

CEPA cautions gov't on too low inflation

By Gifty Arthur

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The Centre for Policy Analyses (CEPA) has expressed concern over the rate of the downward trend of inflation, describing it as too fast.

It said there was the need for a flexible approach in inflation target setting instead of rigid straight line paths which may not be feasible, let alone desirable.

According to the Center, very low inflation may do more harm than good, adding that the inflation targets set by the IMF in the stabilization programme and the pace of disinflation are in its view too fast.

These were contained in a publication titled: "From a cocoa economy to an oil economy" and launched last week.

The Executive Director of the Centre, Dr. Joseph Abbey in an address at the launch advised government and all stakeholders involved in the impending oil exploration to learn from its neighbors some useful lessons that can aid the country in its oil exploration later this year.

He said, often times, many have described the exploration of oil as a curse just because of the many disadvantages which outnumber its benefits.

Dr. Abbey added that it will be prudent for government to invite experts who have the technical know-how to discuss the management and the sustainability of the oil exploration rather than depending on just personal opinions and partisan political lines.

He wished the launch of the document had been earlier, which would have afforded stakeholders the opportunity to begin the debate in far ahead before the oil exploration begins in a few months' time.

According to the report, there have been signs of the cedi appreciating against key currencies in the first quarter of this year, and this trend is expected to continue for the year. This steady and creeping appreciation of the cedi the report said comes with associated risks of choking off the growth and employment potentials of non-oil sector, in particular, agriculture and manufacturing.

Source: The Herald Newspaper