

Contents

Introduction	1
Part I Rules versus Discretion	
1 Developments in the Theory of Rules versus Discretion	9
2 A Positive Theory of Monetary Policy in a Natural Rate Model (<i>with David B. Gordon</i>)	29
3 Rules, Discretion, and Reputation in a Model of Monetary Policy (<i>with David B. Gordon</i>)	52
4 Inflationary Finance under Discretion and Rules	77
5 Reputation in a Model of Monetary Policy with Incomplete Information	97
Part II Money and Business Fluctuations	
6 Intertemporal Substitution and the Business Cycle	121
7 Time-Separable Preferences and Intertemporal-Substitution Models of Business Cycles	154
8 Interest-Rate Targeting	178
Part III Fiscal Policy	
9 The Ricardian Approach to Budget Deficits	213
10 U.S. Deficits since World War I	236
11 On the Predictability of Tax-Rate Changes	268
12 Output Effects of Government Purchases	298
13 Government Spending, Interest Rates, Prices, and Budget Deficits in the United Kingdom, 1701–1918	341
Index	373