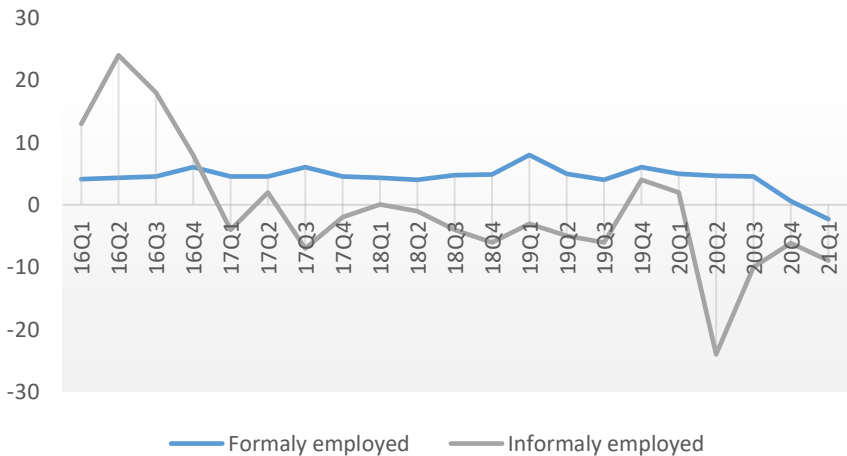
3.2. Effects of absence of government measures related to informal employment

Informal employment in Serbia is continuously high and according to the Labor Force Survey for 2019, among 2,901,000 employees, 529,200 were informally employed, which is 18.2% of the total number of employees (Statistical Office of the Republic of Serbia, 2021).

Extensive survey conducted in early 2021 (Udovički, Medić) showed that at the very beginning of the crisis in the spring of 2020, and the decline in informal employment was up to 80% compared to usual levels, to by autumn it was about 20% lower.

Figure 1 shows the changes in employment and unemployment rates in Serbia on a year-on-year basis. The great instability of the informal sector and the uncertainty of the labor market can be observed in the period before the pandemic. The previous large decline in informal employment was in the second half of 2016, but the decline in informal employment in the second quarter of 2020 was dramatic, i.e., about 25% lower than in the same period of the previous year. Informal employment increased slightly in 3Q/2020, when bans on cafes, restaurants, hairdressers and beauty salons and the like were lifted (Figure 1).

Figure 1. Formally and informally employed in Serbia 2016-2021 (% of change)



Source: authors according to Statistical Office of the Republic of Serbia, 2021.

According to Udovički, Medić (2021, p. 65), the informal labor market before the pandemic consisted of about 180,000 informal workers, which did not take into account seasonal agricultural labor. Informal employment in cafes and restaurants fell by at least 90%, as the sector which otherwise informally employ a large number of workers.

Without the social responsibility of the companies themselves no government can fully respond to the social challenges of informal employment. The measures which were successful in terms of maintaining formal employment, did not have any effect in the informal segment of labor.

3.3. Indirect employment-related results of government measures

In addition to unemployment, which was the focus of government measures, it is important to explore the effects of these government interventions on macroeconomic indicators that do not relate direct to employment or unemployment rates, but are crucial to the labor market. These are *business revenues* and the *number of economic entities*.

The industrial production in Serbia has not decreased, but has even increased slightly compared to previous years (SBRA, 2021). Due to the lack of some of the basic items that Serbia imported in the recent period, the production of goods for which there was capacity and technological capabilities, was started. These are mainly products of a lower degree of processing, such as some food and textile items. It turned out that Serbia can supply itself with basic living needs on its own. Stanojević (2020) cites a few dozen examples of companies that started producing the most needed products in the midst of the pandemic. An example is given of the company Biospringer, which started the production of yeast, which Serbia used to produce, but in recent years imported from Hungary and Croatia. Production in small packages was increased by as much as 450%, and in packages of 500 grams for bakeries - by 100% (Stanojević, 2020, 234). Stanojević (2020, 234-235) also records numerous other examples: "Prva Iskra namenska a.d." Baric produced disinfectants, the "Panon" factory in Crvenka resumed the production of alcohol after five years, and the production of disinfectant sodium hypo- began in several factories in Serbia, chloride, protective masks were sewn in several cities, etc.

What especially indicates the success of the implemented measures is that the business revenues were not reduced when the salary compensations from the budget stopped. On the contrary, according to the Statistical Office of the Republic of Serbia (2021), operating revenues

of non-financial corporations in the first quarter of 2021 were higher by 7.8% compared to the same period last year. In the information and communication sector, operating revenues were higher by 6.7% compared to the same period last year (Statistical Office of the Republic of Serbia, 2021).

In addition, during 2020, the total number of economic entities increased. Many micro-enterprises have shut down due to a number of barriers to doing business that do not relate to workers' wages. On the other hand, the number of companies from other groups has increased by more than 1000 (Table 2), so that the end result is in 2020 and the number of economic entities has increased by 78 companies (SBRA, 2021). The increase is not large, but in the conditions that prevailed during the pandemic, this is a huge success.

Table 2. Number of business entities in Serbia 2019-2020

	Micro	Small	Medium	Large	Total
2019	93,085	11,036	1,497	415	
2020	92,257	11,617	1,815	422	
2020-2019	-828	+581	+318	+7	+78

Source: authors according to Serbian Business Registers Agency (2021).

The increase in economic activities and the opening of new companies could not occur spontaneously, by the action of market laws. These successes can be considered almost exclusively due to the stated measures of the Government of Serbia.

Entrepreneurs themselves have taken some action to launch the production of missing products, but this is also partly the result of some other government measures, which are not the focus of this paper, as we do not consider them to be crucial. These are subsidies that are not even foreseen by some anti-Covid package, but are ad hoc initiated by the government in order to start the production of basic goods that were deficient in the market for some time (e.g. production of yeast in breweries, protective masks in textile factories, and similarly).

3.4. Costs of Serbian government`s measures

Decisive and extensive government measures, as much as they had a positive impact on maintaining employment, and mitigated the decline in economic activity and unemployment, on the other hand burdened the budget, i.e., resulted in fiscal deficit and growth of public debt.

The adopted economic policy measures cost 5.8 billion euros, or about 13% of GDP in 2020, while an additional package of 2.2 billion euros (about 4.3% of GDP) was adopted for 2021 (NBS, 2021).

In previous years, Serbia has eliminated the budget deficit problem. A deficit of 0.3% of GDP was projected for 2020, but the budget deficit in 2020 reached 8.1% GDP, due to huge expenditures for these packages of measures to support the economy, reduced revenues, tax delays to support the economy, and the purchase of medical equipment (NBS, 2021, p. 15).

In addition, due to the crisis and the financing of these government measures, the share of public debt in GDP increased from 52.0% at the end of 2019 to 57.4% in 2020 (NBS, 2021, 15). Part of the increase in public debt is the result of the issuance of a Eurobond of 2 billion euros, and part of the loans on the international market. The revision envisages that, despite the additional fiscal measures envisaged for 2021, public debt will remain at around 60% at the end of 2021.

Due to such high costs of maintaining employment and demand, the Government of Serbia for the first time did not have the support of the Fiscal Council of the Republic of Serbia. In previous years, the assessment of the Fiscal Council was always that the public debt is too high, but that the public finances of Serbia have the capacity to deal with this problem without macroeconomic instabilities (Jelisavac Trošić, Stojanović Višić, 2018, 4-5). In 2020, the Fiscal Council strongly opposed the aforementioned measure of the Serbian government to pay 100 euros to all adult citizens, because it burdened the budget by about 600 million euros, which is about 5.5% of the budget. The measure was assessed as economically inefficient, socially unfocused and fiscally irresponsible. To finance all budget commitments together with these measures of the Government, the Republic of Serbia must provide about 6.5 billion euros from creditors, which was assessed as a major challenge (Fiscal Council of the Republic of Serbia, 2020, p. 3).

Conclusions and recommendations

During 2020, the Serbian government has shown strong commitment to mitigating the economic consequences of the pandemic, especially given its limited financial resources. According to the results of this research, but also the assessments of the OECD, IMF and the results of CEVEC surveys, which are listed in this paper, most of the measures of the Serbian

government were appropriate and useful. The OECD estimates that the most effective measure in Serbia was compensation of salaries (OECD, 2020).

The analysis showed that the effects of wage compensation only temporarily reduce unemployment rates. However, maintaining the pre-pandemic unemployment rate, as well as a small increase in the number of employees and the number of new companies, indicate a significant success of the Government.

The shortcomings in terms of the effectiveness of the Serbian measures relate to non-targeted income support to all small and medium-sized enterprises. This failure was partially corrected with the next aid in December 2020, when the funds were directed to the sectors that suffered the severest damage. As the most affected sectors, Government marked catering, wholesale, retail, business services and real estate.

However, to prevent abuse of the state aid aimed at companies, workers and socially vulnerable categories, it is necessary to revise the records and establish procedures for different crisis scenarios. A more thorough approach would contribute not only to a fairer distribution of funds, but assistance would be timely and organizationally facilitated.

The biggest obstacle to the effectiveness of all measures is the invisible informal segment of the Serbian economy. This is a problem that the government will not be able to respond to in a shorter period of time, but it can intensify efforts to achieve greater transparency of employees in temporary and additional jobs, as well as the inspection of labor, especially in the private sector, whose labor market is largely out of control.

Wage compensation and even the controversial state aid measure of 100 euros to every adult citizen proved to be very effective in terms of the state of the economy, given that the reduction in GDP and foreign trade was negligible. According to the “helicopter money” principle, this measure does not support employment, but strongly supports demand, which usually has very positive effects on the whole economy. The amount of 100 euros is too small to be converted into savings in such circumstances, so it can be assumed that it was spent on the domestic market as soon as possible. An exact assessment of the effects of any single measure cannot be made, but the above macroeconomic results show that the costs were justified. Besides, given the inaccurate bases of the socially vulnerable population, as well as the massive of misuse of any state aid in recent history, and the relatively high level of corruption, paying all citizens is probably the most reliable way for the lower and middle classes to receive the provided amount.

The price of the relatively successfully overcome pandemic challenges by the Serbian government is an increase in public debt from 52% to 57%, or almost 60% in 2021. However, even according to the Maastricht Treaty, which does not take into account the extreme circumstances of the 2020 pandemic, this it is not an unsustainable debt. According to the results of this research, it seems that these costs are not too high to prevent the closure of a huge number of companies, preserve and increase the number of employees, translate part of the informal workforce into formal, as well as maintaining relatively stable demand in the domestic market.

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