Why is There Money? This book features tutorials about the role of money and bonds in Dynamic General Equilibrium models. It includes a step-by-step guide to the endogenous derivation of the price kernel employed for the term structure of interest rates and asset pricing.

The Flawed Foundations of General Equilibrium Theory

This book, as the title suggests, explains how General equilibrium, the dominant conceptual framework in mainstream economics, describes a perfectly impossible world. Even with its counterfactual assumptions taken for granted, it fails on many levels. Under the impressive editorship of Ackerman and Nadal, this book will appeal to students and researchers in economics and related social science disciplines.

Notes and Problems in Applied General Equilibrium Economics

praise for FISCHER BLACK AND THE REVOLUTIONARY IDEA OF FINANCE "The story of Fischer Black . . . is remarkable both because of the creativity of the man and because of the revolution he brought to Wall Street . . . . M ehrling's book is fascinating." — FINANCIAL TIMES "A fascinating history of things we take for granted in our everyday financial lives." — THE NEW YORK TIMES "M ehrling's book is essential reading for anyone interested in the development of modern finance or the life of an idiosyncratic creative genius." — PUBLISHERS WEEKLY "Fischer Black was more than a vital force in the development of finance theory. He was also a character. Perry M ehrling has captured both sides of the picture: the evolution of thinking about the pricing of risk and time, as well as the thinkers, especially this fascinating eccentric, who worked it out." — ROBERT M. SOW LO, Nobel laureate and Institute Professor of Economics, E meritus, M assachusetts Institute of Technology "Although I worked closely with Fischer for nine years at Goldman Sachs and clearly recognized both his genius and the breadth and originality of his ideas, until I read this book, I had only the vaguest grasp of the source of his inspiration and no understanding at all of the source of his many idiosyncrasies." — BOB LITTERM AN, Partner, K epos Capital "Perry M ehrling has done a remarkable job of tracing the intellectual and personal development of one of the most original and complex thinkers of our generation. Fischer Black deserved it: a charming and brilliant book about a charming and brilliant man." — ROBERT E. LUCAS J R., Nobel laureate and Professor of Economics, The University of Chicago
The Theory of General Economic Equilibrium

An updated look at what Fischer Black's ideas on business cycles and equilibrium mean today. Throughout his career, Fischer Black described a view of business fluctuations based on the idea that a well-developed economy will be continually in equilibrium. In the essays that constitute this book, which is one of only two books Black ever wrote, he explores this idea thoroughly and reaches some surprising conclusions. With the newfound popularity of quantitative finance and risk management, the work of Fischer Black has garnered much attention. Business Cycles and Equilibrium—with its theory that economic and financial markets are in a continual equilibrium—is one of his books that still rings true today, given the current economic crisis. This Updated Edition clearly presents Black's classic theory on business cycles and the concept of equilibrium, and contains a new introduction by the person who knows Black best: Perry Mehrling, author of Fischer Black and the Revolutionary Idea of Finance (Wiley). Mehrling goes inside Black's life to uncover what was occurring during the time Black wrote Business Cycles and Equilibrium, while also shedding light on what Black would make of today's financial and economic meltdown and how he would best advise to move forward. The essays within this book reach some interesting conclusions concerning the role of equilibrium in a developed economy Warns about the use and abuse of modeling Explains the risky business of risk in a straightforward and accessible style Contains chapters dedicated to "the effects of uncontrolled banking," "the trouble with econometric models," and "the effects of noise on investing" Includes commentary on Black's life and work at the time Business Cycles and Equilibrium was written as well as insight as to what Black would make of the current financial meltdown Engaging and informative, the Updated Edition of Business Cycles and Equilibrium will give you a better understanding of what is really going on during these uncertain and volatile financial times.

The Two-Sector Model of General Equilibrium

Over the last decade or so, applied general equilibrium models have rapidly become a major tool for policy advice on issues regarding allocation and efficiency, most notably taxes and tariffs. This reflects the power of the general equilibrium approach to allocative questions and the capability of today's applied models to come up with realistic answers. However, it by no means implies that the theoretical, practical and empirical problems faced by researchers in applied modelling have all been solved in a satisfactory way. Rather, a promising field of research has been opened up, inviting theorists and practitioners to further explore and exploit its potential. The state of the art in applied general equilibrium modelling is reflected in this volume. The introductory Chapter (Part I) evaluates the use of economic modelling to address policy questions, and discusses the advantages and disadvantages of applied general equilibrium models. Three substantive issues are dealt with in Chapters 2-8: Tax Reform and Capital (Part II), Intertemporal Aspects and Expectations (Part III), and Taxes and the Labour Market (Part IV). While all parts contain results relevant for economic policy, it is clear that theory and applications for these areas are in different stages of development. We hope that this book will bring inspiration, insight and information to researchers, students and policy advisors.

Exploring General Equilibrium

The definitive graduate textbook on modern macroeconomics M acroeconomic Theory is the most up-to-date graduate-level macroeconomics textbook available today. This revised second edition emphasizes the general equilibrium character of macroeconomics to explain effects across the whole economy while taking into account recent research in the field. It is the perfect resource for students and researchers seeking coverage of the most current developments in macroeconomics. Michael Wickens lays out the core ideas of modern macroeconomics and its links with finance. He presents the simplest general equilibrium macroeconomic model for a closed economy, and then gradually develops a comprehensive model of the open economy. Every important topic is covered, including growth, business cycles, fiscal policy, taxation and debt finance, current account sustainability, and exchange-rate determination. There is also an up-to-date account of monetary policy through inflation targeting. Wickens addresses the interrelationships between macroeconomics and modern finance and shows how they affect stock, bond, and foreign-exchange markets. In this edition, he also examines issues raised by the most recent financial crisis, and two new
chapters explore banks, financial intermediation, and unconventional monetary policy, as well as modern theories of unemployment. There is new material in most other chapters, including macrofinance models and inflation targeting when there are supply shocks. While the mathematics in the book is rigorous, the fundamental concepts presented make the text self-contained and easy to use. A accessible, comprehensive, and wide-ranging, Macroeconomic Theory is the standard book on the subject for students and economists. The most up-to-date graduate macroeconomics textbook available today General equilibrium macroeconomics and the latest advances covered fully and completely Two new chapters investigate banking and monetary policy, and unemployment A addresses questions raised by the recent financial crisis Web-based exercises with answers Extensive mathematical appendix for at-a-glance easy reference This book has been adopted as a textbook at the following universities: American University Bentley College Brandeis University Brigham Young University California Lutheran University California State University - Sacramento Cardiff University Carleton University Colorado College Fordham University London Metropolitan University New York University Northeastern University Ohio University - Main Campus San Diego State University St. Cloud State University State University Of New York - Amherst Campus State University Of New York - Buffalo North Campus Temple University - Main Texas Tech University University of Alberta University Of Notre Dame University Of Ottawa University Of Pittsburgh University Of South Florida - Tampa University Of Tennessee University Of Texas At Austin University Of Washington University Of Western Ontario Wesleyan University Western Nevada Community College

**Exploring General Chemistry in the Laboratory**

Economics can be a lens for understanding the behavior of schools, districts, states, and nations in meeting education needs of their populations, as well as for understanding the individual decisions made by administrators, teachers, and students. Insights from economics help decision makers at the state level understand how to raise and distribute funds for public schools in an equitable manner for both schools and taxpayers. Economics also can assist researchers in analyzing effects of school spending and teacher compensation on student outcomes. And economics can provide important insights into public debates on issues such as whether to offer vouchers for subsidizing student attendance at private schools. This two-volume encyclopedia contains over 300 entries by experts in the field that cover these issues and more. Features: This work of 2 volumes (in both print and electronic formats) contains 300-350 signed entries by significant figures in the field. Entries conclude with cross-references and suggestions for further readings to guide students to in-depth resources. Although organized in A- to-Z fashion, a thematic “Reader’s Guide” in the front matter groups related entries by topic. Also in the front matter, a chronology provides students with historical perspective on the development of education economics and finance as a field of study. The entire work concludes with a Resources appendix and a comprehensive Index. In the electronic version, the index, Reader’s Guide, and cross references combine to provide effective search-and-browse capabilities.

**Handbook of Input–Output Analysis**

In recent years certain leading figures in the world of economics have called the usefulness of general equilibrium theory into question. This superb new book brings together leading economic theorists with important contributions to the ongoing debate. General equilibrium theorists including Michio Morishima, Michael Megill and Martine Quinzii debate strengths, weaknesses and possible futures with leading thinkers such as Herb Gintis, Pierangelo Garegnani and Duncan Foley, who seek to explain the rejection of general equilibrium. Uniquely, none of the contributors portray general equilibrium theory as the perfect guide to market economies actual behaviour, but rather illustrate that there is insufficient acquaintance with existing alternatives and that general equilibrium theory is often used as an ideal 'benchmark'.

**Applied General Equilibrium**

This laboratory manual is intended for a two-semester general chemistry course. The procedures are written with the goal of simplifying a
complicated and often challenging subject for students by applying concepts to everyday life. This lab manual covers topics such as composition of compounds, reactivity, stoichiometry, limiting reactants, gas laws, calorimetry, periodic trends, molecular structure, spectroscopy, kinetics, equilibria, thermodynamics, electrochemistry, intermolecular forces, solutions, and coordination complexes. By the end of this course, you should have a solid understanding of the basic concepts of chemistry, which will give you confidence as you embark on your career in science.

General Equilibrium

Systemic Risk, Crises, and Macroprudential Regulation

Finding Equilibrium explores the post–World War II transformation of economics by constructing a history of the proof of its central dogma—that a competitive market economy may possess a set of equilibrium prices. The model economy for which the theorem could be proved was mapped out in 1954 by Kenneth Arrow and Gerard Debreu collaboratively, and by Lionel McKenzie separately, and would become widely known as the "Arrow-Debreu Model." While Arrow and Debreu would later go on to win separate Nobel prizes in economics, McKenzie would never receive it. Till Düppe and E. Roy Weintraub explore the lives and work of these economists and the issues of scientific credit against the extraordinary backdrop of overlapping research communities and an economics discipline that was shifting dramatically to mathematical modes of expression. Based on recently opened archives, Finding Equilibrium shows the complex interplay between each man's personal life and work, and examines compelling ideas about scientific credit, publication, regard for different research institutions, and the awarding of Nobel prizes. Instead of asking whether recognition was rightly or wrongly given, and who were the heroes or villains, the book considers attitudes toward intellectual credit and strategies to gain it vis-à-vis the communities that grant it. Telling the story behind the proof of the central theorem in economics, Finding Equilibrium sheds light on the changing nature of the scientific community and the critical connections between the personal and public rewards of scientific work.

Exploring General Equilibrium

General Equilibrium Theory: An Introduction presents to students general equilibrium analysis.

Applied General Equilibrium Modelling

This title, first published in 1984, is a contribution to applied international trade theory. The author explores the specification and estimation of a multisector general equilibrium model of the open economy. The model is formulated with the aim of assessing empirically the effects of three key policy variables on trade flows, domestic prices, and the trade balance. The policy variables with which the author is concerned are the rate of growth of the stock of domestic credit, commercial policy, as represented by tariffs, and, finally, the exchange rate. This title will be of interest to students of economics.

Business Cycles and Equilibrium

In recent years certain leading figures in the world of economics have called the usefulness of general equilibrium theory into question. This superb new book brings together leading economic theorists with important contributions to the ongoing debate. General equilibrium theorists including Michio Morishima, Michael Magill and Martine Quinzii debate strengths, weaknesses and possible futures with leading thinkers such as Herb Gintis, Pierangelo Garegnani and Duncan Foley, who seek to explain the rejection of general equilibrium. Uniquely,
none of the contributors portray general equilibrium theory as the perfect guide to market economies actual behaviour, but rather illustrate that there is insufficient acquaintance with existing alternatives and that general equilibrium theory is often used as an ideal ‘benchmark’.

**The Two-sector General Equilibrium Model**

This book provides a thorough introduction to general equilibrium analysis for non-specialist students filling the gap between the classic high-level texts, and on the other, the very limited presentation of the theory in terms of Edgeworth box diagrams.

**The Trade Balance in Monetary General Equilibrium**

Originally published in 1971, this book presents in a lucid form the basic model of distribution in a two-sector general equilibrium system. While this model has been used by many economists, this was the first synoptic exposition of it to become readily available to students. The first part develops the two-sector model and its properties, using the geometrical tools of international trade theory. The second applies the model to some standard problems in the theory of income distribution, including the economics of redistributive taxes and subsidies, of trade union organization, and of minimum wage laws. The third part converts the model into a growth model and develops the conditions for convergence on a steady-state growth path and for the maximization of consumption per head at all points of time.

**Fischer Black and the Revolutionary Idea of Finance**

Although general equilibrium theory originated in the late nineteenth century, modern elaboration and development of the theory began only in the 1930s and 1940s. This book focuses on the version of the theory developed in the second half of the twentieth century, referred to by Lionel McKenzie as the classical general equilibrium theory. McKenzie offers detailed and rigorous treatment of the classical model, giving step-by-step proofs of the basic theorems. In many cases he elaborates on the individual steps to give a fuller understanding of the underlying principles. His goal is to provide readers with a true mastery of the methodology so that they can derive new results that will further enrich their thinking about general equilibrium theory. Special attention is given to the McKenzie model, in which it is not assumed that the number of firms is given but rather that technologies or activities are available to any agents who can supply the resources they require. The McKenzie model is used to establish the turnpike theorems of optimal and competitive capital accumulation.

**Exploring General, Organic, & Biochemistry in the Laboratory**

This book provides a self-contained and accessible introduction to general equilibrium theory with an emphasis on applications.

**A General Equilibrium Model of Sovereign Default and Business Cycles**

An incisive, unconventional assessment of general equilibrium theory; with a previously unpublished paper. Fischer Black is known for his brilliance as well as his sometimes controversial opinions. Highly respected for his scholarly writings in finance, he now moves into different territory with this incisive, unconventional assessment of general equilibrium theory and what that theory reveals about business cycles, growth, and labor economics. The general equilibrium approach, Black asserts, can be used to explain most of the economy’s behavior. It can explain business cycles and growth without using sticky prices, irrationality, economies of scale, or imperfect competition. It can explain the volatility of consumption, output, sales, investment, and inventories with axiomatic utility and constant-returns-to-scale production. It can explain temporary layoffs, job changes with and without intervening unemployment, and the behavior of vacancies. It can
explain lower wages in part-time jobs, wages that increase rapidly with time on the job, and the forces that cause migration from poor to rich countries. Although the general equilibrium approach cannot be tested in conventional ways, it can be used to generate examples that explain stylized facts—generalized observations from the real world—that have preoccupied macroeconomists for the last decade. Black contrasts his interpretation of these facts with conventional interpretations. Finally, he reviews a substantial body of literature on these topics.

**Competitive Equilibrium**

This book offers the basic grasp of general equilibrium theory that is a fundamental background for advanced work in virtually any sub-field of economics, and the thorough understanding of the methods of welfare economics, particularly in a general equilibrium context, that is indispensable for undertaking applied policy analysis. The book uses extensive examples, both simple ones intended to bolster basic concepts, and those illustrating application of the material to economics in practice.

**General Equilibrium Theory**

A collection of published papers in general equilibrium that explore the basic problems of extensive interdependence in models incorporating oligopoly, space, time and money. Robert E. Kuenne has also written "The Theory of General Economic Equilibrium".

**Classical General Equilibrium Theory**

'This book makes compelling reading for anyone interested in exploring the foundations of monetary theory from a rigorous general equilibrium perspective.' – Gabriele Camera, Purdue University, US 'Introducing the Arrow-Debreu-Starr model of monetary general equilibrium, Professor Starr provides the best defense ever made for the relevance of the Walrasian model to the pure theory of money. While most monetary theorists ventured to the overlapping generations model and then to the search model, only to create recently a hybrid search-Walrasian model, Starr presents the culmination of a patient, career-long effort to integrate money into the basic Walrasian model, with realistic taxation critically helping the government's money to dominate.' – Dror Goldberg, Bar Ilan University, Israel. The microeconomic foundation of the theory of money has long represented a puzzle to economic theory. Why is there Money? derives the foundations of monetary theory from advanced price theory in a mathematically precise family of trading post models. It has long been recognized that the fundamental theoretical analysis of a market economy is embodied in the Arrow-Debreu-Walras mathematical general equilibrium model, with one great deficiency: the analysis cannot accommodate money and financial institutions. In this groundbreaking book, Ross M. Starr addresses this problem directly, by expanding the Arrow-Debreu model to include a multiplicity of trading opportunities, with the resultant endogenous derivation of money as the carrier of value among them. This fundamental breakthrough is achieved while maintaining the Walrasian general equilibrium price-theoretic structure, augmented primarily by the introduction of separate bid and ask prices reflecting transaction costs. The result is foundations of monetary theory consistent with and derived from modern price theory. This fascinating book will provide a stimulating and thought-provoking read for academics and postgraduate students focusing on economics, macroeconomics, macroeconomic policy and finance, money and banking. Central bankers will also find much to interest them within this book.

**Exploring General Equilibrium Implications of Skill-biased Technological Change**

This book provides an accessible, undergraduate-level introduction to computable general equilibrium (CGE) models, a class of model that has come to play an important role in government policy decisions. The book uses a graphical approach to explain the economic theory that underlies a CGE model, and provides results from simple, small-scale CGE models to illustrate the links between theory and model outcomes. The book includes eleven guided, hands-on exercises that introduce modeling techniques that are applied to real-world economic problems.
Students will learn how to integrate their separate fields of economic study into a comprehensive, general equilibrium perspective as they develop their skills as producers or consumers of CGE-based analysis.

**General Equilibrium**

"General-equilibrium" refers to an analytical approach which looks at the economy as a complete system of inter-dependent components (industries, households, investors, governments, importers and exporters). "Applied" means that the primary interest is in systems that can be used to provide quantitative analysis of economic policy problems in particular countries. Reflecting the authors' belief in the models as vehicles for practical policy analysis, a considerable amount of material on data and solution techniques as well as on theoretical structures has been included. The sequence of chapters follows what is seen as the historical development of the subject. The book is directed at graduate students and professional economists who may have an interest in constructing or applying general equilibrium models. The exercises and readings in the book provide a comprehensive introduction to applied general equilibrium modeling. To enable the reader to acquire hands-on experience with computer implementations of the models which are described in the book, a companion set of diskettes is available.

**Dynamic Stochastic General Equilibrium Models**

**Economic Impacts of Behavioural Responses to Flood Risk**

The General Equilibrium Model, developed over the last century and now referred to as the Arrow-Debreu Model, provides the basis for the great majority of modern economic models. A thorough familiarity with its structure is indispensable for every serious economist. Elements of General Equilibrium Analysis provides a clear and precise explanation of various aspects of the model, each of which is analysed by a leading authority in the field, including Gerard Debreu, Timothy Kehoe, Herbert Scarf, Jean-Jacques Herings, Thorsten Hens, Peter Hammond, Werner Hildenbrand and Alan Kirman. This book provides a concise account of basic concepts together with an analysis of recent developments and is aimed at final year undergraduate and graduate students, and at all economists interested in an authoritative account of the foundations of modern history.

**Macroeconomic Theory**

This full-color, comprehensive, affordable manual is appropriate for two-semester introductory chemistry courses. It is loaded with clearly written exercises, critical thinking questions, and full-color illustrations and photographs, providing ample visual support for experiment set up, technique, and results.

**General Equilibrium and Welfare Economics**

Emerging markets business cycle models treat default risk as part of an exogenous interest rate on working capital, while sovereign default models treat income fluctuations as an exogenous endowment process with ad-hoc default costs. We propose instead a general equilibrium model of both sovereign default and business cycles. In the model, some imported inputs require working capital financing; default on public and private obligations occurs simultaneously. The model explains several features of cyclical dynamics around default triggers an efficiency loss as these inputs are replaced by imperfect substitutes; default on public and private obligations occurs simultaneously. The model explains several features of cyclical dynamics around defaults, countercyclical spreads, high debt ratios, and key business cycle moments.
General Equilibrium, Overlapping Generations Models, and Optimal Growth Theory

Fischer Black is known for his brilliance as well as his sometimes controversial opinions. Highly respected for his scholarly writings in finance, he now moves into different territory with this incisive, unconventional assessment of general equilibrium theory and what that theory reveals about business cycles, growth, and labor economics. The general equilibrium approach, Black asserts, can be used to explain most of the economy’s behavior. It can explain business cycles and growth without using sticky prices, irrationality, economies of scale, or imperfect competition. It can explain the volatility of consumption, output, sales, investment, and inventories with axiomatic utility and constant-returns-to-scale production. It can explain temporary layoffs, job changes with and without intervening unemployment, and the behavior of vacancies. It can explain lower wages in part-time jobs, wages that increase rapidly with time on the job, and the forces that cause migration from poor to rich countries. Although the general equilibrium approach can’t be tested in conventional ways, it can be used to generate examples that explain stylized facts—generalized observations from the real world—that have preoccupied macroeconomists for the last decade. Black contrasts his interpretation of these facts with conventional interpretations. Finally, he reviews a substantial body of literature on these topics.

Encyclopedia of Education Economics and Finance

A framework for macroprudential regulation that defines systemic risk and macroprudential policy, describes macroprudential tools, and surveys the effectiveness of existing macroprudential regulation. The recent financial crisis has shattered all standard approaches to banking regulation. Regulators now recognize that banking regulation cannot be simply based on individual financial institutions’ risks. Instead, systemic risk and macroprudential regulation have come to the forefront of the new regulatory paradigm. Yet our knowledge of these two core aspects of regulation is still limited and fragmented. This book offers a framework for understanding the reasons for the regulatory shift from a microprudential to a macroprudential approach to financial regulation. It defines systemic risk and macroprudential policy, cutting through the generalized confusion as to their meaning; contrasts macroprudential to microprudential approaches; discusses the interaction of macroprudential policy with macroeconomic policy (monetary policy in particular); and describes macroprudential tools and experiences with macroprudential regulation around the world. The book also considers the remaining challenges for establishing effective macroprudential policy and broader issues in regulatory reform. These include the optimal size and structure of the financial system, the multiplicity of regulatory bodies in the United States, the supervision of cross-border financial institutions, and the need for international cooperation on macroprudential policies.

Tariff Determination in the General Equilibrium of a Political Economy

Suitable for students and researchers seeking coverage of the developments in macroeconomics, this title lays out the core ideas of modern macroeconomics and its links with finance. It presents the simplest general equilibrium macroeconomic model for a closed economy, and then gradually develops a comprehensive model of the open economy.

General Equilibrium Analysis

2010 marks the hundredth anniversary of the death of Léon Walras, the brilliant originator and first formaliser of general equilibrium theory—one of the pillars of modern economic theory. In advancing much derided practical solutions Walras also displayed more concern for the problems of living in a second best world than is common in modern pure theories of the invisible hand, efficient market hypothesis, DSGE macroeconomics or the thinking of some contemporary free market admirers all based on general equilibrium theory. This book brings contributions from the likes of Kenneth Arrow, Alan Kirman, Richard Posner, Amartya Sen and Robert Solow to share their thoughts and reflections on the theoretical heritage of Léon Walras. Some authors reminisce on the part they played in the development of modern general
Macroeconomic Theory

This book presents an exposition of general equilibrium theory for advanced undergraduate and graduate-level students of economics. It contains discussions of economic efficiency, competitive equilibrium, the welfare theorems, the Kuhn-Tucker approach to general equilibrium, the Arrow-Debreu model, and rational expectations equilibrium and the permanent income hypothesis. It presents a unified approach to portions of macro- as well as microeconomic theory and contains problems sets for most chapters.

Dynamic General Equilibrium Modeling

This advanced textbook aims at providing a simple but fully operational introduction to applied general equilibrium. General equilibrium is the backbone of modern economic analysis and as such generation after generation of economics students are introduced to it. As an analytical tool in economics, general equilibrium provides one of the most complete views of an economy since it incorporates all economic agents (households, firms, government, foreign sector) in an integrated way that is compatible with microtheory and microdata. The integration of theory and data handling is required for successful modeling but it requires a double ability that is not found in standard books. With this book we aim at filling the gap and provide advanced students with the required tools, from the building of consistent and applicable general equilibrium models to the interpretation of the results that ensue from the adoption of policies. The topics include: model design, model development, computer code examples, calibration and data adjustments, practical policy examples.

Introduction to Computable General Equilibrium Models

This book brings together the author's pioneering work, written over the last twenty years, on the use of differential methods in general equilibrium theory.

General Equilibrium Economics

Elements of General Equilibrium Analysis

In this authoritative Handbook, leading experts from international statistical offices and universities explain in detail the treatment and role of input-output statistics in the System of National Accounts. Furthermore, they address the derivation of input-output coefficients for the purpose of economic and environmental modeling, the building of applied general equilibrium models, the use of these models for efficiency analysis, and the extensions to stochastic and dynamic input-output analysis. As well as revealing and exploring the theoretical foundations, the Handbook also acts as a useful guide for practitioners.

Finding Equilibrium
First published in 1997, this volume builds an economic model in which a model of the policy-formation process was grafted onto an economic model of the traditional kind. Politics are not made in a vacuum; they have their basis in the politico-economic system which economists have been modelling and analysing for a very long time. For economists, government policies are particularly important as they determine the environment within which all agents make their choices and the way in which the market allocates resources. Through an examination of tariffs and an equilibrium model of the economic sphere of a small open political economy, Hom Moorti Pant aims to explore some of the reasons and effects of government policy decisions on the economy.

An Introduction to General Equilibrium Analysis

Modern business cycle theory and growth theory uses stochastic dynamic general equilibrium models. In order to solve these models, economists need to use many mathematical tools. This book presents various methods in order to compute the dynamics of general equilibrium models. In part I, the representative-agent stochastic growth model is solved with the help of value function iteration, linear and linear quadratic approximation methods, parameterised expectations and projection methods. In order to apply these methods, fundamentals from numerical analysis are reviewed in detail. In particular, the book discusses issues that are often neglected in existing work on computational methods, e.g. how to find a good initial value. In part II, the authors discuss methods in order to solve heterogeneous-agent economies. In such economies, the distribution of the individual state variables is endogenous. This part of the book also serves as an introduction to the modern theory of distribution economics. Applications include the dynamics of the income distribution over the business cycle or the overlapping-generations model. In an accompanying home page to this book, computer codes to all applications can be downloaded.