

The Center for Economic Analyses (CEA) is a think tank of economists who share a common vision for the Republic of Macedonia as a new emerging European economy integrated in the regional and world markets.

The Mission of CEA is to continuously examine economic development and economic policy in the Republic of Macedonia and offer recommendations, suggestions and measures where deemed appropriate.

PRESS RELEASE

CEA will use a macroeconomic model to test the government policies and proposed alternatives

The process of designing the economic policies of the Government of the Republic of Macedonia is usually closed, encompassing an examination of small number of alternatives (scenarios), mostly due to the insufficient analytical capacity of the administration. The political party in power, VMRO-DPMNE, for the first time after the independence of the Republic of Macedonia has offered a comprehensive election platform, proposing a package of economic measures accompanied by precise numbers, and also an assessment of the financial implications for most of the proposed reforms. Precisely this enables for them to be a subject of verification in a consistent macroeconomic framework, which will generate projections of the effects of these economic measures on the key economic variables: economic growth, budget and current account deficits, inflation, employment, unemployment, foreign exchange reserves, etc.

For the sake of truth, the opposition parties have often criticized some government measures and offered interesting initiatives, but there has been a lack of measures that could be quantified in order for a comparison to be made between the different stances. Even more, some columnists, institutions and associations have offered quality proposals for changing the contemporary economic policy stance, but unfortunately, without decent quantitative analysis of the needed modifications or the implications.

The mission of CEA precisely is to fill up this vacuum in the discussion on the macroeconomic challenges of the Macedonian economy as well as to provide a platform for comparing different economic policy initiatives. In August 2007, CEA's representatives in cooperation with Dutch experts have managed to prepare an operational version of the macroeconomic model for the Macedonian economy, which



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is similar to the financial programming model used by the International Monetary Fund. The main intention of CEA, through continuous improving and updating of the operational version of CEA's Macro model, is to exploit its potentials for enhancing the quality and strengthening the discipline of the public debate on macroeconomic issues. By using this model, CEA will assess the consistency of the economic initiatives of the political parties, as well as the price which has to be paid for their implementation.

In a short period of time, CEA will widen the cooperation with print media, by disseminating a series of projections and simulations based on the applied work with the CEA-macro model. For illustration purposes only, the model enables for an assessment to be made on the macroeconomic effects of decreasing the flat tax from 12 to 10%, increasing the wage bill of the government administration, increasing public investments, etc. The overall report of the model, the description of its structure and its capabilities can be found on CEA's web-page: www.cea.org.mk .