

Radoica Luburić

Central Bank of Montenegro,
Podgorica,
Montenegro

✉ radoica.luburic@cbcg.me

Title: **ECONOMIC POLICY - REGIONAL ASPECTS**

Authors: **Bojan Dimitrijević, Nikola Fabris, Ljubiša Vladušić, Milivoje Radović and Maja Jandrić**

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Dear friends,

Dear devotees of the written word,

It is a great honour to have the opportunity to speak about the book *ECONOMIC POLICY-REGIONAL ASPECTS* authored by the distinguished professors Bojan Dimitrijević, Nikola Fabris, Ljubiša Vladušić, Milivoje Radović and Maja Jandrić. I am especially pleased because this book is a pioneering venture and to the best of my knowledge it is the first book about economics that may be used for teaching in three countries in the region - Serbia, Bosnia and Herzegovina and Montenegro. In this context, I believe that prof. Nikola Fabris, who was the pillar of the enterprise, brought together a highly credible team of authors, who have fully fulfilled this vision.

Economic policy has far-reaching consequences. Economic policy decision makers affect the well-being of all individuals in society. Often, the effects of economic policy go far beyond national borders and affect the welfare (or position) of economic entities and individuals in many other countries. This has become even more marked in recent years through the growth of globalization and the increasing integration of the world economy. Successful and effective economic policy is one of the factors that greatly influences the level, pace and character of development of each community and its material well-being.

Today nearly all economists agree that the main objectives of economic policy should be: the growth of living standards, price stability, a balanced budget, low unemployment, a stable balance of payments and others. However, what economists will always disagree about is how to actually achieve these goals – with what policies, instruments and measures. It is not unusual that entirely different measures are recommended for identical goals. We are still witnessing this phenomenon even as we are suffering from the consequences of the global financial crisis, when the question is raised of whether a fiscal stimulus should continue to try to initiate economic growth or whether to stop it due to the resultant overstretched public finances and turn to austerity policies. This clearly shows the complexity of modern economic policy and what challenges the authors of this book were faced with.

The relationship between the goals and instruments of economic policy is one of the most important and most complex issues of the theory of economic policy and one of the central themes of this book. This relationship helps to solve the issue of the consistency of economic policy, which is crucial to its effectiveness. A conflict of objectives, that can easily arise, threatens this relationship and can lead to the situation in which the fulfilment of one goal or one group of goals might be contrary to the objectives of fulfilling another important objective or another groups of objectives. For example, high tariffs are used to protect local industries from foreign competition and thus maintain production and employment. However, in the long run, high tariffs hinder competition, and do not "push" these local manufacturers to produce efficiently, to monitor technical progress, and so in the long run, high

tariffs may be seen as a factor that actually slows down economic development. The authors tackle this problem in a very efficient manner, by demonstrating the evolution of the overall objectives of economic policy from the beginning of economic policy to this day, identifying the alternative instruments for their achievement, as well as the different views of alternative macroeconomic schools.

This is a very useful book which, in a clear and understandable style, explains the manner in which contemporary economies operate. It also shows what the key economic issues are and which instruments, measures and mechanisms of economic policy can be employed in solving or mitigating them, what the basic economic and development goals of contemporary society are, and why the debates about the budget, tax and monetary issues are so important. The students are taught how to more easily understand the complex economic reality, to make a diagnosis of possible solutions and to be able to apply an appropriate “therapy” in practice to obtain a more efficient and cost-effective operation of the economy. In addition, students have the opportunity to compare the economic policies in three countries of the region: Serbia, Bosnia and Herzegovina and Montenegro.

The most important theories are elaborated in a chronological, doctrinal, empirical and model-based manner, with a great number of tables, graphs; block diagrams, boxes (that often contain instructive examples related to actual cases and events) and formulas, wherever it is appropriate to help explain the text. That is not all. The book induces the students to think critically and to develop an active and well thought-out attitude towards economic problems and the overall social reality. It should be noted that the book abounds in numerous case studies based on experience and the common practice of economic policy, both in the three countries as well as in other developed countries, developing countries, countries in transition and all those who have suffered the painful experience of an economic crisis. It is written in a clear, simple and understandable style so that it can be read by all those for whom the economy is not their main field. Finally, although the book is primarily written to be a tutorial for students of faculties of economics, it can be a very helpful reference to a much wider audience, as well as researchers from various fields of economic life and, in turn, for economic policy makers, and members of the general public who are interested in learning more about this subject. I congratulate the authors and publishers of this book for their extraordinary efforts and I recommend everyone to obtain this book and read it with pleasure.