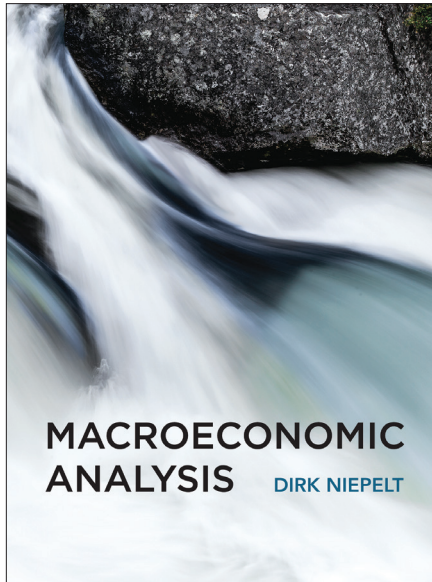




The MIT Press

# Macroeconomic Analysis

Dirk Niepelt



This book offers an introduction to modern macroeconomic theory. It is concise but rigorous and broad, covering all major areas in mainstream macroeconomics today and showing how macroeconomic models build on and relate to each other. The self-contained text begins with models of individual decision makers, proceeds to models of general equilibrium without and with frictions, and, finally, presents positive and normative theories of economic policy.

After a review of the microeconomic foundations of macroeconomics, the book analyzes the household optimization problem, the representative household model, and the overlapping generations model. It examines risk and the implications for household choices and macroeconomic

outcomes; equilibrium asset returns, prices, and bubbles; labor supply, growth, and business cycles; and open economy issues. It introduces frictions and analyzes their consequences in the labor market, financial markets, and for investment; studies money as a unit of account, store of value, and medium of exchange; and analyzes price setting in general equilibrium. Turning to government and economic policy, the book covers taxation, debt, social security, and monetary policy; optimal fiscal and monetary policies; and sequential policy choice, with applications in capital income taxation, sovereign debt and default, politically motivated redistribution, and monetary policy biases. *Macroeconomic Analysis* can be used by first-year graduate students in economics and students in masters programs, and as a supplemental text for advanced courses.

Dirk Niepelt is Director of the Study Center Gerzensee and Professor at the University of Bern.

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“Finally, a book that fills the longstanding, and growing, gap between existing undergraduate and graduate macroeconomics textbooks. The winning approach of the author is to rigorously develop the core insights in each topic studied, avoiding superfluous diversions. The emphasis on government policy and political economy is especially useful in interpreting current global macroeconomic events.”

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