

'This book provides an excellent introduction to modern macroeconomics. It presents a balanced overview, providing a lucid treatment of all of the main issues, making them accessible to advanced undergraduates and beginning graduate students. It does a great job of introducing the rigors of theory in an appealing way.'

Stephen J. Turnovsky, *Castor Professor of Economics, University of Washington*

'This book is a "tour-de-force" of modern macroeconomic theory, from the IS-LM model to the new neoclassical model. Students will find it an eye-opener: building on intertemporal optimization, nominal rigidities and imperfect competition as triangular apexes, Heijdra clarifies admirably the relations between the various schools (e.g. classical, Keynesian, monetarist and neo-Keynesian) in the field.

I benefited particularly from the chapters on dynamic optimization, rational expectations equilibria, Ricardian Equivalence, overlapping generations models, sticky price theories and the implications of pay-as-you-go (PAYG) vs. funded pension systems. Though rigorous (with technical details conveniently relegated to boxed "intermezzos"), it is accessible to a wide readership. I expect the book to become a core text of graduate macroeconomics courses in leading universities.'

Eytan Sheshinski, *Sir Isaac Wolfson Professor of Public Finance, The Hebrew University of Jerusalem*

HIGHLIGHTS OF THIS NEW EDITION

- Chapters have been substantially revised to reflect current thinking in macroeconomics
- New material added and empirical data updated to better reflect labour market developments during the last three decades
- 31 boxed case studies that are easily cross-referenced
- Streamlined mathematical appendix

Advanced macroeconomics can seem a daunting prospect. Complex and poorly defined, infected with a variety of conflicting approaches, it is difficult for the student to get an overall picture of what there is and how it fits in. *Foundations of Modern Macroeconomics* is aimed at getting round this fundamental problem: it deals with all the major topics, summarizes the important approaches, and gives students a coherent angle on all aspects of macroeconomic thought. Each chapter deals with a separate area of macroeconomics, and each contains a summary section of key points and a further reading list, enabling the student to check what has been learnt and investigate further in other books.



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