

# Advanced Macroeconomics

- Semester I: Long run issues
- Semester II: Short run issues (business cycles and monetary policy).

# Semester I: Long Run

- Economic growth: models without microeconomic foundations – models with exogenous saving rate.
- Lucas critique: why do macroeconomic models need microeconomic foundations, i.e., explicit modeling of optimization by economic agents.

# Semester I: Long Run

- Microfounded macroeconomic models (2-period models, overlapping generations (OLG) models, Ramsey models).
- Applications: current account balance of growing economies, distortionary taxes, social security, etc.
- Microfounded models of endogenous economic growth.
- Search models of the labour market.

# Stylized Facts of Economic Growth

- The average growth rate of output per person has been positive and relatively constant over time (since late XIX century);
- The real return to labour (the wage rate) has been growing at the same rate as the output per person;
- The real return to capital (the Interest rate) shows no trend;
- The capital and labour shares of national income show no trend