

WORKSHOP

MACROECONOMIC FORECASTING AND POLICY EVALUATION

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Introduction and Course Outline

1. Introduction. Goals and Tools of Macroeconomic Modeling.
2. Elements of Time Series Analysis and Forecasting.
 - a) Prediction of random variables;
 - b) Linear stationary stochastic processes;
 - c) Principles of vector autoregressive modeling.
3. Theory- guided Macroeconometric Modeling:
 - a) Backward- and forward-looking dynamic models;
 - b) Autoregressive distributed-lag models;
 - c) Cointegration analysis;
 - d) Adaptive and rational expectations;
 - e) Exogeneity and structural invariance;
 - f) Policy evaluation by multiplier and simulation analysis.
4. Building Blocks of the Murphy-Model.
5. Competing Small Macroeconomic Models:
 - a) Taylor-model;
 - b) Leeper-Sims-model.

References

- Klein, L.R., A. Weife, and W. Weife (1999): Principles of Macroeconomic Modeling. Elsevier.
- Powell, A.A. and C.W. Murphy (1997): Inside a Modern Macroeconometric Model. 2nd ed., Springer.
- Charemza, W.W. and D.F. Deadman (1997): New Directions in Econometric Practice, 2nd ed., Edward Elgar.
- Hendry, D.F. (1995): Dynamic Econometrics. Oxford University Press.
- Taylor, J.B. (1993): Macroeconomic Policy in a World Economy.

Norton.

Leeper, E.M. and C.Sims (1994): Towards a Modern Macroeconomic Model Usable for Policy Analysis, in: NBER Macroeconomic Annual 1994. MIT Press, pp. 81-139.