

## TESTING REAL BUSINESS CYCLE MODELS IN THE POLISH ECONOMY

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**Abstract.** *Economic modeling according to real business cycle theory (RBC) is dominant approach in the new classical macroeconomics (NCM). In its primary version it bases on growth model with neoclassical production function which is subject to a stochastic supply shocks. Simultaneously employing in analysis rational agent which decides about labor input and deserved consumption allows to develop model following cyclical fluctuations observed in the economy. In order to do so multistage calibration-simulation procedure is used.*

*The paper presents above mentioned assumptions e.g. seminal RBC model and augmented model with indivisible labor supply which were applied to Polish economy. The analysis cover period I quarter 1995 – IV quarter 2007.*

*The main aim of the paper is to verify two of theoretical structures deriving from RBC: seminal model published by F.E. Kydland and E.C. Prescott in 1982 (Kydland, Prescott, 1982) and G. Hansen model (Hansen, 1985), which develops research conducted by F.E. Kydland and E.C. Prescott and J.B. Long and C.I. Plosser (Long, Plosser, 1983). The main upgrades of Hansen model in comparison to prior theories refer to labor market perception .*

**Keywords:** *modern business cycle theory, RBC, indivisible/divisible labor market.*