Planning for the Future - Institutional Aspects

Scientific article

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ABSTRACT - The global economic crisis has vet bottomed out. The major industrial economies are in a deep recession, and growth in the developing world is slowing dramatically. Firefighting against the global recession remains the order of the day, but it is equally urgent to recognise the root causes for the crisis and embark on a profound reform of the global economic governance system. Hence, it is our deep belief that with the revival of the practice of macroeconomic indicative planning (planning) throughout the world, one can expect that the successful combination of the "market's invisible hand" and the "plan's visible hand" will provide a more rational utilisation of the production factors and more dynamic economic development of the national economy. Without claiming to provide exhaustive answers, this paper offers the presentation of the experience in the field of planning the future (institutional aspects) in some EU-member countries and tries to make some basic recommendations for the implementation of a system of macroeconomic indicative planning system in the Republic of Macedonia, as a perspective EU candidate country and a potential future EU member state.

Znanstveni prispevek

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KLJUČNE BESEDE: načrtovanje, prihodnost, institucionalni vidiki, države EU, Republika Makedonija

POVZETEK - Svetovna gospodarska kriza še ni končana. Večje industrijsko razvite države so v globoki recesiji, rast v državah v razvoju pa se dramatično upočasnjuje. Boj proti globalni recesiji ostaja prednostna naloga, vendar je prav tako pomembno, da prepoznamo izvor krize in da smo pozorni na reformo sistema globalnega gospodarskega upravljanja. Zato smo globoko prepričani, da je z »oživljanjem« prakse makroekonomskega (okvirnega) načrtovanja v svetu mogoče pričakovati, da bi uspešna kombinacija »nevidne roke« trga in »vidne roke« načrta lahko zagotovila racionalnejšo izrabo proizvodnih dejavnikov in bolj dinamičen razvoj nacionalnega gospodarstva. Naš namen ni zagotavljanje popolnih odgovorov, vendar pa v tem prispevku predstavljamo izkušnje na področju načrtovanja za prihodnost (institucionalni vidiki) v nekaterih državah članicah EU in poskušamo prikazati nekaj osnovnih priporočil za izvajanje okvirnega makroekonomskega načrtovanja v Republiki Makedoniji kot možni prihodnji članici EU.

1 Introduction

The global deleveraging that first hit the world economy in mid-2007 and accelerated in autumn 2008 could not have been possible without the rare coincidence of a number of market failures and triggers, some reflecting fundamental imbalances in the global economy and others specific to the functioning of sophisticated financial markets. The chief among these "systemic" factors were the full-fledged deregulation of financial markets and the increased sophistication of speculation techniques and financial engineering. Other determinants were also at play, particularly the systemic incoherence among the international trading, financial and monetary systems, not to mention the failure to reform the global financial architecture. Most recently, the emergence of new and powerful economic actors, especially from the developing countries, without the accompanying reform needed in the framework governing the world economy, have accentuated that incoherence (UNCTAD, 2009, p. xi).

There can be no doubt that the current problems of the global economy require global solutions. The difficult and uncertain outlook argues for continued forceful action, both on the financial and macroeconomic policy fronts, to establish the conditions for a return to sustained growth. Whereas policies must be centred at the national level, greater international cooperation is needed to avoid exacerbating cross-border strains. At the same time, international support, including the additional resources being made available to the IMF, can help countries buffer the impact of the financial crisis on real activity and limit the fallout on poverty, particularly in developing economies (IMF, 2009, pp. xii – xiii).

Hence, it is our deep belief that with the revival of the practice of macroeconomic indicative planning throughout the world, one can expect that, by the successful combination of the "market's invisible hand" and the "plan's visible hand" will provide a more rational utilisation of the production factors and more dynamic economic development of the national economy.

2 Experiences of Some of the EU Countries

How do some EU member countries plan for their future? What type of institutional basis they have on undertaking activities of planning for the future, in order to be better prepared for tomorrow's challenges more effectively? Without claiming to provide exhaustive answers to these questions, this paper offers presentation of the experience in the field of planning for the future (institutional basis) in three EU member countries (Netherlands, Hungary and Slovenia) and tries to reach some basic recommendations on the institutional basis for the implementation of a system of macroeconomic indicative planning system in the Republic of Macedonia.

In general (see Table 1 for the most important planning institutions), all these countries follow the same routine when it comes to the institutional basis: a public player (a department under the aegis of the Prime Minister or a main ministry), an academic player (a research institute within the Academy or one of the country's major universities) and, where appropriate, a private player (regional or independent organisations).

Economic planning, which as a concept emerged as a socialistic idea, is now considered an important aspect of all national economies with varying political and ideological persuasions and at different stages of the socio-economic development. There are as many types and forms of economic planning as the number of countries because each country formulates a plan according to its political and economic environments and goals of the national economy. In a general sense, the term economic planning can be defined as the formulation of control and regulation of economic activity by the public agency with a view to achieving well-defined objective(s). Since the key questions, implicit in this definition, such as the formulation of economic policies, the regulation and control of economic activity and the goals and objectives of the national economy are closely related to the political structure of a society, the techniques and patterns of economic planning thus become intricately woven with its political system.

Table 1: Experiences of some EU member countries

NETHERLANDS	
CPB (Central Planning Bureau – Netherlands bureau for Economic Policy Analysis, www.cpb.nl)	 carrying out scientific research aimed at contributing to the economic decision-making process of politicians and policymakers; preparing quarterly economic forecasts of the development of the Dutch economy; analysing policy proposals in a number of different ways and also evaluating the effects of policy measures that have already been implemented; CPB has offered interested political parties the analysis of the economic effects of the policy proposals in their election manifestos.
HUNGARY	
ECOSTAT (Government Centre for Impact Assessment, www.ecostat.hu)	 propagating and spreading the analytical and forecasting methods of economics and social sciences among those involved in the preparation of decisions and regulations; improving the culture of data use; participating in international professional and scientific activities in the field of economics; providing assistance in the operation of professional and/or scientific and organisations in Hungary.
SLOVENIA	
Institute of Macroeconomic Analysis and Development (IMAD) of the Republic of Slovenia (www.gov.si/umar)	 monitoring, analysing and evaluating current trends, as well as the economic, social and environmental dimensions of development; preparing short- and medium-term forecasts of macroeconomic aggregates; preparing analyses that serve as a basis for strategic decision-making and economic and development policy measures; conducting research work.

Source: Internet sites of the relevant institutions.

3 Recommendations for the Republic of Macedonia

3.1 Why does Republic of Macedonia need macroeconomic indicative planning?

After gaining its independence, the Republic of Macedonia left the system of economic planning of its economic development and started creating and implementing a functional market-based economy. But, in these efforts, Macedonia neglected the experience of many market-based economies, which points out the significant importance of the economic planning in managing the economic development processes in those countries. In other words, the market-based economies use economic planning as an instrument for the preparation of development strategies and the implementation of coherent and coordinated economic policies.

The need for the implementation of macroeconomic indicative planning is much more visible in Macedonia, as a transition country, where the Government should implement managerial activities in the public sector, public finances, etc. A basis for such indicative economic planning is the macroeconomic policy document of the Government, which provides instruments necessary for the realisation of the predetermined

medium and long-term development goals. The macroeconomic planning document of the Government should be a programme for the Government medium-term socioeconomic and environmental policy, with clearly specified activities for the: public investments, public enterprises, local economic development, social assistance, public revenues and expenditures, etc. This system of indicative economic planning is compatible with those already existing in the market-based economies and enables the realisation of the Government medium and long-term goals of the socio-economic and environmental (sustainable) development.

3.2 Institutional aspects of the economic indicative planning in the Republic of Macedonia

The institutional aspects of the macroeconomic indicative planning are the most important issue when it comes to the organisation of the future system of macroeconomic planning in the Republic of Macedonia. Here, one should have in mind the experience of the institutional organisation of economic planning systems and processes in the developed market economies. So far, there are no suggestions for the economic planning system institutional arrangements in Macedonia. In our opinion, the most significant part of the institutional arrangements of the future economic planning system in Macedonia should be the so called "economic triangle", establishing close relations between the:

- □ State Statistical Office:
- ☐ Agency for Macroeconomic Models, Analyses and Studies (currently non-existent in the system); and
- ☐ Ministry of Finance (Department of Macroeconomic and Development Policy).

Their relations and interdependence is of key importance for efficient functioning of the future institutional organisation and inter-relations in the system of macroeconomic indicative planning (Picture 1).

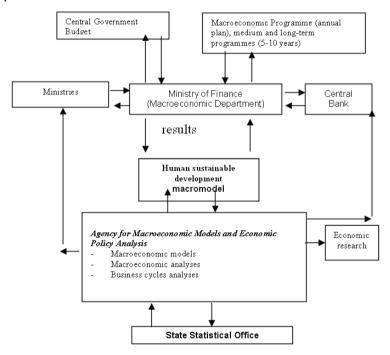
The State Statistical Office collects, processes, analyses, stores, publishes and disseminates statistical data, studies results and analyses related to the numerous socio-economic aspects in the society. Its mission is to provide objective, timely and accurate information about the state as well as directions for the development of the economic, social, demographic and environmental fields. It implements a great number of research activities and surveys within the companies, households, public and private institutions in the Republic of Macedonia. All the statistical activities and surveys are realised using statistical methodologies harmonised and comparable with the international standards and classifications. The results from these research activities provide wealth of information about the Macedonian economy for the preparation of a scientifically and practically based efficient macroeconomic policy and planning.

The most significant role in the process of the preparation, elaboration and harmonisation of the macroeconomic development plans and programmes rests with the Agency for Macroeconomic Models, Analyses and Studies (currently non-existent in the system). The Agency would have two basic tasks: economic data collection and the preparation of macroeconomic studies, analyses and forecasts. The Agency should be the basic institutional and organisational Government unit responsible for the

preparation and operational use of macroeconomic models for the preparation of the macroeconomic development policy and planning documents and programmes. Its basic tasks should also include:

- analyses of the sectoral and structural effects of the EU integration processes in the Republic of Macedonia;
- analyses of the global macroeconomic effects of the EU integration processes in the Republic of Macedonia; and
- econometric evaluation/estimation of the economic content of the political parties, electoral programmes in the Republic of Macedonia. This will increase the democratic responsibility of the political parties.

Picture 1: Institutional framework of the indicative macroeconomic planning system in the Republic of Macedonia



Source: Kjošev, S. (2001). Macroeconomic Planning in the Developed Market Economies and in the Republic of Macedonia. Master thesis (unpublished, in Macedonian). Skopje: Faculty of Economics, Skopje, Republic of Macedonia.

The Department of Macroeconomic and Development Policy (within the Ministry of Finance), cooperating with the Central Bank and other Ministries in the Government, would be an institution responsible for the preparation and realisation of the macroeconomic and the development strategy and policy. Its basic tasks should be:

preparation and elaboration of the macroeconomic policy and development strategy and policy documents, which would be the operationalisation of the basic tasks and goals determined by the Government and the National Parliament;

- preparation of a medium and long-term development programme (medium and long-term macroeconomic plan for the next 5-15 years);
- preparation of analyses on the conditions, development, the problems and the perspectives of the country on the national and local level for the main economic sectors and fields of economic activity;
- □ implementation of the economic policy measures; and
- drafting plans and programmes for cooperation with the international development organisations and institutions, etc.

The Macroeconomic Department should use the macroeconomic models and macroeconomic analyses prepared by the Agency for Macroeconomic Models, Analyses and Studies in the process of preparation of the Government macroeconomic policy and development strategy and policy documents (also, immensely using the macroeconomic models prepared for the Macedonian economy by the OECD, IMF, the World Bank and other international institutions).

4 Conclusion

The macroeconomic planning, as a vision for the future development, defines a strategic goal and determines the priorities (the sequence of the steps towards that goal), starting from the market conditions. The inability of the market to anticipate the future trends imposes macroeconomic planning as a necessary assumption for the good market functioning. Therefore, macroeconomic planning is not a product of the ideology, but it is a product of the technical and technological development. Respectively, the higher the level of development of an economy, the more indispensable the participation of economic planning in it, and vice versa, the less developed an economy is, the less present the planning is. In this context, the evolution of the market is also an evolution of the planning, meaning that the two mechanisms are derivatives of the same process, two sides of the same coin. Therefore, the dilemma "a market or a plan" is already inappropriate and reshaped in the imperative "both market and plan" or, to be more precise, in the slogan "market as much as possible, plan as much as necessary".

Consequently, we should free ourselves from our attitudes towards the economic planning from the so called "socialist planning syndrome". Namely, it is necessary to accept in theory and in practice the modern concept of macroeconomic indicative planning. No matter whether we will accept the explicit or implicit institutional type of economic planning, it is really necessary to provide developed tools for managing the development processes (like those in the developed market economies). It implies the utilisation of modern planning and forecasting techniques, as well as a developed information system as a basis for an efficient macroeconomic and development policy. It also implies that all Government institutions, in parallel with the specialised planning institutions, should use the economic planning as an instrument for a more efficient management of the economic development processes, as well as to provide a highly qualified personnel and modern equipment and information technologies that will

meet the requirement of the economic indicative planning in the national economy. In other words, one needs a transformation/transition and reaffirmation of the economic indicative planning in its modern meaning and implementation.

All the aforementioned shows that economic planning and market are and will be complementary mechanisms in the new socio-economic system of the Republic of Macedonia. The successful combination of the "market's invisible hand" and the "plan's visible hand" will provide a more rational utilisation of the production factors and more dynamic economic development of the national economy. This will lead to a continuous improvement of the economic policy instruments, as well as the other types of planning and programming of the national economy development.

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Načrtovanje prihodnosti – institucionalni vidiki

Nobenega dvoma ni, da trenutne težave globalnega gospodarstva zahtevajo globalne rešitve. Težavne in negotove razmere zagovarjajo neprekinjene učinkovite ukrepe pri finančni in makroekonomski politiki, da se vzpostavijo pogoji za ponovno trajnostno rast. Ker morajo biti politike na nacionalni ravni enotne, je boljše mednarodno sodelovanje nujno, da se izognemo čezmejnim pritiskom. Zato globoko verjamemo, da lahko z oživitvijo makroekonomskega (indikativnega) načrtovanja po svetu pričakujemo, da bo uspešna kombinacija »nevidne roke« trga in »vidne roke načrta« zagotovila bolj razumno uporabo proizvodnih dejavnikov in bolj dinamičen gospodarski razvoj nacionalnega gospodarstva. Kako nekatere države članice EU načrtujejo svojo prihodnost? Kakšno vrsto institucionalne osnove imajo pri izvajanju aktivnosti načrtovanja prihodnosti, da bi bile bolje in učinkoviteje pripravljene na jutrišnje izzive? Vse te države v glavnem upoštevajo enak postopek, kadar gre za institucionalno osnovo: javni akter (oddelek v okviru predsednika vlade ali glavnega ministrstva), akademski akter (raziskovalni inštitut v okviru Akademije ali ene od glavnih univerz v državi) in po potrebi zasebni akter (regionalne in neodvisne organizacije). Naslednje države so najboljši primeri:

- □ Nizozemska (Glavni urad za načrtovanje Central Planning Bureau, www.cpb.nl)
 - raziskovanje, ki prispeva k procesu ekonomskega odločanja politikov in tvorcev politik in
 - priprava četrtletnih gospodarskih napovedi glede razvoja nizozemskega gospodarstva.
- □ Madžarska (Vladni center za presojo učinkov Government Centre for Impact Assessment, www.ecostat.hu)
 - širjenje analitičnih metod in metod napovedovanja v ekonomiji in družbenih vedah med tistimi, ki sodelujejo pri pripravi odločitev in predpisov ter
 - podpora pri delovanju strokovnih in/ali znanstvenih organizacij na Madžarskem.

- □ Slovenija (Urad za makroekonomske analize in razvoj, www.gov.si/umar)
 - spremljanje, analiza in ocena trenutnih trendov ter gospodarskih, družbenih in okoljskih dimenzij razvoja ter priprava kratkoročnih in srednjeročnih napovedi makroekonomskih agregatov in
 - priprava analiz, ki so osnova za politike glede strateškega odločanja, gospodarstva in razvoja.

Potreba po izvajanju makroekonomskega indikativnega načrtovanja je v Republiki Makedoniji toliko bolj vidna. Vlada bi morala v javnem sektorju, javnih financah idr. uvesti poslovodne aktivnosti. Podlaga za to indikativno ekonomsko načrtovanje je vladna makroekonomska politika, ki zagotavlja instrumente, nujne za doseganje vnaprej določenih srednjeročnih in dolgoročnih ciljev. Sistem indikativnega ekonomskega načrtovanja je primerljiv z obstoječimi sistemi v tržno usmerjenih gospodarstvih ter omogoča doseganje vladnih srednjeročnih in dolgoročnih ciljev socio-ekonomskega in okoljskega (trajnostnega) razvoja. Naše mnenje je, da mora biti najpomembnejši del institucionalne ureditve prihodnjega sistema ekonomskega načrtovanja v Makedoniji tako imenovan »ekonomski trikotnik«, ki tesno povezuje Statistični urad, Agencijo za makroekonomske modele, analize in raziskave (trenutno ne obstaja v sistemu) in Ministrstvo za finance (Oddelek za makroekonomsko in razvojno politiko).

Državni statistični urad zbira, obdeluje, analizira, shranjuje, objavlja in širi statistične podatke ter rezultate raziskav in analiz, ki so povezane s številnimi socio-ekonomskimi vidiki v družbi. Njegovo poslanstvo je zagotavljanje objektivnih, pravočasnih in točnih informacij o državi ter usmeritev glede razvoja na gospodarskem, družbenem, demografskem in okoljskem področju. Izvaja številne raziskovalne aktivnosti v podjetjih, gospodinjstvih ter javnih in zasebnih ustanovah v Republiki Makedoniji. Njihovi rezultati so podlaga za pripravo učinkovitih makroekonomskih politik in načrtovanja, ki temeljijo na znanstvenih ugotovitvah in praksi.

Najpomembnejšo vlogo v procesu priprave, izdelave in usklajevanja makroekonomskih razvojnih načrtov in programov ima Agencijo za makroekonomske modele, analize in raziskave (trenutno ne obstaja v sistemu). Agencija bi imela dve osnovni nalogi: zbiranje ekonomskih podatkov in pripravo makroekonomskih raziskav, analiz in napovedi. Agencija mora biti osnovna institucionalna in organizacijska enota vlade, ki je odgovorna za pripravo in operativno uporabo makroekonomskih modelov pri pripravi politike makroekonomskega razvoja ter dokumentov in programom o načrtovanju. Oddelek za makroekonomsko in razvojno politiko (Ministrstvo za finance) v sodelovanju s Centralno banko in drugimi vladnimi ministrstvi bi bil organ, ki je odgovoren za pripravo in izvajanje makroekonomske in razvojne strategije ter politike. Njegove osnovne naloge bi bile:

- priprava in oblikovanje makroekonomske politike ter dokumentov o razvojni strategiji, kar je v skladu z osnovnimi nalogami in cilji, ki sta jih določila vlada in državni parlament,
- □ priprava srednjeročnega in dolgoročnega razvojnega programa (srednjeročni in dolgoročni makroekonomski načrt za naslednjih 5-15 let).

Ker trg ni sposoben predvideti prihodnjih trendov, je makroekonomsko načrtovanje nujna predpostavka za dobro delovanje trga. Zato makroekonomsko načrtovanje ni nastalo zaradi ideologije, ampak tehničnega in tehnološkega razvoja. Torej, bolj je razvito gospodarstvo, bolj nepogrešljiva je uvedba ekonomskega načrtovanja, in obratno, bolj je nerazvito gospodarstvo, manj prisotno je načrtovanje. V tem smislu je evolucija trga tudi evolucija načrtovanja, kar pomeni, da sta oba mehanizma izpeljanki istega procesa, kot dve plati medalje. Zato je dilema »trg ali načrt« neprimerna in jo je treba nujno preoblikovati v »trg in načrt«; natančneje v slogan »trg v čim večji meri, načrt pa po potrebi«.

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