Brief Contents

PART 1 What Is Economics?

INTRODUCTION An Engine for Growth and Discovery / 1

- 1 First Principles / 7
- 2 Economic Models: Trade-offs and Trade / 27 Appendix: Graphs in Economics / 51

PART 2 Supply and Demand

- 3 Supply and Demand / 67
- 4 Consumer and Producer Surplus / 103
- 5 Price Controls and Quotas: Meddling with Markets / 131
- 6 Elasticity / 159

PART 3 Individuals and Markets

- 7 Taxes / 185
- 8 International Trade / 215

PART 4 Economics and Decision Making

9 Decision Making by Individuals and Firms / 247 Appendix: How to Make Decisions Involving Time: Understanding Present Value / 275

PART 5 The Consumer

10 The Rational Consumer / 279 Appendix: Consumer Preferences and Consumer Choice / 301

PART 6 The Production Decision

- 11 Behind the Supply Curve: Inputs and Costs / 327
- 12 Perfect Competition and the Supply Curve / 355
- 13 Monopoly/383

PART 7 Market Structure: Beyond Perfect Competition

- 14 Oligopoly / 421
- 15 Monopolistic Competition and Product Differentiation / 447

PART 8 Microeconomics and Public Policy

- 16 Externalities / 467
- 17 Public Goods and Common Resources / 493
- 18 The Economics of the Welfare State / 515

PART 9 Factor Markets and Risk

- 19 Factor Markets and the Distribution of Income / 543 Appendix: Indifference Curve Analysis of Labor Supply / 573
- 20 Uncertainty, Risk, and Private Information / 579

PART 10 Introduction to Macroeconomics

- 21 Macroeconomics: The Big Picture / 607
- 22 GDP and the CPI: Tracking the Macroeconomy / 627
- 23 Unemployment and Inflation / 651

PART 11 Long-Run Economic Growth

- 24 Long-Run Economic Growth / 679
- 25 Savings, Investment Spending, and the Financial System / 713

PART 12 Short-Run Economic Fluctuations

- 26 Income and Expenditure / 749
 Appendix: Deriving the Multiplier Algebraically / 779
- 27 Aggregate Demand and Aggregate Supply / 781

PART 13 Stabilization Policy

- 28 Fiscal Policy / 817
 Appendix: Taxes and the Multiplier / 847
- 29 Money, Banking, and the Federal Reserve System / 849
- 30 Monetary Policy / 885
 Appendix: Reconciling the Two Models of the Interest Rate / 911
- 31 Inflation, Disinflation, and Deflation / 915

PART 14 Events and Ideas

32 Macroeconomics: Events and Ideas / 943

PART 15 The International Economy

33 International Macroeconomics / 963

Solutions to Check Your Understanding Questions / S-1

IZDDD TIP

Glossary / G-1

Index / I-1