

Corruption and Economic Growth in the Republic of Serbia

^[1]Aleksandar Čudan¹, ^[1]Dalibor Kekić, ^[2]Dragomir Dimitrijević

^[1]University of Criminal Investigation and Police Studies, Belgrade, Serbia

^[2]University of Kragujevac Faculty of Economics, Serbia

Submitted: 2022-10-26 • Accepted: 2023-03-01 • Published: 2023-03-30

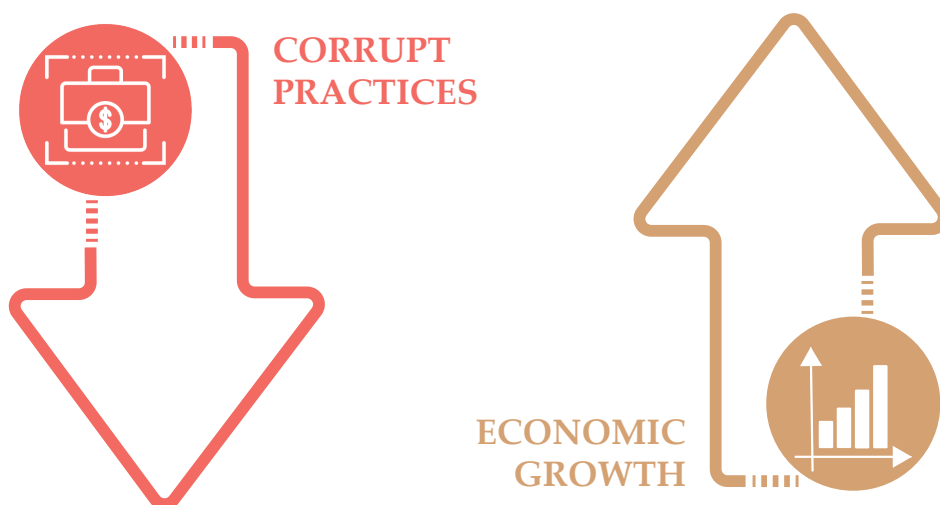
Abstract: Corruption is a phenomenon that causes strong economic, political, social and moral deviations in modern society, and for these reasons it represents a very relevant topic of research. Economic science is a powerful tool for analysing corruption, and the economic approach is of fundamental importance for understanding where the incentive for corruption is the greatest and where its influence is the most pronounced. Opposing all forms of economic destruction would facilitate the functioning of the economic system, simultaneously generating fiscal revenues, and a true commitment to the fight against corruption, strengthening the rule of law, improving the efficiency of institutional reforms and the judicial system would encourage long-term economic growth.

The transition is also one of the significant factors that initiates the expansion of corruption in numerous young transitional states, including the Republic of Serbia. Therefore, the essential goal of this paper is to collect and offer a wider range of information and knowledge about the genesis of the problem.

Proceeding from the previously defined problem, the hypothesis on which this work is based is as follows: so far, theoretical and practical research on the impact of corruption on economic growth confirms that the relationship between corrupt practices in our country and basic macroeconomic and microeconomic indicators is inversely proportional.

Keywords: corruption, economic growth, economy, economic crime.

Graphical abstract



1 Corresponding author: aleksandar.cudan@kpu.edu.rs



eISSN 2620-0406

Citation: Čudan, A., Kekić, D., & Dimitrijević, D. (2023). Corruption and economic growth in the Republic of Serbia. *NBP. Nauka, bezbednost, policija*, 28(1), pp. 2–15. <https://doi.org/10.5937/nabepo28-40822>



INTRODUCTION

The growing interest in institutional issues among economists dealing with the problem of development encouraged the authors to undertake this scholarly effort. The study of corruption puts pressure on the professional public to focus attention on the tension between selfish behaviour and the general well-being of society. Many countries around the world that are concerned with development failures face the problem of corruption and the government structure that feeds corruption and at the same time limits economic growth. Bringing these two phenomena into an interactive relationship primarily depends on the approach to research, that is, the disciplinary determination of the subject of applied science in the area in which the research is carried out.

Awareness of the prevalence and harmfulness of corruption has finally spread to such an extent that an initiative was launched several years ago to accept the right to live in a world without corruption as a basic human right. That is why the path of strong moral condemnation to an effective strategy for reducing this serious form of economic crime is extremely complex. The following words of Bertrand Russel may be too strong, but they are certainly not ungrounded: “We have, in fact, two kinds of morality, side by side: one which we preach, but do not practice, and another which we practice, but seldom preach” (Russel, 2009).

The prevalence of corruption and its negative effects on institutional efficiency, the functioning of economic market and political stability have contributed to this phenomenon becoming a current topic of research within various social sciences. The study of corruption implies not only determining and measuring its scope and intensity, but also knowing the mechanism of corruption's impact on social-economic efficiency, investments, budget inflow, as well as the direct and indirect costs it generates (Lučić, 2018). The relationship that the economy and economic growth have with the phenomenon of corruption also determined the content of this manuscript. Consideration of these theoretical and methodological findings allows creating a solid basis for the economic analysis of corruption: its causes, mechanisms and consequences on the economic potential of economy. Professional literature does not abound in research on the influence of various economic factors on the spread of corruption, but the question of interdependence and economic conditioning of this negative phenomenon, that is, GDP per capita and the corruption index, is raised. More precisely, the dilemma of cause-and-effect relationships in different time periods is created. Accordingly, the first question that must be answered is whether the connection between corruption and economic growth is direct or indirect. In other words, does corruption directly affect economic growth, or does it affect some variables that affect the growth rate, such as political stability, rule of law, adequate economic policy and other non-economic risks? It is obvious that new results should be expected on this front, which will shed more light on these phenomena and their mutual connection in the modern environment.



PHENOMENOLOGICAL ASPECT OF THE DEVELOPMENT OF CORRUPTION IN THE REPUBLIC OF SERBIA

All phenomenological aspects of corruption represent an explicitly negative social phenomenon. For their origin, they use the favourable social and economic conditions in that society, and they have the ability to constantly develop, acquire new forms, as well as to become more and more internationalized, taking on the forms of transnational crime, adapting to the situation not only within one country, but also internationally, which also affects economic security.

In order to give a more complete picture of the situation regarding the degree of presence of economic crime and corruption in the Serbian society, statistical indicators on the number of criminal offenses cannot be ignored, as well as the very structure of those criminal offenses that are included in the nomenclature of the Ministry of Internal Affairs and the Law on Organization and Jurisdiction of State Authorities in the Fight against Organized Crime, Terrorism and Corruption. The goal in this part of the manuscript is to determine, based on empirical and statistical data, what the state of corruption in Serbia is, what its basic types are, how widespread they are in modern Serbian society and how much they discourage economic activity. The relationship between corruption and economic growth, and especially determining the direction of causality and the nature of the relationship between them, is the subject of interest for theoretical and empirical studies within economic science (Čudan & Nikoloska, 2018).

Table 1. *Overview of the Achieved Results of the Department
for the Fight against Corruption*

	Period of time	Number of criminal reports	Registered persons	Detention	Number of criminal offences	Material damage (RSD)	Unlawful benefit (RSD)
1	2018	156	439	260	455	1,061,518,483.00	1,155,414,109.00
2	2019	318	877	488	948	3,059,935,740.84	3,059,935,740.84
3	1 + 2	474	1,316	748	1,403	4,121,454,223.84	4,215,349,849.84
4	2020	291	750	380	690	4,297,918,317.55	4,515,231,396.44
5	3 + 4	765	2,066	1128	2,090	8,419,372,541.39	8,730,581,246.28
6	2021	547	1,316	701	1,341	6,338,488,460.40	6,287,335,141.49
7	5 + 6	1,313	3,382	1,829	3,434	14,757,861,001.79	15,017,916,387.81
8	2022 (up to February 28)	73	137	47	199	388,701,753.91	386,119,187.63
9	7 + 8	1,386	3,519	1,876	3,633	15,146,562.756	15,404,035.575

Source: Ministry of Interior of the Republic of Serbia.

The legal criteria for defining corruption are very clear and simple and read as follows: corruption is everything that is prohibited under that term by a general legal act, most



often by a legal act, and not infrequently by a by-law act, which in the case of our country is shown by statistical indicators in Table 2. This approach to definition has great practical value: it is simple, it is indisputable, it is easily implemented in practice since the indisputable institutions are responsible for its implementation, and the processes of determining the factual situation and making relevant decisions are very clear. What practice shows is that the national legislations of different countries in the world inevitably differ, with the result that some behaviour in one country is legally incriminated as corruption, while in another country that identical behaviour is perfectly legal (Teixeira et al., 2020). It is more than clear that the definition of corruption based on legal criteria suffers from a large number of weaknesses and does not give satisfactory results.

Table 2. *Structure of Criminal Acts Included in Criminal Reports*

Article	Crime	2018	2019	2020	2021	2022	Total
366	Trading in influence	15	44	16	45	13	133
367	Accepting bribes	70	48	72	38	0	228
368	Giving a bribe	83	68	77	36	0	264
359	Abuse of authority	38	150	94	335	111	728
227	Abuse of the position of a responsible person	39	93	89	138	25	384
364	Peculation	12	28	11	31	7	89
228	Abuse in connection with public procurement	5	21	35	18	1	80
230	Accepting bribes in the performance of economic activity	6	3	0	1	0	10
231	Giving bribes in the performance of economic activity	4	22	0	0	0	26
156	Bribery and election-related bribery	0	0	0	0	0	0
228a	Abuses related to privatization	0	0	0	2	0	2
229	Conclusion of a restrictive contract	0	2	0	0	0	2
363	Fraud in the service	0	0	8	2	2	12
	Total 1	272	479	402	646	159	1,958
	Other	183	469	288	695	40	1,675
	Total	455	948	690	1,341	199	3,633
	The percentage of corrupt participation in the total criminal offenses of the Department	59.78%	50.53%	58.26%	48.17%	79.90%	53.89%



In the last decade in Serbia, citizens have become more aware of the presence of corruption, and the fight against it has become a priority in the country's political agenda. All previous governments in Serbia have undertaken to fight corruption and have taken key measures to resolve this issue, partly due to the obligations arising from the process of accession to the European Union, partly due to the need to create an environment that will enable unhindered economic growth. At the same time, it is generally accepted that the collection of empirical data from this field represents a real challenge due to its complex and hidden nature. These difficulties are sometimes sidestepped by focusing on the perception of corruption rather than the actual experience.

Using statistical methods, the nature of the relationship between corruption and economic growth will be analysed in more detail, which should contribute to a more complete understanding of the phenomenon of corruption and its social and economic consequences, as well as to indicate the negative effects of these deep-rooted social problem. Some theories indicate that corruption can have a positive effect on economic growth in the short term, by bypassing inefficient procedures, but that in the long term it creates additional inefficiencies, while the interdependence of the mentioned two categories is determined by the action of numerous political and institutional factors (Farrag & Ezzat, 2020). Some experts often say that one's own theses should be reconsidered, since two-thirds of the world are making progress despite the fact that they do not have developed democracy and democratic institutions, and at the same time they are positioned in the second half of the world list that measures corruption. This is especially emphasized through the example of China, Malaysia, Singapore, Vietnam (Milinković, 2020). The thesis about good and corruption which removes bad regulations is seductive, but it turned out to be incorrect. The only way for a country to get rid of both counterproductive regulations and corruption is deregulation, in other words in increasing economic freedom.

The reviews of research by foreign authors and analysts in this field are significant from the aspect of systematizing the results of previous research and detecting the connection between these two phenomena, the direction of causality, the character of their mutual influences, and all this in the context of reviewing the results we have reached in the attached research paper. These research efforts are based on the initial assumption that there is a relationship of mutual dependence between corruption and economic growth, that is, the imperative to resolve the dilemma of whether the correlation of actions is positive or negative. Prospecting of a large number of contemporary econometric works (Ang, 2020; Rose-Ackerman, 2006; Teixeira et al., 2020; Pellegrini & Gerlagh, 2004; Gründler & Potrafke, 2019), clearly showed a statistically significant connection between corruption and economic growth, that is, that low level of corruption leads to high rates of economic growth. Regardless of the differences in the application of econometric models and the differences in the evaluation methods of the research results that we conducted at the level of the Republic of Serbia, in this scientific paper we confirmed an almost identical statistical correlation, which will be explained in section three.

EFFECTS OF CORRUPTION ON THE LEVEL OF INVESTMENT IN THE PRIVATIZATION PROCESS

At the beginning of the new millennium, foreign capital in the Republic of Serbia played an unequivocally inviting role, in several different ways. From the investor's point of view,



capital is invested for profit, but how exactly it affects the economic development of the country is not a unique issue. The process of transferring privately owned funds is complicated with increased chances for corruption.

Dilemmas related to reforms, transition, and especially privatization have been present in the Republic of Serbia for many years. The mentioned process can be the cause of economic crime. The transformation of capital ownership, if it is not carried out in a legal and transparent manner, opens up great unsuspected opportunities for economic crime in which corruption occupies a special place as the most complex form of economic destruction. As in other countries in transition, privatization was a key element of structural reforms and had several goals, among which greater economic efficiency, greater budget revenue, development of the domestic capital market, and many others stand out. The integrity of the privatization process is particularly debatable in transition countries, as well as in Eastern European countries. In these countries, a large part of the national wealth was privatized. Tortious behaviour in the economic and financial zone becomes a pattern of behaviour that is difficult to change. This primarily includes activities such as corrupt activity (Čudan et al., 2019).

Table 3. *Cumulative Results of Privatization in Serbia 2002–2014*

Way of privatization	Selling Price*	Number of companies	Number of employees
Tenders	990,462,165	81	61,673
Tenders – agriculture	39,677,218	9	3,289
Auctions	860,977,870	1,517	126,707
Auctions – agriculture	130,114,253	115	11,182
Total	1,851,440,035	1,598	188,380
Tenders + Auctions – agriculture	169,791,471	124	14,441

Source: Ministry of Agriculture, Sector for privatization and bankruptcy (* in EUR).

Table 4. *Privatization in Serbia 2002–2014*

Way of privatization	Selling Price*	Number of companies	Number of employees
Tenders	631,019,674	49	21,644
Tenders – agriculture	21,080,000	4	1,738
Auctions	529,604,251	639	47,380
Auctions – agriculture	111,281,376	40	2,377
Total	1,160,623,925	688	69,024
Tenders + Auctions – agriculture	132,361,376	44	4,115

Source: Ministry of Agriculture, Sector for privatization and bankruptcy (* in EUR).



During the analysed period from 2002 to 2014, a total of 1,598 companies were sold, 81 through tenders, and 1,516 through auctions. The selling price of the privatized companies was 1,851,440 euros. In the observed time interval, a total of 688 privatization contracts were terminated, which is 43.05% of the total number of privatized companies. Of the total number of terminated privatization contracts, the most common reasons for termination are: non-maintenance of business continuity and non-compliance with the social program, unpaid instalments of the purchase price, non-fulfilment of the investment obligation, non-delivery of a bank guarantee for the investment obligation, disposal of property contrary to the provisions of the contract, as well as criminal activities. It has been shown that foreign direct investments are particularly sensitive to corruption, which is reflected in the following aspects:

- Bribery as the most complex form of corruption is offered for inclusion in the list of qualified bidders, and companies can often pay to reduce the number of competitors on the list.
- In the process of privatization of large state enterprises, there is no reliable way to estimate the value of their assets. In countries in transition, a significant number of failed privatizations, in which, for example, previously systemically ruined companies were sold for nothing in order for the new owners to get attractive locations, deprive them of competition, or legalize their criminal income through money laundering, were carried out within complex and widespread chains of corruption (Stojiljković, 2011).
- The asset valuation process can be subject to corruption by compliant insiders within the company being privatized, or by external auditors linked to multinational companies seeking to purchase the company.
- The indisputable effect of corruption on investments in such a situation lies in the fact that with the increase in the prevalence of corruption, the uncertainty, that is, the risk faced by the investor, also increases.
- Corruption leads to an increase in company costs, both directly (corruption as criminal proceeds) and indirectly (transaction costs of corruption). The increase in company costs leads to a decline in the rate of investment due to the flight of domestic capital, especially in the countries that lack capital due to a chronic lack of foreign investment (Begović, 2007).

Table 5. *Privatization According to the new Law on Privatization of the Republic of Serbia 2014–2018*

Company status	Selling price*	Number of companies	Number of employees
Statistical total - number of privatized companies Sales of capital, Sales of property.	214,705,631	59	12,922
Statistical total - privatization agreement annulled	283,290	7	52
Statistical total - number of privatized companies – branch: agriculture, forestry and fishing industry	122,340,359	5	1,888
Statistical total - privatization agreement annulled – branch: agriculture, forestry and fishing industry	0	0	0

Source: Ministry of Economy, Sector for privatization and bankruptcy (* in EUR).



During the privatization process under the new Privatization Law from 2014 to 2018, a total of 59 companies were privatized and sold through the sale of capital or assets. The process of privatization in this time period entered a much calmer phase, confirmed by the fact that in this interval only seven companies terminated the privatization contract, which makes up a total of 11.86%, i.e. with a total of 52 employed persons, which is illustrated in Table 5.

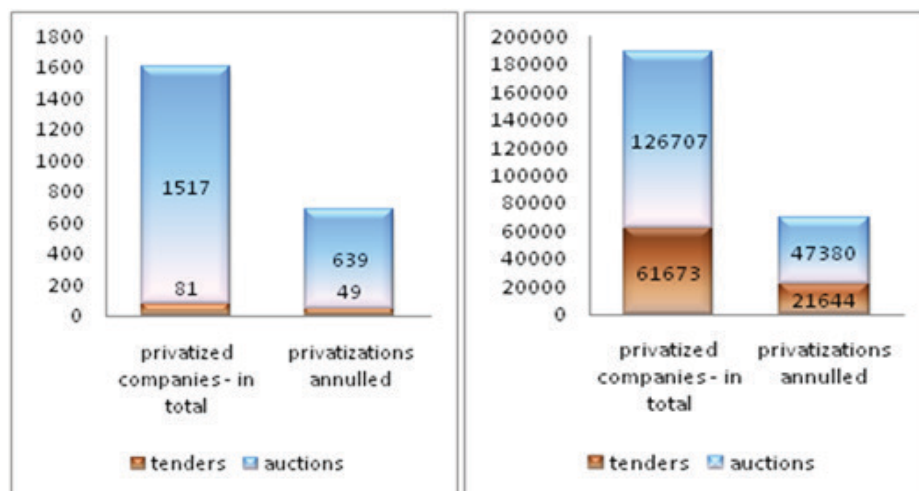


Figure 1. Number of Companies and the Number of Employees in Them (Termination of Privatizations)

Investment represents investing in physical capital through which technological progress comes as well, and together they lead to an increase in economic growth. The connection between the size of investments and economic growth is therefore notorious – the countries in which less investments are made, as a rule, achieve lower rates of economic growth. In accordance with theoretical expectations, we have a positive relationship between the size of investments, the growth of the gross domestic product (GDP) and the level of corruption. Corruption as a destructive phenomenon disrupts equal market conditions and directs excess economic resources towards non-productive corrupt activities instead of towards production, conquering new markets, investing in employee training, and particularly destructive investments (Chandan, 2019).

ECONOMIC CONSEQUENCES OF CORRUPTION ON FISCAL POLICY AND ECONOMIC GROWTH

Determining the damage that corruption causes to economic growth and public finances is almost impossible, given that this phenomenon represents an economic cancer that threatens the economy and society in the long term and fundamentally, leading also to stagnation, imbalance of public finances, loss of competitiveness, reductions in fiscal revenues, and increases poverty. A special problem in corruption research is its measurement, primarily due to the illegal nature of corrupt actions, which is why participants in corruption tend to conceal their activities. Any relevant and comprehensive investigation of corruption would therefore have to deal with its economic aspects and dimensions as a separate problem

complex. The initial step is to confront citizens with its numerous economic, political and social negative consequences. The World Bank experts claim that 5–8% of GDP flows through corrupt channels, that is, that it is developmentally unproductive.

Empirical research shows that the net effect of corruption on economic growth is negative and that it reduces economic growth by an average of one-fifth. The negative impact of corruption on economic growth in Serbia was monitored and measured by the Fiscal Council. Their analysis shows that corruption reduces one percent of Serbia's GDP annually. Although the stated percentage seems negligible, translated into money, it is about 450 million euros per year. This is an indicator that some countries have managed to develop despite corruption, not thanks to it. Hence, GDP growth does not always have to be a reflection of healthy economic development and the well-being of citizens.

Table 6. *Gross Domestic Product, RSD, USD, and EUR 2018–2020*

Year	Current prices, total (RSD mill.)	Per capita (RSD)	Real growth rates (%)	Total (USD mill.)	Per capita (USD)
2015	4,312,038	607,725		39,613	5,583
2016	4,521,265	640,558	3.3	40,626	5,756
2017	4,754,368	677,178	2.0	44,227	6,229
2018	5,072,932	726,510	4.5	50,589	7,245
2019	5,421,851	780,658	4.3	51,501	7,415
2020	5,502,216	797,524	-0.9	53,415	7,742
2021	6,270,097	917,442	7.5	63,021	9,221

Conversion according to annual average exchange rate.

The most well-known and most used aggregate of the System of National Accounts is the GDP, which represents the result of production activities of all resident institutional units, and is calculated in the current and constant prices and reflects the results of fiscal policy success. GDP, as the most important macroeconomic aggregate, shows the strength and stability of a country's economy. In this way, not only a consistent, better and more reliable method of calculation is ensured, but also a comparable series of data for the needs of macroeconomic analysis and future forecasts of economic growth (Statistical Office of the Republic of Serbia, 2021).

Corruption and the grey economy are additional challenges facing the economy of Serbia, and its consequences are visible in the areas of tax evasion, market distortion, unfair competition, inefficient distribution of resources, competitiveness, the construction of a functional market economy, and above all in the reduction of the budget inflow that has direct implication on economic growth. We could not even enumerate all the forms of the informal or grey economy in this manuscript. From a tax point of view, the shadow economy represents the value of taxable activities and rights for which no tax has been paid, and which are taxable according to the law. Tax evasion represents the difference between the tax obligations that the taxpayer has according to the current regulations and the reported tax obligations.



Table 7. *Structure and Number of Crimes in the Field of Grey Economy*

Year	Total number of economic crimes	Total number of corrupt acts	Tax evasion	Smuggling	Illegal trade	Illegal production
2007	10,488	3,102	223	274	277	7
2008	9,971	3,318	273	253	284	11
2009	10,560	3,970	294	403	197	8
2010	9,851	3,858	421	368	287	7
2011	9,278	3,792	275	205	240	10
2012	8,715	2,634	352	127	271	10
2013	7,276	2,071	257	75	356	25
2014	7,941	1,086	188	118	398	89
2015	8,170	2,180	186	138	562	88
2016	7,658	1,751	227	114	549	70
2017	8,172	1,754	308	135	412	84
2018	6,210	1,046	187	60	177	23
2019	5,696	959	153	33	2,220	43
2020	4,473	618	222	33	225	38
2021	5,531	894	244	28	246	30

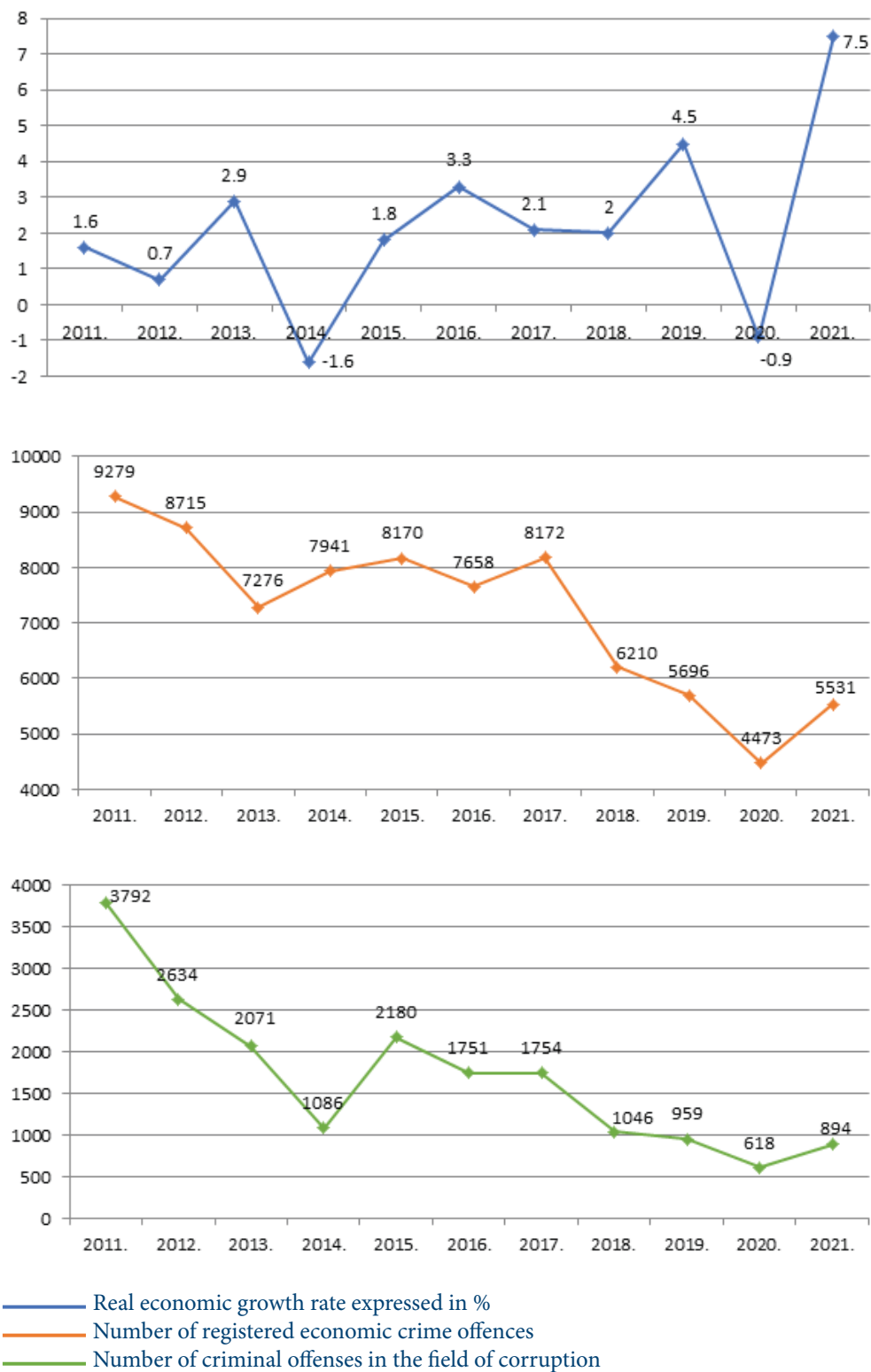
Source: Ministry of Internal Affairs of the Republic of Serbia

Tolerating corruption in some areas of public life, such as fiscal revenues, can encourage a downward spiral in which illegal behaviour encourages more people to engage in corruption over time. The effects of corruption on the side of public revenues, i.e. taxation, can be analysed if the incentives faced by taxpayers and tax officials are considered. In these instances, the taxpayer will consider paying the bribe if it is less than the tax itself. The taxpayer has an incentive to pay at most the amount of the bribe that his tax burden is reduced by corruption.

Empirical research in this regard confirmed that there is a statistically significant relationship between the level of corruption and tax revenues expressed in relation to the GDP. As evidence, the results show that corruption reduces tax revenues, which directly affects economic growth.

The control of public finances and spending is of key importance for stopping corrupt channels because this type of destruction cannot be solved by abolishing tax and fiscal obligations, controlling the revenue and expenditure side of the budget, their expediency, creating an additional audit institution, reducing the discretionary influence of officials, but also internal financial control.





Source: Statistical Office of the Republic of Serbia, Ministry of Internal Affairs of the Republic of Serbia.

Chart 1. Mutual Relationship Between Real Economic Growth, the Number of Economic Crime Offences, and Corruption in the Republic of Serbia



So far, the research on the impact of economic crime and corruption on economic growth have confirmed the link between corruption and macroeconomic indicators, and the fact that it is inversely proportional. The problem of the cause-and-effect relationship between economic crime and economic growth was the central theme of this part of the scientific research and is shown in detail in Chart 1. One of the reasons for this growth is the very low base last year. During 2020, the Serbian economy ended in recession, so the consequence of that is a statistically higher growth this year, although at least one part of it is actually a return to the state before the pandemic. The result we obtained is very indicative because it indicates that the reduction of economic crime and corruption is a fundamental channel through which the Government can influence the acceleration of economic growth. The quality of the regulatory framework by itself cannot have much effect on the acceleration of growth if compliance with those regulations is not at a satisfactory level. Our analysis shows that in order to accelerate economic growth, it is not enough just to copy good laws and regulations from the EU (which is relatively easy to do), but also requires progress in more fundamental indicators – the reduction of corruption.

If a country is worse according to the parameters shown statistically on the graph, its economic growth is lower. By integrating the various approaches that we have presented, new possibilities for understanding and analysing the phenomenon of corruption are obtained on the methodological level. If, despite the usual economic obstacles, crime and corruption still exist and affect economic growth the less developed country is going in the opposite direction, i.e. falling further and further behind the more developed economies. Even under the condition that corruption and economic growth coexist, this antisocial and destructive phenomenon imposes costs, i.e. disruptions in the economic sector.

CONCLUSION

The analysis of corruption and economic growth is a part of a still ongoing debate and has not reached final conclusions as to which form of government is the most suitable for economic growth. It is more than clear that there is still a lot of work to be done on detailed empirical research on the channels through which corruption affects the level, that is, the rate of economic growth. A risky business environment slows down economic growth, reflects poor economic performance, i.e. a low standard of living. Analysing under such circumstances, the expectations of citizens to live in prosperity after several decades spent in circumstances of limited life opportunities will remain unfulfilled.

Completely eliminating corruption will never be worth the effort, but steps can be taken to limit its reach and reduce the damage it causes to economic performance. Starting from different theories about the relationship between corruption, fiscal policy, level of investments and economic growth, there are different interpretations in the literature of the mechanism by which corruption affects economic growth, but also the possibility of feedback effects of economic development on the capacities to fight against this type of economic destruction. The economic analysis of these two concepts is interested in the mechanism by which corruption takes place, its inactivity towards other economic categories, as well as the costs that this mechanism generates for its containment. A clear, strong and credible policy of economic liberalization and deregulation, which is aimed



at increasing economic freedom, is a key mechanism for fighting corruption as the most serious form of economic crimes, as well as for increasing social well-being. In addition to the inevitable criminal, legal, ethical and moral issue that is rightly raised, corruption is also an economic issue to the greatest extent.

Economic development represents a marathon, not a sprint, and for these reasons it is much more important to lay the foundations for long-term success than to be satisfied with some positive, but still short-term results. The obtained empirical results unequivocally indicate that reforms in the area of curbing corruption, as well as reform of the legislative framework, the rule of law, are the basic prerequisites for the Republic of Serbia to achieve its potential growth and begin to catch up with comparable countries in Central and Western Europe. It is expected that the results of the research on the relationship between these two seemingly divergent concepts will lead to a functional connection and contribute to the expansion of the existing knowledge about the economic effects of corruption, and in this sense represent a useful input in the creation of measures to fight this form of economic crime.

The findings and recommendations of the analysis in this scientific contribution will represent the basis for some other scientific efforts that will be aimed at curbing this deviant phenomenon, i.e. redefining the basic goal, special goals or adding new activities in this field. Everything indicates that this is one of the main Gordian knots that needs to be resolved on the way to laying the foundations for Serbia's long-term economic growth.

REFERENCES

- Ang, Y. Y. (2020). *China's gilded age: The paradox of economic boom and vast corruption*. Cambridge University Press.
- Begović, B. (2007). *Ekonomska analiza korupcije*. Centar za liberalno-demokratske studije.
- Chandan, H. C. (2015). Corruption, business climate, and economic growth. In B. Christiansen (Ed.), *Handbook of research on global business opportunities* (pp. 469-491). IGI Global. <https://doi.org/10.4018/978-1-4666-6551-4.ch022>
- Čudan, A., Ivanović, Z., & Major, G. (2019). Legalization of criminal profit in the course of agricultural privatization: A view from the Republic of Serbia. *NBP. Nauka, bezbednost, policija*, 24(3), 43-58. <https://doi.org/10.5937/nabepo24-22958>
- Čudan, A., & Nikoloska, S. (2018). *Ekonomski kriminal*. Kriminalističko-policijska akademija.
- Farrag, N. A., & Ezzat, A. (2020). The impact of corruption on economic growth: A comparative analysis between Europe and MENA countries. In *Wealth creation and poverty reduction: Breakthroughs in research and practice* (pp. 226-290). Information Resources Management Association (IRMA).
- Gründler, K., & Potrafke, N. (2019). Corruption and economic growth. *European Journal of Political Economy*, 60(C). <https://doi.org/10.1016/j.ejpoleco.2019.08.001>
- Lučić, D. (2018). *Uticaj korupcije na ekonomski rast* [Doctoral thesis, Ekonomski fakultet Univerziteta u Nišu]. E-teze. <https://eteze.ni.ac.rs/application/showtheses?thesesId=6636>



Milinković, B. (2020). *Kapitalizam, sam: budućnost sistema koji vlada svetom*. Akademska knjiga.

Pellegrini, L., & Gerlagh, R. (2004). Corruption's effect on growth and its transmission channels. *Kyklos*, 57(3), 429–456. <https://doi.org/10.1111/j.0023-5962.2004.00261.x>

Russell, B. (2009). *The basic writings of Bertrand Russell*. Routledge.

Rose-Ackerman, S. (Ed.) (2006). *International handbook on the economics of corruption*. Edward Edgar.

Statistical Office of the Republic of Serbia. (2021). *Statistical Yearbook 2021*. <https://www.stat.gov.rs/en-us/publikacije/publication/?p=13253>

Stojiljković, Z. (2011). *Srbija u lavirintima tranzicije: ogledi iz političke sociologije savremenog društva*. Službeni glasnik.

Teixeira, A. A. C., Pimenta, C., Maia, A., & Moreira, J. A. (Eds.). (2020). *Corruption, economic growth and globalization*. Routledge.

