Faculty of Business and Economics
Department of Economics

MSc/MA PROGRAM (2012/2013)

Course: Advance Macroeconomics I & II (Econ 592, 1st Semester and Econ 692 2nd Semester)
Time: A Two Semesters Course
Instructor: Alemayehu Geda (Professor, Dept of Economics)

Main Text Book (for both semesters):

Additional Text Books (Readings)
PART I  SEMESTER I

A. SHORT RUN MACROECONOMIC ANALYSIS

Chapter 1  Who is Who in Macroeconomics
Heijdra and van der Plog (2002), Ch 1
Snowdon et al (1994)
Snowdon and Vane (2002) Ch 1
Minford and Peel (2002), Ch 1

Chapter 2  Dynamics in the Aggregate Supply and Demand Model
Heijdra and van der Plog (2002), Ch 2
Scarth (1988)  Ch 2
Taylor (2004) Ch 4
Branson (1989) Ch 4

Chapter 3  Rational Expectation in Macroeconomics
Heijdra and van der Plog (2002), Ch 3
Scarth (1988) Chs 4 to 6
Branson (1989) Ch 11
Snowdon and Vane (2002), Part III (Chs 11-14)

Chapter 4  Open Economy Macroeconomics
Heijdra and van der Plog (2002), Ch 11
Branson (1989) Ch 17
Scarth (1988) Chs 9&10
Murshed (1997) Chs 1 to 7
Ugur (2002) (part I to IV)

B. SECTORAL FUNCTIONS & (An Overview of) Heterodox Macro

Chapter 5  Consumption and Saving
Branson (1989) Ch 13
Agneor (2002) Ch 1
Romer (2001) Ch 7
Sargent (1987) Ch 12

Chapter 6  Investment
Branson (1989) Ch 12
Agneor (2002) Ch 2
Romer (2001) Ch 8
Sargent (1987) Ch 14

**Chapter 7  Labour Market (& Unemployment)**
Heijdra and van der Plog (2002), Ch 8
Branson (1989) Ch 6 & 10
Scarth (1988) Ch 1
Agneor (2002) Ch 14
Romer (2001) Ch 9
A. LONG RUN MACROECONOMIC ISSUES

Chapter 8 Theories of Growth (Part I, Basic Theories)

-The Harrod-Domar Model
-Solow-Swan Model
- Infinite Horizon and Overlapping Generation Models:
  The Ramsey-Cass- Koopmans Model;
  The Diamond model (If time allows with an Intro of OLG model)

References:

*Romer Ch. 1-3.
*Handbook of Macroeconomics Vol 1ABC, Ch. 5,6, and 7
*Journal of Economic Perspectives (1994) Special Issue

**Chapter 9 Theories of Growth (Part II: New Growth Theories & The Political Economy of Growth – with case Study of Ethiopia)**

- Endogenous growth models
- The Political Economy of Growth
  - Institutions; Governance; Interest Groups
  - Rent Seeking; Corruption
- The Political Economy of Growth in Ethiopia

**References:**

*Bates and Krueger (1983), *Political Economy of Reforms*  
* Snowdon, Brain & Howard R. Vane (2005), Ch. 10  
* Barrow and Sala-i-Martin (2004), Ch 4, 5 and 6  
* Heijdra and Van Der Ploge, Chs 14.  
* Papers and Proceedings of the *Annual Bank Conference on Development Economics* 19??  
Chapter 10  An Introduction to Real Business Cycle Theories and Overlapping Generation (OLG) Models

- The basics of Generational Economics and its application in Growth Models
- Facts about economic fluctuations
- Real Business Cycle models
  - Traditional Keynesian theories of fluctuations
  - Relevance to Africa

References:

*Romer Ch. 4 & 2
*Heijdra and Van Der Ploge, Chs 15 to 17


B. MACROECONOMIC POLICY

Chapter 11 Government Budget Deficit and Fiscal Policy

a) The Role of the State in the Macroeconomic
b) The Government Budget Constraint
c) Alternative explanation of Budget deficits
d) Ricardian equivalence and its failures
e) Tax smoothing
f) Political-Economy Theories of Budget Deficits
g) Financing of Budget Deficits
h) Seigniorage and Inflationary Finance
i) Strategic Debt Accumulation
j) Delayed Stabilization
k) Empirical Application: Politics and deficits in Developing countries
l) Debt Crises

References:
*Agenor (2006) ch 3
*Handbook Ch. 22 and 25
*Romer Ch.11
Friedman and Hahn, *Handbook of Monetary Economics* ch 17

Chapter 12  Money, Inflation, Monetary Policy and Dynamic Inconsistency Issues

a) Financial Innovations and Demand and Supply of Money
b) inside and outside money
c) the money supply process
d) Inflation and Monetary Policy
e) Dynamic Inconsistency and Credabilty issues
f) Inflation in Africa and Other Developing Regions

References
Chapter 13  Heterodox Macroeconomics and Applied Macroeconomic policy models in Africa

a)  Introduction to Heterodox Macroeconomics (Structural Macroeconomics)
    i.  Basic Assumptions of Structuralist Macroeconomics
    ii.  The implications for Macro Models
b)  Types of macroeconomic models: a review
c)  Three gap models
d)  Bank-fund modes
    i.  The IMF financial programming model
ii. The World Bank RMSM-X model

e. Economy wide models and forecasting techniques
   i. CGE
   ii. Macro-econometric models
   iii. Applied African Econometric Models and their Policy use

References:

*Agenor and Montiel (1996), Development Macroeconomics, Ch. 8
*Agenor (2006), Ch 9

Additional Readings

Alemayehu Geda (2002), Ch 3
Davidson (1994)
Khan, M. S. and M. Knight (1981) “Stabilization Programs in Developing Countries: A formal framework” IMF Staff Papers, Vol. 28, No. 1
Pallely (1996)
Snowdon and Vane (2005), Ch 7,8 and 10
With a few weeks left of the semester, I worked much larger, with bigger brushes and more solvents. We built and wrapped a 170 cm x 190 cm stretcher frame. The weave was thin, the paint was thin; everything would be thin, washy, stained. Each part shall consist of two semesters viz. Semester 1st and 2nd in Part-I and Semester 3rd and 4th in Part-II. Part-I shall be open to a candidate who has passed B.Com. B.B.A., B.M.I.T. B.Com (Professional) and Bachelor of Accounting & Finance examinations with at least 50% marks in the aggregate from this University or any other University recognized as equivalent thereto by the Academic Council. 3. The Assessment in each semester of M.Com. course will be 30% internal and 70% external for each written paper. The result of the Internal Assessment shall be conveyed to the students/examination branch by the Head of the Department according to prescribed schedule. For students that are attending this program me for one semester, I highly recommend taking Strategies in STI Management in consideration. Last, the Corporate Foresight course. This course showed me how to use the corporate foresight methodology. I am happy to become part of the Technische UniversitÃ¤t Berlin (TUB) programme this year at the end of my studies I will receive two diplomas one from HSE and one from TUB. I strongly believe that the Masterâ€™s programme will help me to achieve my future goals and career aspirations.