Monitoring Macedonia

By Sam Vaknin, Ph.D.

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Close to 500,000 people - one in four - live under the poverty line in a country where the average monthly salary is less than 150 US dollars. More than one in three members of the workforce are chronically unemployed. With inflation up 5.5% in the last 12 months and taxes - borne disproportionately by the poor and the working class - at 37% of GDP, life is tough in this small, landlocked country. When faced with the choice between raising VAT from 5% to 19% on bare necessities (such as bread and milk), or extending the "temporary" "war" tax (0.5% on all financial transactions) - the finance minister of Macedonia, after an emotional all-night consultation involving the Prime Minister, chose the latter. The "war" tax brought in the equivalent of 2% of GDP (on an annualized basis) since it was introduced in July this year and helped to contain a dangerously soaring budget deficit, now at 9% (and rising) of a shrinking GDP. Yet, the controversial decision to extend it brought on sharp rebukes by local tax experts. The finance ministry also plans to cut expenditures by a further 50 million US dollars.

This gaping hole in public finances is not the result of profligacy. Most of the government's budget is "locked" into paying pensions, state obligations, wages, and other mandatory items. Only 2% are discretionary. The vertiginous 15% of GDP tilt from surplus to deficit is the direct result of the six months of civil war that gripped Macedonia between February and August this year. The damages were direct - in new military spending, increased security expenditures, and about 500,000 US dollars a day used to accommodate and feed c. 80,000 internally displaced citizens, most of them non-Albanian Macedonians. But the war also had indirect consequences. The tax base shrank as GDP collapsed by at least 4-5% and industrial production contracted by 9-10%. The direct damages to the agricultural sector alone are estimated to be c. 100 million US dollars. The textiles sector has suffered even more. At least 17% of the country became physically inaccessible and the panic that gripped the population well into July interrupted tax collection. Tax, customs, and excise revenues, VAT excepted, decreased by 20-40% (!). The government was forced to use some of the proceeds of the sale of the telecom company, Makedonski Telekom, to MATAV.

In an effort to stem the monetary flood and to fend off potential currency speculation (which consumed more than 100 million US dollars of the National Bank's reserves by mid-June) - the central bank was forced to raise interest rates and to absorb excess liquidity. On October 15, one week and two weeks treasury bills (zero coupons) yielded 11% to maturity - and the same bills for 28 days yield 17%, a yield curve which signals distrust in the macroeconomic stability of the country. Eerily, after a brief, speculation driven, spurt, the currency settled to its 4 years old average exchange rate of 31 to the DM and 67 to the US dollar.

In its ten years of independence - mostly due to external shocks such as trade sanctions and wars - Macedonia has developed a chronic case of acute trade deficit, equal to c. 15% of GDP (c. half a billion US dollars annually). Luckily for it, unilateral transfers - remittances by expatriates, international aid and grants, international credits, and growing, though small, foreign direct investment - served to ameliorate the problem. The World Bank alone has invested more than 550 million US dollars in Macedonia since 1991. But a sharp collapse in exports (by c. 20%), coupled with increased foreign exchange expenditures on weaponry, and the drying up of Albanian remittances (at least through official channels) - have exacerbated the financing gap that Macedonia faces from a projected zero to more than 100 million US dollars in 2001.

The Macedonian side has a vested interest in exaggerating both the damages of the civil war and its financing needs. Macedonia, to its great detriment, has long been addicted to foreign aid. Nor does it seem to have any coherent plan to cope with the crisis - ad hoc, stopgap, measures notwithstanding. The IMF was forced to place Macedonia under "Staff Monitoring" - the equivalent of freezing of all credit arrangements with the fund for a period of 6 months. This, though, does not prevent Macedonia from reverting to a standby arrangement down the road, or from participating in a donor conference.

Actually, Macedonia has received more financing and pledges for financing during the first 9 months of 2001 than during the comparable period last year. Spain has promised to finance the "Lera" hydroelectric power station. Italy has granted Macedonia 4 million US dollars in "urgent financial aid". The EU has earmarked 198 million euro to remedy war damages. The EU CARDS program (project financing) was signed (43 million euro). The World Bank added 37 million US dollars to 3 new projects since March 2001and has disbursed 15 million to projects already approved. And this is a partial list.

Yet, the majority of these funds - whether approved or pledged - are conditioned upon the fulfillment of the August 13th Ohrid Framework Agreement between the Macedonian and the Albanian political parties. The EU has made it abundantly clear that its financial assistance will be withheld if what it calls "Macedonian intransigence" continues. A donor conference, already postponed three times, had to be put off yet again indefinitely (though the World Bank expresses unfounded optimism regarding a date sometime in December). Such a conference is supposed to tackle Macedonia's balance of payments needs and the costs of reconstruction and implementation of the Framework Agreement. With each postponement, Macedonian disappointment and xenophobia grow. The West is seen widely as interested mainly to assist the Albanians at the expense of all other segments of the population. The euphoria that gripped Macedonia after the September 11 attacks on the USA ("now they will understand what it means to confront terrorism") - has evaporated. It was replaced by grim realism. The USA and the EU are bent on securing a pacified Macedonia. The IMF and the World Bank are subject to political considerations, constraints, and arm twisting. The economy is fast deteriorating. Macedonia has very few choices.

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Improving SQL Performance
By Marisa Pellegrino

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How do you know how much hardware is really needed by your applications? And what do you do when your applications are overloading your system? The answer lies with improving your SQL performance. You have to tune your hardware SQL server and monitor performance, all of which will be explained as clearly as possible on this page.

The first thing to do when you want to improve your SQL performance is you need to learn how to optimize your system by finding out how much hardware you really need to run your applications. The best way to tune your hardware and monitor performance is through the art of performance monitoring which takes experience, knowledge, and sometimes even luck.

Performance monitoring guidelines:

Make sure you're running your typical processes and work loads during the monitoring.

Don't only do a real-time monitoring of your servers; capture long running logs.

Always have the disk counters turned ON.

Set up the chart windows with an interval of 18 seconds for routine, daily desktop monitoring.

Know the tools you are working with.
Don't be afraid to experiment.

Know the terminology ("objects" are lists of individual stats available; "counter" is a single stat; "instance" is further breakdown of a counter stat into duplicate components).

A bottleneck happens when the hardware resources can't keep up with the demands of the software. This is usually fixed in one of two ways: first, you identify the limiting hardware and increase its potential (i.e. a faster hard drive or increase the speed of the computer); second, make the software processes use the hardware more efficiently.

Five areas to watch when improving SQL performance and identifying bottlenecks:

Memory usage
CPU processor utilization
Disk input/output performance
User connections
Blocking locks

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