The course consists of two parts: theoretical (dr L. Woźni) and applied (dr Marcin Kolasa) one. The syllabus of each part is presented below.

**Advanced Macroeconomics: Theoretical part**

T1. **Introduction to economic methods.** Inductionism, Popper’s falsificationism and its critique, Kuhn’s paradigms and I. Lakatos, P. Feyerabend anarchism, Friedman’s “unimportant” assumptions - instrumentalism, Friedman’s ”as if”, falsificationism in economics, Lucas Critique, Positive and normative economics? Hume’s is–ought problem and Ockham’s razor.


T2. **Introduction to general equilibrium.** Exchange economy. Feasible and Pareto optimal allocation. Arrow-Debreu competitive equilibrium (ADCE). (Static) production economy and ADCE definition. Discussion on two welfare theorems.


**Readings:** Barro and Sala-i Martin (2004): 1, Parente and Prescott (1993)


**Readings:** Wickens (2008): 2.1-2.4, 3.1-3.4


**Readings:** Wickens (2008): 4


**Readings:** Wickens (2008): 3.5-3.6, Dixit and Stiglitz (1977), Ljungqvist and Sargent (2005): 14

T7. **Introduction to recursive methods.** Principle of optimality. Value function for the problem with finite horizon. Limit of a sequence of functions (extending the analysis horizon). Examples. Defining metric space and contraction mapping. Banach theorem (no proof). Writing formally a recursive problem for infinite horizon period. Blackwell’s sufficient conditions a contraction mapping (no proof). Studying properties of the value function (continuity, monotonicity, concavity and


Advanced macroeconomics: Applied part


  Readings: Canova (2007): 2

  Readings: Wickens (2008): 8
  Additional readings: Walsh (2010): 1-3


  Readings: Wickens (2008): 7,9,12
  Additional readings: Obstfeld and Rogoff (1996), Walsh (2010): 9

  Readings: Romer (2005): 8
  Additional readings: Kiyotaki and Moore (1997), Bernanke, Gertler, and Gilchrist (1999)

  Additional readings: Mehra and Prescott (1985)


**Readings:** Griffoli (2008)

**Internet sources:** http://www.dynare.org/, http://www.dynare.org/DynareWiki/DynareOctave

To pass the course you need to collect at least 60 points. The maximum score is 100 points (50 points for the exam, 50 points for homework). Those that succeed obtain the grade that is rescaled to the score of the best student.

The exam is based on topics and problems discussed during the course and posted on the web pages of the instructors. The homework lists (6 in total) will be posted consecutively on the web. It is your responsibility to get it from there. Homework is due in class on the due date. Remember that homework is the most valuable part of the course. Always write correct English with complete sentences. You may talk about the problems with other students, but you must write up your own solutions in your own words.

We welcome questions at any time. Please do not hesitate to ask us during class if there is something that you do not understand or that you want to discuss. (The only exception is a question about the grading of your homework or exam paper. Please ask these questions before or after class, or in office hours.) You may also ask questions in office hours, or any other time that you catch us in our offices. You may also ask questions by email.

The main textbook of the course is Wickens (2008). More on economic growth can be found in Acemoglu (2009), OLG models are extensively covered in De la Croix and Michel (2002). For those interested in monetary theory we recommend Walsh (2010), Gali (2008) and Woodford (2003). Suggested reading for topics in international economics is Obstfeld and Rogoff (1996), while for labour economics we recommend Cahuc and Zylberberg (2004).


Computer codes discussed during workshops: Matlab/Octave (www.gnu.org/software/octave/, www.mathworks.com/products/matlab/) and Dynare (www.dynare.org/). Please note that this course features no computer classes - you are expected to implement the computer codes yourself at home.

While studying you may find useful to use various scientific paper browsers like e.g.: econpapers.repec.org, ideas.repec.org and scholar.google.com; article databases, e.g. www.jstor.org, www.sciencedirect.com and www.nber.org. For students trying to write their own papers we recommend H. Varian *How to build an economic model in your spare time*.

We invite all interested in economic theory to participate in Seminarium Ekonomiczne SGH (akson.sgh.waw.pl/se/).

**Literatura**


