Faculty of Economics
University Goce Delchev - Stip

THIRD INTERNATIONAL CONFERENCE ON BUSINESS, ECONOMY AND FINANCE (ICBEF):

"ECONOMIC AND SOCIAL IMPLICATIONS OF COVID-19, CHALLENGES AND PROPOSALS FOR OVERCOMING"

June, 28-29, 2021

Macroeconomic overview of the COVID – 19 impact on the macroeconomic developments with comparative analysis of the Eastern European countries
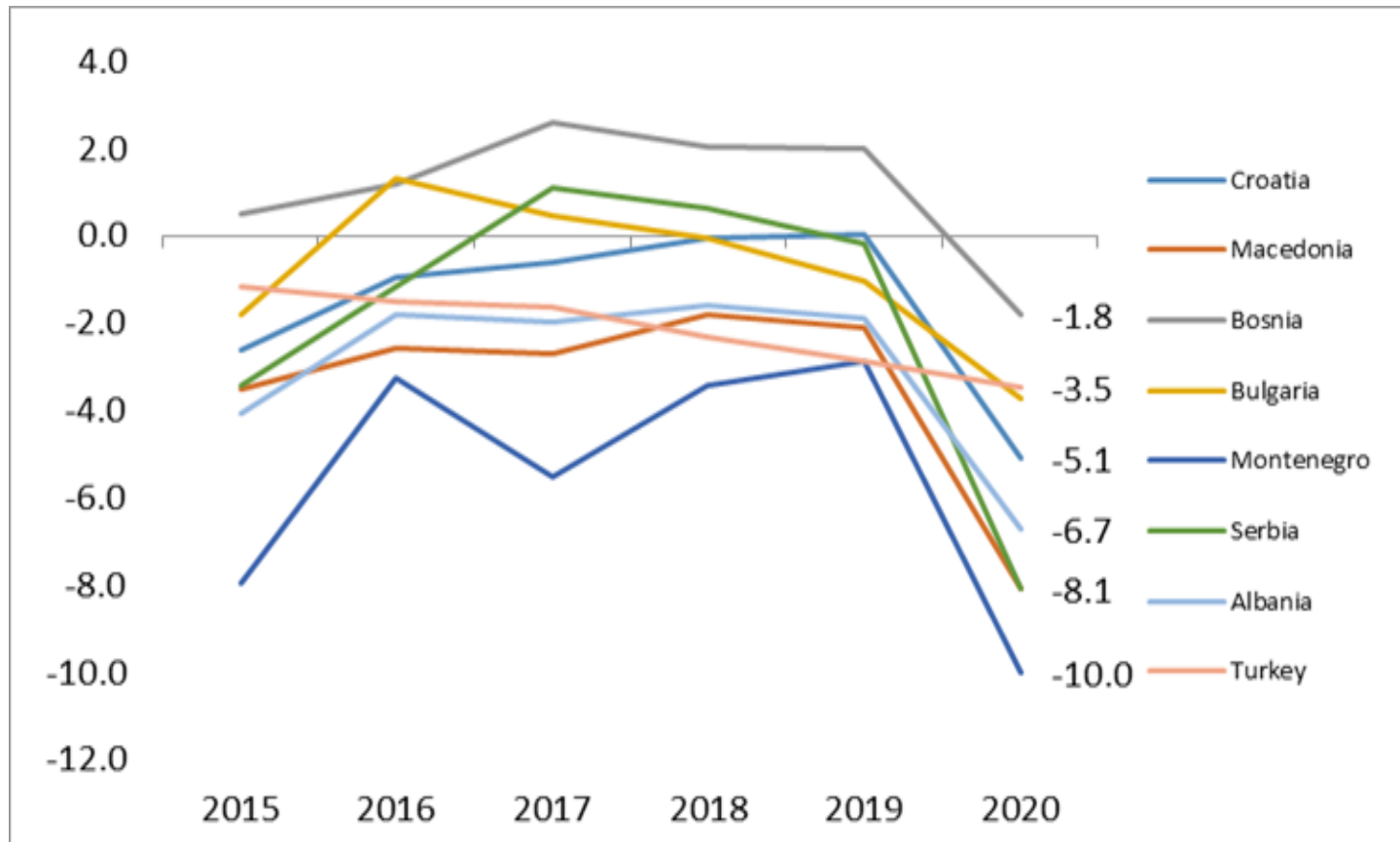
Darko Lazarov,
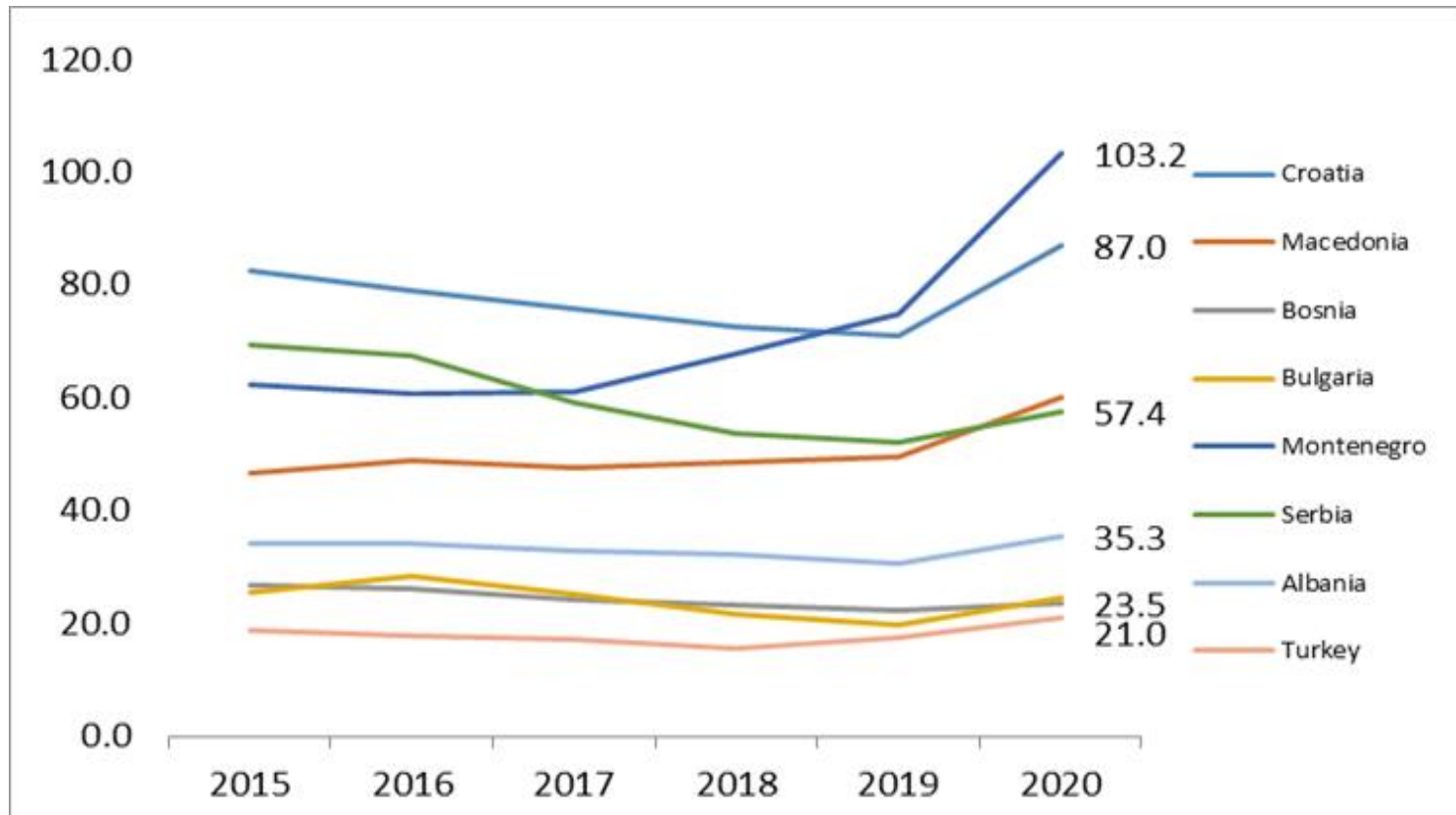
Associate Professor at Faculty of Economics - Stip

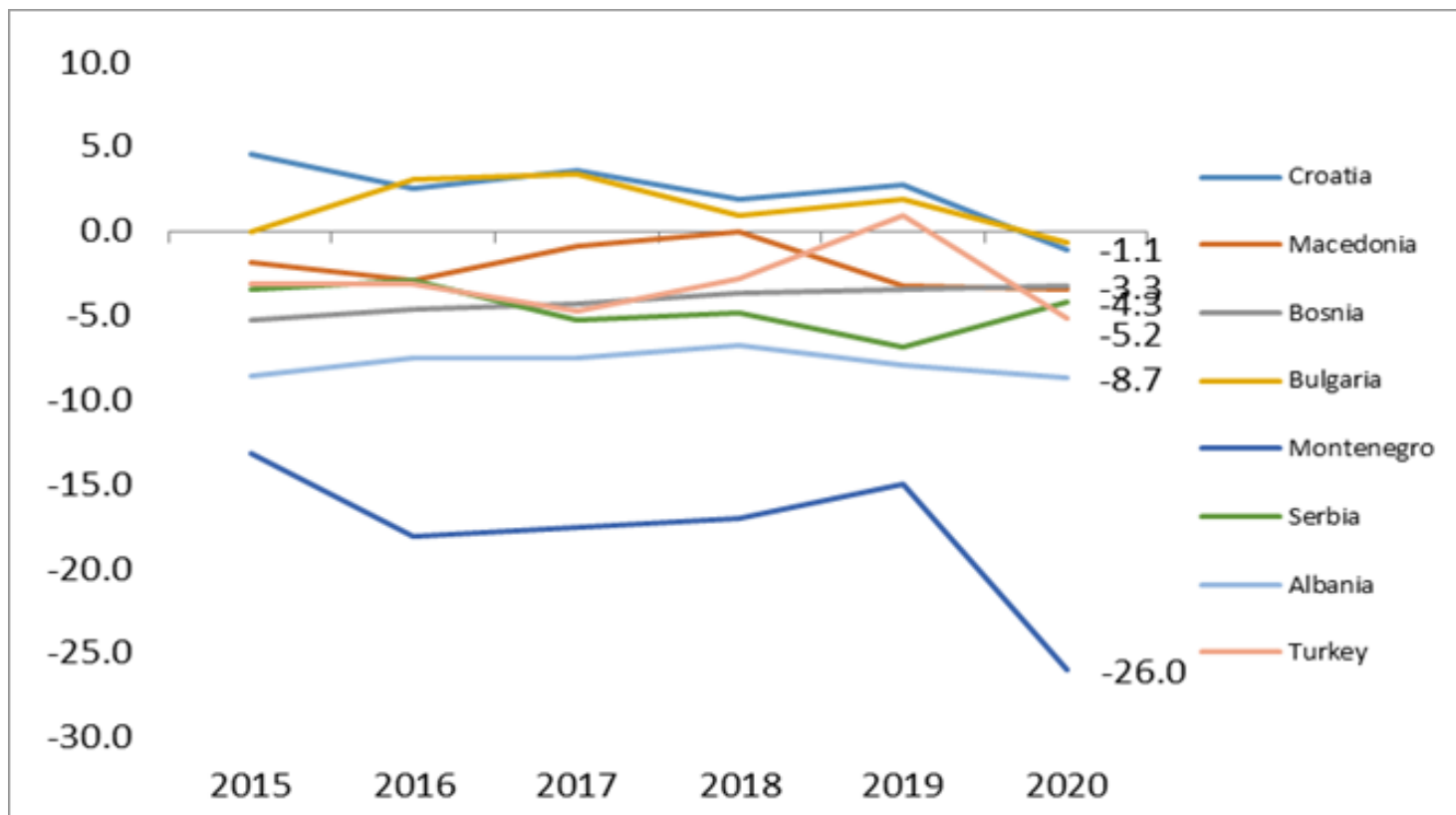**Misho Nikolov**

National Bank of the Republic of North Macedonia

Budget deficit in selected economies.

Public debt % of GDP

Current account balance

Quarterly Gross domestic product, annual change.

	2019-Q1	2019-Q2	2019-Q3	2019-Q4	2020-Q1	2020-Q2	2020-Q3	2020-Q4	2021-Q1
European Union - 27 countries	1.9	1.6	1.7	1.2	-2.7	-13.8	-4.0	-4.4	-1.2
Bulgaria	4.2	3.8	3.3	3.1	2.3	-8.6	-5.2	-3.8	-1.8
Czechia	2.4	2.3	2.2	2.0	-1.8	-10.8	-5.1	-4.8	-2.1
Croatia	3.9	2.4	2.7	2.6	0.8	-14.6	-10.1	-6.9	-0.9
Hungary	5.3	4.9	4.2	4.2	2.1	-13.3	-5.2	-3.9	-1.6
Poland	5.5	4.9	4.6	4.0	2.0	-7.9	-2.0	-2.7	-1.4
Romania	5.2	4.2	3.4	3.7	2.8	-10.0	-5.5	-2.0	0.0
Slovenia	4.4	3.1	2.7	2.6	-3.5	-13.1	-2.9	-4.8	2.3
Slovakia	3.3	2.6	2.0	2.1	-3.3	-10.9	-2.5	-2.3	0.3
North Macedonia	3.8	3.4	3.6	3.4	0.9	-14.9	-3.3	-0.7	-1.9
Montenegro	3.2	3.6	5.2	3.7	2.6	-20.3	-26.9	-7.5	-6.4
Serbia	2.5	3.0	4.9	6.6	4.9	-6.2	-1.5	-1.1	1.6
Turkey	-2.4	-0.9	1.1	6.3	4.6	-8.7	5.4	5.0	6.7
Source: Eurostat									

The model

- GROWTH$_{it}$=α_{it} + βGCF$_{it}$ + γEMP$_{it}$ + λINTs$_{it}$ + θCorr$_{it}$ + μ_i + ξ_{it}
- GFC – investments,
- EMP – Employment to population
- INT – Ussage of internet
- Corr – Corruption
- Data from WDI and WGI
- 22 countries in the data set
- Period from 1990 to 2019

Results

	1	2	3
K (Gross fixed capital formation)	6.3*** (5.4)	8.05*** (5.8)	8.11*** (3.86)
L (employment to population ratio)	-1.6*** (-9.2)	-1.8*** (-8.2)	-9.17*** (-5.38)
Internet usage		1.5*** (3.39)	1.6*** (6.13)
Corruption			-0.412 (-0.54)

Results

- The main dependent variable Internet usage, shows that new technologies are positively contributing to the economic growth.
- The more internet companies and citizens are using the higher the GDP growth is.
- The more countries invest, the higher the GDP growth is.
- Not able to find, strong correlation of the human capital represented by enrollment to population and GDP growth per capita.

Conclusion

- The COVID-19 pandemic hit the Southeastern European countries as well.

- The analysis shows that countries with strong tourism sector had higher GDP decline in 2020

- Usage of digital technologies were extremely beneficial for the companies.

- Digital technologies should be supported by the Governments.