

MANDATE *for* LEADERSHIP



Principles for Governing Macedonia
2006 - 2010



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Foreword

Macedonia has a new government. This government has a new mandate, given to it by the citizens of Macedonia. It is a mandate for leadership.

What kind of leadership?

The government will have to lead Macedonia to a more prosperous future, economic as well as political. It will need a lot of hard work, knowledge and wisdom. The government will also need some luck. Macedonia needs luck too. However, what we all need most is sound policy.

The 2006 elections were a contest of two opposing political concepts. These concepts showed that they are built on the typical left and right ideological matrices, as known in the developed democracies. The center-right concept won. With that, the citizens of Macedonia decided for a mandate for leadership centered on policies based on the universal principles of market economy, entrepreneurship, individual responsibility and democracy. Policies based on the idea of freedom.

The new government has committed itself to many reforms, but has also shown a determination for their implementation. The success of these reforms depends on proper ideological foundations. These foundations are: economic freedom, property rights protection, good business environment, low taxes, low regulatory burden, efficient and expert bureaucracy, public service managed based on performance, wide area of public services, transparency, fight against corruption, security, stability and good international positioning. In order to persevere in the implementation of the promised policies, the government will have to institute these ideological foundations in the first months of its administration and use them as guidelines throughout its mandate.

Apart from setting the ideology right, the government will have to do three things that will enable it to achieve the goals set forth in the mandate for leadership given to it at the 2006 elections. Firstly, it will have to make a considerable positive change in an important area in the first months. It needs this in order to establish itself and to increase the support from the citizens. Secondly, it will have to implement the largest part of the reforms within the first two years of being in office. Thirdly, it will have to implement a positive, effective and efficient public relations strategy. Thereby, it will be able to effectively argue and justify its policies.

The responsibilities are big. The expectations are even bigger. The government will have to deliver in all these areas in order to fulfill the historic chance in front of it. The people of Macedonia expect that. The high public rating of the Prime Minister and the governing coalition prove the great expectations that the citizens have from the government. This credit is also a responsibility for the Mandate for leadership to be used to maximum.

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1. Elections 2006

The 2006 parliamentary elections and the events that followed represent a milestone in the political development of the Republic of Macedonia. Slowly freeing themselves from the influence of historical inheritances, the largest parties from the left and the right started to demonstrate the ideological matrices of the typical leftists and rightist paradigms, as known in the developed democracies. These elections were, more than always, a contest of two opposing concepts.

In the 2006 elections, the center-left concept focused on the importance of stability and continuity. Although the election programs of the largest center-left parties contained many pro-free-market solutions, their campaign was predominantly based on the importance of strengthening of the foundations of what have been laid until then. Having in mind that the legacies from the former socialist system, overtly and covertly still present in the Macedonian society today, strengthening of the social foundations as they were in the first half of 2006, could have been interpreted as a fortification of these socialist influences (egalitarianism, shared responsibility, statism, welfare state).

On the other hand, the center-right concept focused on the importance of introducing social changes and dynamism. The election programs of the largest center-right parties were based on the ideology of free markets, individual responsibility and property rights protection. The center-right camp argued that the principles stemming from these ideologies, combined with the intensified use of new technologies and skills in the economy, would generate economic growth.

The role of the state is a crucial element in the differences between the center-left and center-right concept. The center-left sees the state as a manager of change, while the center-right sees the state as a catalyst of change. This is epitomized in the different parties' attitudes towards EU integration.

The first of the most important projects of the largest center-left party was the beginning and the successful ending of negotiations for EU integration, ahead of the rise in Macedonia's GDP growth rate¹. The first in the official list of priorities of the second largest center-left party was the integration in the EU². These two examples exemplify the belief of the Macedonian center-left parties that state policies are the key to satisfying the people's most important needs. These parties believe that the key to the better future would be the engineering of Macedonia's EU accession by the Government, and then benefiting from EU's regulations, policies and financial support mechanisms.

On the other hand, in the list of the top priorities found in the program of the largest center-right party³, the EU integration is explicitly not high among the priorities, by the program contains reforms, which are in fact in the function of the integration. In the list

¹ SDSM Election Program, Parliamentary Election 2006

² DUI Election Program, Parliamentary Election 2006

³ VMRO-DPMNE Election Program, Parliamentary Election 2006

of election promises of the second largest center-right party⁴, the integration of Macedonia in the EU, out of 18, holds only the 13th place. This exemplifies the belief of the Macedonian center-right parties, that the priorities for the people of Macedonia are more competitive economy, higher standard and lower unemployment, and that the EU membership should be a natural result from the potential of the country to generate new value-added and growth. As the election program of the largest center-right party says: “the European future of the Republic of Macedonia depends on democratic and economic development”.

The citizens of Macedonia voted on July 5, 2006. The majority of the voters, 31% decided to support the coalition of parties united under a center right program. The focus of the campaign of this program was the economy. This means that the No 1 priority of the government will be the improvement of economic conditions in the country. In a recent poll⁵, 83.2% of the interviewed answered that the priority of the new government should be economic development, increased employment or decreased poverty.

On first observation, it might seem that the voters consider that good performance in foreign and security policy is not a priority any more. However, this appearance is misleading. It is more likely that the voters assume that good performance in these areas is compulsory prerequisite for achieving minimum satisfaction from the performance of any government. However, the voters seem to not consider this as something extraordinary on which a complete government program could be built.

⁴ DPA Election Program, Parliamentary Election 2006

⁵ Center for Research and Policy Making. „*What Should the Priorities of the New Government Be*“, Skopje, August 2006

2. The Mandate

What mandate did the winning center-right program receive?

The winning center-right parties received the support from the majority Macedonian citizens because they showed potential to deal with the following issues:

1. Unleashing the potentials of Macedonia to generate economic growth of more than 6% p.a.
2. Improvement of the quality and the transparency of the services rendered by the public administration.
3. Assistance for farmers for improvement in the Macedonian agriculture.
4. Improvement of the physical infrastructure and decreasing the costs of its exploitation in the longer run.
5. Reform of the social protection system in order to make it more efficient and effective in supporting labor productivity.
6. Fast EU and NATO integration and abolition of visas for the Macedonian citizens.
7. More effective education system and better support of sports, science and culture.
8. More effective health care system, which would provide higher quality services in this area.

In order to successfully perform under the present mandate for leadership, the new government will have to achieve these goals to a substantial degree. The achievement of these goals depends on hard and efficient work and sound policy. However, more than ever, it depends from the reformed understanding of the role of the state in the society.

The achievement of these outlined goals depends on the foundations which the new government will lay in the first months of its mandate. These foundations are necessary in order for the government to be able to spur the economy, reform the public service and strengthen the national security and its international standing.

a. Policies for the Economy

The Macedonian economy in 2006 was crippled by a lack in protection of property rights, overregulation, over-taxation, uncontrolled unfair competition, arbitrary treatment of companies by public service representatives and unpredictable law enforcement. These conditions entail high transaction costs and business risks. Macedonia competes with 200 other countries in the world in attracting foreign direct investments. Because of the lack of real commitment, the protection of the interest of a group of oligarchs, as well as the lack of coherent policy for their attraction, the country underperformed in this area.

Economic Freedom

The national economies grow fastest when government interferes least. Therefore public policy should allow the private sector the greatest leeway for improving efficiency and spurring innovation. The freedom to use one's labor and capital as one pleases, while respecting the equal freedom of others to do the same, produces the greatest economic good for everyone at the least cost to society. Government plays a facilitating role in the growth of an economy⁶.

However, beyond its core functions; security, rule of law and order; the government policies should be as economically neutral as possible. The government's role is to only to provide goods and services that cannot or should not be created by the private sector, such as a justice system and national defense. Government should not try to pick economic "winners and losers," nor should it pursue policies to reallocate income and wealth. Free and open markets reward those who enhance economic well-being and strip resources from those who do not.

Protection of Property Rights

In June 2006, a Court of First Instance in Macedonia decided that the owner of more than 50% of the capital in a company cannot release from duty the company's CEO. Regardless on which legal grounds this decision was made, it prevented the majority owner to use its private property and benefit from it, according to its constitutional right. This is the most blatant example of disrespect for the basic property rights, so widespread in the Macedonian society today.

The reasons for the lack of protection of property rights in Macedonia are historical. Firstly, Macedonia carries the legacy of the old socialist system, where private property was secondary, and often considered as vile. As such it did not enjoy appropriate protection. Result of this, for example, was the start of the privatization without previous returning of the property - subject to unjustified expropriation.

Secondly, the process of transition from socialism to market economy meant transfer of property from the society as a group, to its members as individuals. This transfer was made in a nontransparent manner, resulting in valuable assets being transferred in property of certain individuals without any economic justification - purely based on their position of power in the society. The property protection system present in the beginning of the privatization was not only not made more effective, but was further corrupted. Effective system of private (and mutual) property protection would have simply been impediment to that kind of privatization.

Nevertheless, if Macedonia is supposed to compete with other nations in the global economy, it will urgently need to put in place an effective system for protecting private property. Without this, Macedonia will never be able to achieve high grow rates, fast capital accumulation, increased employment and low poverty rates. Strong property rights, including intellectual property rights, are a key prerequisite for economic development in a market economy. Businesses only invest where the expected rate of

⁶ Heritage Foundation. "*Mandate for Leadership*". Wahsington D.C. 2005

return is sufficiently high to compensate for the risks that they face⁷. Insecure property rights increase risks and decrease willingness to invest. Therefore, independent, effective and efficient courts combined with their transparent control and merciless punishment of corruption will have to be one of the first priorities of the new government.

Modernization of the Financial Sector

The analysis contained in the World Competitiveness Report published by the World Economic Forum, points to the weakness of the Macedonian financial sector as a driver of economic growth. Although in this sphere some progress has been made, the Macedonian business entities lack many financial instruments available to companies in other developing countries. This hampers the competitiveness of the Macedonian companies, their ability to reimburse their workers fairly and to create new jobs.

The Macedonian financial institutions do not provide factoring services, syndicated guarantees and loans for large clients, investment banking services, securitization, mutual fund services etc. The use of leasing due to some legal regulations is limited. Insurance as activity is underdeveloped. Financial derivative instruments are science fiction.

On top of this, the financial institutions in Macedonia do not use modern quantitative methodologies in managing risks. This makes the intuitions inefficient and their services expensive. The services that they do provide are delivered using a business philosophy that belongs more to the Middle Age than to the 21st century- immediate unjustifiable profiting from the client, instead of building a long-term partnership which would provide synergetic effects for both the client and the financial institution.

The Macedonian exporters are in especially hard position. They have to compete with companies from all corners of the world without equal access to export finance and export guarantees. Macedonia lacks state financial institutions which would provide the services that are provided by the U.S. ExIm Bank, the German Hermes fund, the Slovene Export Corporation, the Croatian Bank for Reconstruction and Development etc. The Macedonian Bank for Development Promotion did a lot in the past period, but its credit potential remained too small.

Access to credit is one of the most important preconditions to economic growth. According to the International Labour Organization (ILO) “developments in the financial sector, whether on the saving or lending side, do contribute to economic growth. One of the factors influencing the positive impact of financial sector deepening on growth and employment is the ability of firms to raise capital.”⁸ Under the mandate for leadership that the center-right government received in 2006, it will have to improve the access to credit by modernizing the financial system and providing for increased competition in it. The entrance of foreign capital in the financial sector is of essential importance for economic development and overcoming the present conditions in the economy.

⁷ Heritage Foundation. “*Mandate for Leadership*”. Wahsington D.C. 2005

⁸ Dominique M. Gross. *Financial Intermediation: a Contributing Factor to Economic Growth and Employment*. International Labour Organization (ILO). Geneva, 2001.

Meeting the Needs of International Business

The climate for investment in Macedonia needs improvement. The level of foreign direct investments (FDIs) in the past 15 years has been very low. In age where every developing country fights for FDIs, Macedonia has to provide arguments for attracting them. This can be achieved only by providing favorable climate for international businesses. Ireland is a country which has been very successful in this, and can be used as a study case.

One of the keys to the success of Ireland in increasing the quality of life of its citizens was its ability to create operating environment that is highly supportive of international businesses⁹. Because of the country's relatively small size, its government is open, accessible, and responsive. Ireland's economic dependence on trade - exports are equivalent to over 85 percent of GDP - drives the public policy agenda to a considerable extent. It favors trade enhancing measures globally, unrestricted capital flows, and an extensive range of double-taxation agreements, which facilitate foreign earnings by protecting income from being taxed twice. Both corporate and employment legislation are liberal in their approach and flexible in operation, supporting business development.

The domestic saving in Macedonia is not large enough to safely finance a large new investment cycle. The otherwise small domestic savings are not entirely due to institutional obstacles. Therefore, the country needs foreign investments, both direct and portfolio. The foreign investments are also desirable because they could facilitate transfer of international best practices in industry and in general management. In order for Macedonia to become one of the emerging markets of the global economy, the government must use proactive policies for general improvement of the business environment and specific policies for attracting international brand-name businesses.

Lowering Taxes

In order for the Macedonian economy to pick up, the tax system should be made simple. The tax rates have to be as low and flat as possible and with no income taxed more than one time. Taxes should be collected to finance needed government programs, not for social engineering.

Tax competition among nations is a powerful liberalizing force in the world economy. Governments are much more likely to adopt good tax policy and decrease tax burdens, when politicians understand that labor and capital can escape to jurisdictions with pro-growth fiscal policy¹⁰. Tax competition is also a vital component in the battle for fundamental reform since it pressures policymakers to lower tax rates and reduce double-taxation of saving and investment.

Today, Macedonia possesses a much larger tax base than it taxes. Not being able to utilize the whole tax base, and in need to financially service the public necessities, the state imposes higher taxes on the part of the tax base that it can tap. This is obviously

⁹ Sean Dorgan. *How Ireland Became the Celtic Tiger*. Heritage Foundation, Washington D.C. 2006.

¹⁰ Heritage Foundation. "*Mandate for Leadership*". Wahsington D.C. 2005

unfair, creates dissatisfaction, encourages tax evasion and discourages investment in the formal economy. The result is lower capital equipment of the labor, less learning-by-doing and slow knowledge generation. The result is low economic growth.

Lower and simpler taxes, combined with more effective enforcement of the tax regulation, could generate higher inflow in the central budget. Secondly, with lower and simpler taxes, there would be less incentive to avoid paying tax. Thirdly, the lower and simpler taxes would give the fight against tax evasion more legitimacy.

Alleviating Regulatory Burden and Improving Regulation

Unnecessary regulatory burden is created by regulatory criteria that go beyond the levels that could be reasonably expected to be imposed. These criteria usually create a lot of red tape and are often sources of corruption.

According to Heritage Foundation's "Index of Economic Freedom 2006" Macedonia, on a scale of 5 (worst) to 1 (best), in the category "Regulation" scores 4. The Report says that although the government has made some effort to establish a regulatory system to promote competitiveness, in some areas, legislation instead of supporting free markets, creates results what are below what is generally acceptable internationally. In addition, poor enforcement of legislation undermines the utility of specific laws in issue and diminishes the confidence that both local and foreign investors and traders have in the legal system as a whole¹¹.

b. Policies for the Public Service

Although there has been tremendous improvement in the performance of the public service, unfortunately, it still does not provide the desired quality services to the citizens. It still suffers from lack of professionalism, accountability, transparency and efficiency. In addition, there is corruptibility due to the low pays and huge authorities. The result from all this, in addition to the low quality services is waste of resources.

Today, more than ever, people are posing questions like "Does this state have legitimacy to collect taxes anymore?" and "Can this state survive functioning like this?" Simply, as said in one of the publications by the World Bank, failure to consistently and transparently enforce the law and regulations weakens general respect for them and the institutions that govern them¹².

The new government in the period 2006-2010 will have to change these perceptions by improving the performance of the public servants. It will have to change the bureaucratic culture in the administration; introduce performance measurement tools; put in place performance incentive mechanisms; strengthen the support to certain activities with new necessary agencies (export promotion, knowledge transfer, education development etc.); and transparently fight corruption.

¹¹ Heritage Foundation. "Index of Economic Freedom 2006". Heritage Foundation, Washington D.C. 2006.

¹² Hary G. Broadman et al. "Building Market Institutions in South Eastern Europe". World Bank, Washington D.C. 2004.

Change in the Bureaucratic Culture

The bureaucratic culture in Macedonia is influenced by many historical factors. Three of them are most important.

Firstly, the present civil service succeeds the administration of the Socialist Republic of Macedonia. This legacy leaves three marks on the bureaucratic culture: (1) the bureaucracy values overregulation and control of the society; (2) it shies away from the policy formulation process (unless there is immediate interest for the involved individuals) because for 45 years, it was mostly responsible for implementing already formulated policies in the federal government in Belgrade and (3) is underpaid, as in the former SFRY in the 1960s.

Secondly, in the past 15 years, the civil service was often marginalized from the policy formulation process, which was monopolized by the politicians. This resulted in a civil service that lacks experience, stamina and agility. The situation is similar to asking a swimmer to compete in a world championship, whilst denying his access to a swimming pool necessary for training.

Thirdly, the recruitment and promotion in the past have not been based on meritocracy. This results in bottlenecks. The public service is not proactive and there is a lack of dynamism in its functioning. This vacuum is filled by manifestation of self-absorption in many departments. Simply, there is no client orientation and the citizens get less value-for-money.

Changing the public service culture is a basis for improvement of its performance. Working in the conditions in which they work, it is understandable that the civil servants are often unmotivated, disillusioned, process-oriented, ineffective etc. In parallel to applying the modern management tools like management by objectives, benchmarking and feedback, the new government will have to work on changing the organizational mindset and paradigm within the public service.

Performance Measurement

Success in all activities depends on good planning, implementation and control. Clear and ambitious, yet attainable goals, put in a time framework, are the first precondition for success. The second precondition is control and feedback. Today, there are many useful instruments for performance measurement already put in use in many administrations. One such is the Performance Based Monitoring System (PBMS).

This system represents a data-driven, performance-based model used to observe, evaluate, and report on the public service system at all levels, including its program effectiveness; its compliance with the law and the regulations and its financial management. If used consistently and with devotion, the PBMS could improve the performance of the public service and the quality of its services. The new government should hire consultants which would help it put in place some kind of performance measurement system.

Performance Incentive Mechanisms

Improving the quality of the output of the public service would require better input from its members. Extracting more from the public servants would require a fair compensation system, based on transparent evaluation of each individual's work. In order to put in place these mechanisms, consistently throughout different departments, the government should think of hiring an external consultant that specializes in this field.

New Agencies

At present, the Government does not provide certain services to the Macedonian citizens and firms. This is due to the lack of funds, but also due to the lack of institutional infrastructure. Macedonia today lacks a number of agencies necessary for assisting its economic development.

For example, Macedonia does not have an export promotion agency. One of the most successful examples of rapid economic development – Chile - has based its growth on export-oriented industries. Instrumental to their development was the ProChile agency. Today, in addition to its headquarters in Santiago and the 12 field offices throughout Chile, ProChile has 50 representative offices all over the world. ProChile provides the Chilean businessmen with trade-related information, free analyses and surveys of the foreign markets, virtual library, virtual exchanges, advices for success in exporting, seminars, contacts for exporters, promotion support, lobbying, marketing of the “Chile” brand, trade diplomacy etc.

Macedonia needs to financially invest in such an agency. As the business philosophy in Macedonia changes, the lack of export promotion services will become apparent. The government can leverage the knowledge and experience of similar agencies worldwide, like ProChile and international institutions like the International Trade Centre UNCTAD/WTO, from Geneva. The investment in such an agency will pay-off because if managed properly it will be instrumental to the integration of the Macedonian companies in the global supply chains, which is necessary if the country wants to take its place in the global economy.

In addition to the lack of certain agencies, some important existing agencies, like the Agency for Foreign Direct Investments, are not financially strong enough to successfully perform their duties. If the government wants results from certain agencies, it will have to financially commit itself. Everything else leads to improvisation.

Fight against Corruption and Transparency

The implementation of the reforms in the public administration and in the regulation of economic activities by the state, especially the protection of property rights, will undoubtedly meet fierce opposition. This opposition would come from groups of influence that have vested interest in maintaining high levels of corruption and low levels of transparency in the country with a sole purpose of extracting economically

unjustifiable profits. The new government will have to deal with these pressures and maintain the course of making Macedonia a modern society characterized by rule of law, accountability and transparency.

c. Security, Stability and International Positioning

In order to develop the economy, which is the prime objective of the new government under the present mandate for leadership, Macedonia will require export-oriented foreign investments, which would transfer modern technology and know-how. In order to attract these valuable assets, keep them in the country and develop them, Macedonia has to be able to provide a future for them. Capital evades countries with security risks and institutional instability.

Security and Stability

In the period 2006-2010, the government will have to maintain the security and stability of Macedonia, both from external and from internal threats. Securing stability must be achieved effectively and efficiently. This has to be done by strictly adhering to the laws of the country, and thereby strengthening the rule of law.

In order to achieve these goals in such a way, the government would have to block the intentions of all secret or semisecret groups connected to the institutions of the state, which could exercise control over the national security. This has to be done without any compromises. The government must immediately achieve absolute authority over all institutions dealing with the national security. No fight against corruption and organized crime could be successful without fulfilling this precondition.

Maintaining a strong and vibrant civil society is an essential part of protecting the character of the country and sustaining its strength. No fundamental liberty guaranteed by the Constitution can be breached or infringed upon. Creating overly expensive and intrusive security regimes is counterproductive.

International Relations

The priority area in Macedonia's international relations will be the country's integration in NATO and the European Union. The initial positive impulse and focus that the new government put on the NATO membership process, under direct lead of the Prime Minister, stresses the importance of this process from a number of aspects, security- and economy-related, for putting an end to the stories of the type 'whether Macedonia would survive or not'. Namely, with the relatively good dynamism of the reforms in the defense area, the intensified reforms which would follow in the other areas, like the judiciary and the economy, which are important also for the EU accession, the NATO membership could be realistically expected by the end of the mandate of this government. NATO membership was the first step towards EU membership in the case of the EU accession of all east European countries.

The country will also have to work on abolition of visas for Macedonian citizens by the “Schengen” visa regime countries. In order for this to be achieved, a number of criteria will have to be fulfilled and intensive lobbying will have to be conducted.

In his speech at the press conference where the EU commission’s *avis* was presented, the commissioner Oli Rehn said: “...the date for the start of negotiations shall be set only when the country fulfils the required criteria. Brussels will continue to monitor the progress in that regard”¹³. This defines the role of the Macedonian diplomacy as a catalyst for implementing changes towards the fulfillment of the required criteria. Most of these changes are under the authority of other departments in the government. The Foreign Service will have to maintain excellent communication with all departments in the government. However, in order to be successful, it will require strong support from the Prime-Minister and the President.

The Macedonian diplomacy will have to engage in more intensive lobbying. The diplomats will have to show more proactive behavior. The public diplomacy promoted by the Minister of Foreign Affairs will have a great importance for the promotion of Macedonia internationally, especially with the EU member countries. Benchmarking techniques will have to be put in use in this area too. The diplomatic network will have to work much harder on promoting the economic interests of Macedonia abroad. It will have to actively help Macedonian exporters in conquering new markets and promoting investment opportunities in Macedonia. It will have to improve the way it represents the cultural, artistic, scientific, athletic, and other achievements of Macedonia.

In order for this to be achieved, the diplomacy will have to be modernized and its capacity will have to be improved. For example, the British Foreign and Commonwealth Office (FCO) in the last years works on training its diplomats in applying modern management techniques. Sir Michael Jay, permanent secretary at the FCO and head of the diplomatic service, says for Financial Times “the presumption used to be that if you could do the negotiating and policy advice to the government, that would get you to the top. Now, it’s not enough... Over the past 10 years we have increasingly recognized the crucial importance of management... Issues such as IT, HR, staff management – these are not add-on.”¹⁴

In a similar way, the Macedonian diplomacy will have to be modernized, and its capacity improved. It will have to be better trained and made highly professional. The departments of the Ministry of Foreign Affairs in Skopje will have to support to the diplomatic and consular offices abroad in a better and more agile manner.

¹³ MIA. www.mia.com.mk

¹⁴ Financial Times. July 24, 2006. “*Diplomats Take a Leaf out of the Corporate Sector*”.

3. The Responsibility

By the end of October 2006, the new government, led by the center-right coalition, will have taken office and started with work. It will immediately have to start putting foundations for its policies. These foundations were discussed earlier. They are paramount for the success of most policies this government plans to introduce. The success of its policies are of vital importance for securing the future of the Republic of Macedonia as we know it and for enthusing the innate resources of the people for building a better future. In order to be successful the government will have to make sure it does three important things.

Firstly, the new government will have to make a drastic change to positive in an important area within the first few months in office. The implications of this change will have to be felt by the wider population immediately. This is necessary in order for the government to strengthen its credibility and authority among the people, and even more, in the public service. This credibility and authority will be necessary for the government to be able to persist in implementing the drastic reforms for which it received the mandate for leadership and to resist all retrograde opposition.

Secondly, the government will have to implement the main reforms within the first two years of its mandate. This is important from two aspects: (1) In the short run, the reforms are often painful, even though they can result in positive outcome in the long run; and (2) delaying them can result in dilution of efforts and missing to reap the positive synergetic benefits from the concert of reforms.

Regarding the first aspect, introducing pro-free market policies can be politically costly in the short run. The Prime Minister of Luxembourg, Mr. Jean-Claude Juncker has said once “we all know what we need to do, but we don’t know how to win elections after we have done it”. Regarding the second aspect, the former Prime Minister and Minister of Finance of Israel, Mr. Benjamin Netanjahu has said that instrumental to his success in introducing reforms in the Israeli economy was that he “maximized the number of reforms per strike”. He has introduced over 40 new important initiatives for deregulating the Israeli economy within several months. The reforms he has introduced as a Minister of Finance took the country from the area of negative GDP growth rates to the No. 1 position in the OECD in GDP growth within several years.

Thirdly, the government will have to implement a positive, effective and efficient public relations (PR) strategy. Such PR are necessary in order to for the government to be able to argue and justify its policies, both nationally and internationally. Having said this, manipulation with information and the media is unacceptable. The government should always have in mind that its credibility is derived from the people. The best way to destroy it is media manipulation. The “Watergate” scandal is an excellent example of this. It forced President Nixon to resign from office halfway into his mandate after winning the 1972 presidential elections with one of the biggest landslide election victories in U.S. political history.

The people of Macedonia expect a lot from the government. What they expect sometimes border with miracle. However, the government has to deliver. It has a historical obligation to the people of Macedonia and their state. Underperformance could lead to political apathy and despair. It would not be acceptable. The government will have to invest a lot of hard work, knowledge and wisdom in order to succeed. The people that gave it the mandate for leadership because they believe that it can do it.

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