

عنوان مقاله:

?Why is B&H stuck in the transition process and what „Compact for Growth and Jobs EU initiative may bring

محل انتشار:

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خلاصه مقاله:

Twenty years have passed since the transition process started in Bosnia and Herzegovina (B&H). However, the share of the private sector in B&H's GDP is still very low, about 50 percent. Furthermore, B&H is one of the most difficult places to do business in Europe despite a well-educated labor force and proximity to the EU. High unemployment remains the most serious macroeconomic problem. B&H is now facing increased pressure to upgrade its economic policies. The business reform agenda remains crucial to the future economic development and the creation of private sector jobs. The economic reforms were proposed by the European Delegation in B&H. The areas needed to reform are explained in the document 'Compact for Growth and Jobs' that represent the base for the National Economic Reform Program. In this paper, we will describe a simple model that supports reforms in the private - business sector. We will develop a simple model of transition which is a variant of Chatha et al. (1993) and Coricelli's (1998) model. Their model of transition considered the case of reallocation of labor from the state to the private sector. While the research considered the alternative income in case of unemployment, and an increase in human capital, we simplified their model and applied it to the real situation in B&H. In that sense, we made a model where the unemployed person had no unemployment benefits, which is the real situation in B&H, and we assumed an investment in the physical capital. The model we describe illustrates the transition path in the post-war country with a very small investment in the private sector that can create new jobs. Model proves that to deal with the high unemployment, the country needs to adopt the structural economic policies, like privatization and to reduce barriers for doing business

کلمات کلیدی:

Transition, Bosnia and Herzegovina, Structural reforms, Private sector, Public sector

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