

EE

# HANDBOOK OF MACROECONOMICS

VOLUME 1B

*Edited by*

**JOHN B. TAYLOR**

*Stanford University*

and

**MICHAEL WOODFORD**

*Princeton University*



1999

ELSEVIER

AMSTERDAM • LAUSANNE • NEW YORK • OXFORD • SHANNON • SINGAPORE • TOKYO

# CONTENTS OF THE HANDBOOK

## VOLUME 1A

### PART 1 – EMPIRICAL AND HISTORICAL PERFORMANCE

#### *Chapter 1*

Business Cycle Fluctuations in US Macroeconomic Time Series  
JAMES H. STOCK and MARK W. WATSON

#### *Chapter 2*

Monetary Policy Shocks: What Have we Learned and to What End?  
LAWRENCE J. CHRISTIANO, MARTIN EICHENBAUM and CHARLES L. EVANS

#### *Chapter 3*

Monetary Policy Regimes and Economic Performance: The Historical Record  
MICHAEL D. BORDO AND ANNA J. SCHWARTZ

#### *Chapter 4*

The New Empirics of Economic Growth  
STEVEN N. DURLAUF and DANNY T. QUAH

### PART 2 – METHODS OF DYNAMIC ANALYSIS

#### *Chapter 5*

Numerical Solution of Dynamic Economic Models  
MANUEL S. SANTOS

#### *Chapter 6*

Indeterminacy and Sunspots in Macroeconomics  
JESS BENHABIB and ROGER E.A. FARMER

#### *Chapter 7*

Learning Dynamics  
GEORGE W. EVANS and SEPPO HONKAPOHJA

#### *Chapter 8*

Micro Data and General Equilibrium Models  
MARTIN BROWNING, LARS PETER HANSEN and JAMES J. HECKMAN

**PART 3 – MODELS OF ECONOMIC GROWTH***Chapter 9*

Neoclassical Growth Theory

ROBERT M. SOLOW

*Chapter 10*

Explaining Cross-Country Income Differences

ELLEN R. McGRATTAN and JAMES A. SCHMITZ, Jr.

**VOLUME 1B****PART 4 – CONSUMPTION AND INVESTMENT***Chapter 11*

Consumption

ORAZIO P. ATTANASIO

*Chapter 12*

Aggregate Investment

RICARDO J. CABALLERO

*Chapter 13*

Inventories

VALERIE A. RAMEY and KENNETH D. WEST

**PART 5 – MODELS OF ECONOMIC FLUCTUATIONS***Chapter 14*

Resuscitating Real Business Cycles

ROBERT G. KING AND SERGIO T. REBELO

*Chapter 15*

Staggered Price and Wage Setting in Macroeconomics

JOHN B. TAYLOR

*Chapter 16*

The Cyclical Behavior of Prices and Costs

JULIO J. ROTEMBERG and MICHAEL WOODFORD

*Chapter 17*

Labor-Market Frictions and Employment Fluctuations

ROBERT E. HALL

*Chapter 18*

Job Reallocation, Employment Fluctuations and Unemployment

DALE T. MORTENSEN and CHRISTOPHER A. PISSARIDES

## VOLUME 1C

### PART 6 – FINANCIAL MARKETS AND THE MACROECONOMY

*Chapter 19*

Asset Prices, Consumption, and the Business Cycle  
JOHN Y. CAMPBELL

*Chapter 20*

Human Behavior and the Efficiency of the Financial System  
ROBERT J. SHILLER

*Chapter 21*

The Financial Accelerator in a Quantitative Business Cycle Framework  
BEN S. BERNANKE, MARK GERTLER and SIMON GILCHRIST

### PART 7 – MONETARY AND FISCAL POLICY

*Chapter 22*

Political Economics and Macroeconomic Policy  
TORSTEN PERSSON and GUIDO TABELLINI

*Chapter 23*

Issues in the Design of Monetary Policy Rules  
BENNETT T. McCALLUM

*Chapter 24*

Inflation Stabilization and BOP Crises in Developing Countries  
GUILLERMO A. CALVO and CARLOS A. VÉGH

*Chapter 25*

Government Debt  
DOUGLAS W. ELMENDORF AND N. GREGORY MANKIW

*Chapter 26*

Optimal Fiscal and Monetary Policy  
V.V. CHARI and PATRICK J. KEHOE