Invitation to a workshop on

*Model Evaluation in Macroeconomics*

**6. and 7. May 2005**

*University of Oslo, Blindern Campus*

The lack of common ground and evaluation of competing models and methodologies in macroeconomics is striking. It is against this background that we invite papers that address relevant issues of contemporary model evaluation and quality assessment, for presentation and discussion.

Academic economists have advocated and formulated many different frameworks for modelling, depending both upon underlying theories as well as the purpose of the models themselves. For example, taken as two extremes, general equilibrium models have usually been calibrated, while VAR forecasting models have been estimated. Models for policy analysis span the whole frontier from strict theory adherence to pure data fitting.

The last decade have seen new methodological developments, for example stochastic dynamic general equilibrium models, Bayesian estimation techniques, modelling of expectations with limited information, learning, robust control techniques, and so on. The result is a multitude of macroeconomic methodologies that were unthinkable even a few years ago. Since the results of macroeconomic model analysis function as premises in the political and public debate, and ultimately in the welfare of societies, it is important to assess the quality of the tools used to reach these results. Quality in itself is not a simple and self explanatory term, and quite probably needs to be defined relative to model purpose.

Modern models have come to be different in motivation, specification and in intended usage. Therefore, the standards of evaluation for one class of models may not even be recognized as relevant for other types of models. Yet, by the virtue of being models that are used as premises for real-life economic decisions (either in business or in government), every model must explicitly or implicitly capture at least some aspects of real world economics. Presumably, at any point in time, not all models can be equally true. Nor should they earn equally much credibility in the public debate.

The aim of the workshop is to bring together representatives of the diversity of models and methodologies, to discuss issues relating to quality assurance and evaluation.

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