Workshop on Macroeconomic Modelling in Asia and the Pacific

8-10 December 2015
United Nations Conference Centre, MR-A
Bangkok, Thailand
Setting the Stage

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Outline

• A brief review of macromodels
• Initiatives at United Nations
• Way forward
• Structure of workshop
A brief review of macromodels
Over 90 years of macromodels

“science is a public knowledge, reproducible knowledge”
Over 90 years of macromodels

• Looking backward – reminiscing and looking forward – dreaming

• Development of macromodel followed economic theories and thoughts
Objectives of macromodels

• Forecasting

• Policy simulation

• Lessons learnt
  – Policy modelers need to be in touch with emerging policy priorities and constraints and engaged in frequent dialogue with policymakers
  – Important part of efficient policymaking—decision makers to act rationally by making them fully aware of the repercussions and of the potential policy reforms to steer economy—wide impact analysis
Constructing macromodels

• Data requirements

• Technical framework

• Trained manpower

• Financial resources
Types of macromodels

• Characteristics of models (eg, Keynesian type)

• Frequency – Annual + high-frequency (quarterly and monthly)

• Size of models

• Sectors, and linkages
Prototype macromodel from national to multi-country

• Comparison of the different time-series
• Check estimated coefficients
• External shocks

• Lessons learnt:
  – One country model is at great variance with others, behavioral equations have not been adequately estimated
  – Some equations have to be estimated in different countries-often has be re-specified and re-estimated several times
  – Iterations leads to the formulation of general and robust equations to simulate the working of economic relationships
Initiatives at United Nations
Models at UN system

• UN/UNCTAD Model, since 1968..
• UN/UNDESA Project LINK, since 1969..
• Regional UN models
  – ECAFE/ESCAP
  – ECLAC
  – ECE
  – ECA
  – ESCWA
• World Bank-IMF-OECD
• Regional Development Banks
  – Asian Development Bank
  – Inter-American Development Bank
Way forward
Global and regional context

• Regional macroeconomic policy spillover
• Trade policies, including protectionism
• Financial sector linkages
• Dependence on primary commodities
• Income inequality
• Energy sector & climate change

• 2030 Agenda for Sustainable Development
  – Sustainable Development Goals
Structure of workshop
Workshop-cum-Training

• Day 1, 8 December 2015
  – Country Presentations

• Day 2, 9 December 2015
  – Country Presentations
  – Special Presentations

• Day 3, 10 December 2015
  – Building national macromodels

• Way forward:
  – Recommendations
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