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Course Name: Economic Transition in SEE countries
Semester: Autumn, 2012
Major: MSc in Applied Economics
Instructor: Sultanija Bojcheva Terzijan
Credits: 4 credit hours / 8 ECTS
Contact hours: 24 hours
Learning hours: 96 hours
Class Hours: Thu, Fri 18-21, Sat 9-13
Prerequisite: Macroeconomics (undergraduate)

Required Text:

1. Dabrowski M., "Different Strategies of Transition to a Market Economy Reform: How Do They Work in Practice?"
2. IMF Occasional Paper 184, 1999 "Growth Experience in Transitional Countries, 1990-1998"
3. Melo M., Denizer C., Gelb A., The Role of Initial Conditions and Policies in Transition Economies, WB Policy Research Department, 1997
4. Melo M., Denizer C., Gelb A., From Plan to Market, Patterns of Transition, WB Policy Research Department, 1996
5. Fischer, Stanley et al. (1996), "Stabilization and Growth in Transition Economies: The Early Experience," Journal of Economic Perspectives, vol. 10, pp. 45-66.
6. World Bank, World Development Report 1996: From Plan to Market
7. FYR Macedonia Country Economic Memorandum "Tackling Unemployment" Report No.26681
8. European Bank for Reconstruction and Development (EBRD), Selected Transition Reports.
9. IMF Working Paper, "Enterprise Restructuring and Transition: Evidence from Macedonia" WP/03/136
10. Bojcheva S., "The Economics of Pensions and Pension Reform in Macedonia", MSc Thesis, 2000
11. International Monetary Fund (2000), World Economic Outlook: Focus on Transition Economies, October, Chapter 3 "Transition: Experience and Policy Issues".
12. World Bank, South East Europe: Regular Economic Report, 2012
13. Cocozza E., Colabella A., Spadafora F., "The Impact of the Global Crisis on South-Eastern Europe", IMF WP/11/300
14. Sándor G., Reiner M., "The Impact of the Global Economic and Financial Crisis on CESEE: A Stock-Taking Exercise", ECB Occasional Paper series No.114, June 2010
15. Sanfey P., "South-eastern Europe: lessons from the global economic crisis", European Bank for Reconstruction and Development, 2010.
16. EC and EU Documents
17. Sanfey P., "South-eastern Europe: lessons from the global economic crisis", European Bank for Reconstruction and Development, 2010.

Additional reading:

1. European Bank for Reconstruction and Development (EBRD), Transition Report 1998: Financial Sector in Transition.
2. Begg D., Monetary Policy in Central and Eastern Europe: Lessons After Half a Decade of Transition, IMF WP/96/108.
3. Sanfey P., and Zeh S., "Making sense of competitiveness indicators in south-eastern Europe", 2012
4. Sándor G., and Reiner M., "The Impact of the Global Economic Crisis on CEE and SEE Countries, A Stock-taking exercise", ECB Occasional Paper, No.114, 2010

5. Documents to be provided by the instructor.

Course description:

The course is designed as a survey of the basic theories and empirical evidence of the economics of transition for master level students. The goal of this course is to equip the students with the knowledge and tools necessary to understand the core aspects of economics of transition: what were the main elements of transition and how the transition evolved with a special focus on the SEE (South Eastern Economies). For that purpose, the course develops a number of theoretical frameworks but puts even more emphasis on the applied research and understanding of the core elements of transition such as liberalization, macroeconomic stabilization, restructuring and privatization and legal and institutional reforms.

Learning objectives:

1. To study basic ingredients of the transition
2. To study and analyse the milestones of transition in SEE countries
3. To study about the challenges of transition ahead of this group of countries on their path to EU accession
4. To study the impact of the financial crisis on transition
5. To analyse the evolution of the transition process

Learning outcomes:

By the end of this course it is expected that the student will be able to:

1. be familiar with the basic ingredients of the transition (liberalization, macroeconomic stabilization, restructuring and privatization and legal and institutional reforms);
2. understand the milestones of transition in SEE countries;
3. understand the challenges of transition on the path to EU accession
4. understand the causes and consequences of the financial crisis on the process of transition;
5. be able to analyse the evolution of different aspects of the transition;

Course delivery:

The instructor will deliver lectures to the students in six parts (days). The lectures will be delivered to the students in a form of ppt which could be used as guidance for further reading and preparation of exam. The classes will be used first to illustrate the theory with references to policy issues and empirical studies and then will encourage discussion on the pre agreed topics. The instructor will provide policy documents, case studies and/or practical examples drawn from the real world as illustrations designed to enhance understanding of the process of economic transition. The instructor will put special emphasis on the interaction and participation of students in class discussions.

Instructor's expectations from students:

Attendance on a regular basis is highly recommended as it affects positively the exam performance. The students are encouraged to ask questions and participate in class discussions which will improve their understanding of the process of economic transition. It is also expected that students read the suggested materials (mostly, articles) for the class as they will investigate the theme in greater detail by group discussions.

Examinations structure:

1. *Exam* – 40%

Exam is closed-books and covers all the material discussed throughout the course. The exam will be in a form of short questions. Mobile phones are strictly not tolerated for any use. You will have 2 hours to complete the exam.

2. *Essay* – 40%

A short essay is expected to be written on a topic suggested by the instructor. It will demonstrate students' understanding and ability to identify and explain specific issues of the process of transition.

3. *Class participation* – 20%

The interest that a student shows in the class discussions will be evaluated. Your participation grade will be based on the quality of your contributions to class sessions. Absence from class discussions will deteriorate a student's final grade.

Day 1:	Introduction to the class <ul style="list-style-type: none">• Meeting with the lecturer• Syllabus and basic text materials Definitions, basic ingredients of the transition <ul style="list-style-type: none">• Theoretical and empirical definitions of:<ul style="list-style-type: none">○ Liberalization, macroeconomic stabilization○ Restructuring and privatization and legal and institutional reforms Studying material: <p>Dabrowski M., "Different Strategies of Transition to a Market Economy Reform: How Do They Work in Practice?" IMF Occasional Paper 184, 1999 "Growth Experience in Transitional Countries, 1990-1998"</p>
Day2:	Overview of Transition (1) <ul style="list-style-type: none">• Macroeconomic stabilization• Liberalization (price reform, trade reform, labor market and finance and banking) Studying material: <p>Melo M., Denizer C., Gelb A., <i>The Role of Initial Conditions and Policies in Transition Economies</i>, WB Policy Research Department, 1997 Melo M., Denizer C., Gelb A., <i>From Plan to Market, Patterns of Transition</i>, WB Policy Research Department, 1996 Fischer, Stanley et al. (1996), "Stabilization and Growth in Transition Economies: The Early Experience," <i>Journal of Economic Perspectives</i>, vol. 10, pp. 45-66. The World Bank, <i>World Development Report 1996: From Plan to Market (selected chapters)</i>.</p>
Day 3:	Overview of Transition (2) <ul style="list-style-type: none">• Privatization and industrial restructuring• Government and legal reform• EU Accession and transition, what do they have in common? Studying material: <p>European Bank for Reconstruction and Development (EBRD), <i>Transition Report 1999 and 2000</i>. The World Bank, <i>World Development Report 1996: From Plan to Market (selected chapters)</i>. Strategy Paper, Communication from the EC to EU Parliament and the EU Council "Enlargement Strategy and Main Challenges 2012-2013". Commission Staff Working Document, MACEDONIA 2012 Progress Report.</p>
Day 4	Economic Transition in Macedonia <ul style="list-style-type: none">• General considerations on the economic transition in Macedonia• Focus on:<ul style="list-style-type: none">○ Enterprise restructuring○ Reform of the pension system Studying material: <p>Case study: FYR Macedonia Country Economic Memorandum "Tackling Unemployment" Report No.26681 IMF Working Paper, "Enterprise Restructuring and Transition: Evidence from Macedonia" WP/03/136 Bojceva S., " The Economics of Pensions and Pension Reform in Macedonia", MSc Thesis, 2000</p>

Day 5: Crisis in Transition

- How the financial crisis affected transition economies
- What about the process of transition?!

Studying material:

European Bank for Reconstruction and Development (EBRD), *Transition Report 2009*.

Cocozza E., Colabella A., Spadafora F., "The Impact of the Global Crisis on South-Eastern Europe", *IMF WP/11/300*

Sándor G., Reiner M., "The Impact of the Global Economic and Financial Crisis on CESEE: A Stock-Taking Exercise", *ECB Occasional Paper series No.114, June 2010*

Sanfey P., "South-eastern Europe: lessons from the global economic crisis", *European Bank for Reconstruction and Development, 2010*.

Day 6: Evaluation of the progress and the challenges of post-crises transition in SEE countries

- Evaluation of what has been done with the transition
- Main challenges that remain for the post-crises transition in SEE countries

Studying material:

European Bank for Reconstruction and Development (EBRD), *Transition Report 2010-2012*.

International Monetary Fund (2000), World Economic Outlook: Focus on Transition Economies, October, Chapter 3 "Transition: Experience and Policy Issues".

World Bank, *South East Europe: Regular Economic Report, 2012*

Final exam

CPC Coverage in terms of hours

- 1) Functional area
 - A Marketing – 0 hour
 - B Business finance – 0 hours
 - C Accounting – 0 hours
 - D Management – 0 hours
- 2) The Business environment
 - A) Legal environment of Business – 1 hours
 - B) Economics – 10 hours
 - C) Business ethics – 1 hour
 - D) Global dimensions of Business – 8 hours
- 3) Technical skills
 - A) MIS/IT computing – 2 hour
 - B) Statistics/Quantitative techniques – 2 hours
- 4) Integrative areas
 - A) Business policy – 0 hours
 - B) Internship – 0 hours

Assessment:

Active participation and attendance-10%, Assignments-40% and Final Exam-50%.

Exams are closed books. Also, you use your own calculator and nothing else will be allowed.

Mobile phones are strictly not tolerated in the class for any use (including computations). Active participation is meant as the effort and the interest that a student shows in the class, including homework.

Grading Criteria

Grading points	%	Quality
A	96-100	4.00
A-	90-95	3.67
B+	87-89	3.33
B	83-86	3.00
B-	80-82	2.67
C+	77-79	2.33
C	73-76	2.00
C-	70-72	1.67
D+	67-69	1.33
D	63-66	1.00
D-	60-62	0.67

After each session students are expected to study all the relevant material, read all the associated exercises, prepare assignment for the next class (if given), identify the difficult points and pose their questions in the next session either directly to me or in the class.

Make-up tests are given in exceptional circumstances. Cheating and plagiarism in any form will result immediately in the grade F. I assign a grade of (incomplete) only when a student misses the Midterm or the Final exam due to a **College-excused absence**, and is unable to make up before final grades are due to the Record's Office. Please, consider seriously that there will be no exceptions concerning the above policy.

Class Conduct: You are responsible for everything that is announced, presented or discussed in class. The way to avoid any misunderstanding associated with this course is to attend class. You are expected to attend class and I do keep attendance records. **The class starts promptly at the scheduled time.** I find late arrivals distracting, which cause a decline in the quality of my lecture.

Importantly, it is also disruptive to your colleagues. I accept students **only up to five minutes late for the first class in a day.** Please, refrain from talking during class, it is disruptive to your colleagues and the lecture. I expect the best behavior from all of you. This is what education is all about. If you have a question about the material, please don't hesitate to ask me; answering questions is part of my job. If you are lost or confused, your question may help clarify the topic. Please, consider that **the language of instruction is English, so all our conversation into the class must be in this language.**

Keep in mind the following:

C- or better is required to use a course either as a prerequisite or as a major requirement.

G.P.A. (Grade Point Average): is computed for each student using the quality points earned for each course taken. A G.P.A of at least 2.0 is required for transfer and to graduate from ACS.

I wish you an interesting and creative academic semester.

Academic Honesty

The American College Skopje has its personal integrity which is presumed to be sufficient assurance in academic matters one's work is performed honestly and without unauthorized assistance. Undergraduate students, by registration, acknowledge the jurisdiction of the Honour System.

Plagiarism and cheating are serious offences and may be punished by failure on the exam, paper or project; failure in the course; and/or expulsion from the faculty. Individuals are prohibited from selling or being paid for taking notes in any form (written, electronic, or otherwise) during this course to or by any person or commercial firm without the express written permission of the professor teaching this course.

Late Work:

Many reasons are given for late work (e.g., flat tires, printer problems, illness, oversleeping, etc.). No matter what the reason, the bottom line is that either (a) the work was completed and turned in when required or (b) the assignment was not completed and turned in when required.

As specified earlier, assignments are due in class at the beginning of class on the specified due date. There is NO PROVISION for late work on any assignment (i.e., late work is not accepted). I also strongly recommend having backup systems in place so that you can have all work completed on schedule. Having your work completed on schedule is a key to early success in your business career.

NOTE: Late submissions are not accepted. Partial credit will NOT be given for late work.

Approved by: **Marjan Petreski**

Date: **12/2012**