Acknowledgments ix

Introduction 1

Real Wages, Employment, and Inflation (with Leonard A. Rapping) 19

Unemployment in the Great Depression: Is There a Full Explanation? (with Leonard A. Rapping) 59

Expectations and the Neutrality of Money 66

Econometric Testing of the Natural Rate Hypothesis 90

Econometric Policy Evaluation: A Critique 104 Some International Evidence on Output-Inflation Tradeoffs 131

Capacity, Overtime, and Empirical Production Functions 146

Equilibrium Search and Unemployment (with Edward C. Prescott) 156

An Equilibrium Model of the Business Cycle 179

Understanding Business Cycles 215

Unemployment Policy 240

Rules, Discretion, and the Role of the Economic Advisor 248 A Review: Paul McCracken et al., *Towards Full Employment and Price Stability*, A Report to the OECD by a Group of Independent Experts, OECD, June 1977 262

Methods and Problems in Business Cycle Theory 271

Index 297