

CONTENTS

Preface	xvii
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SECTION I : BASICS **1**

Chapter 1 An Overview **3**

The Economy Is Us 4

The Nature of Economic Choice 6

Opportunity Costs 6

Production Possibilities 8

Increasing Opportunity Costs 10 • Points inside and outside the Curve 13 • Growth and Technology 14

How Choices Are Made 15

The Market Mechanism 15 • Command Economies 16 • Market Imperfections 17 • Mixed Economies 18

What Economics Is All about 19

End vs. Means 19 • Macro vs. Micro 20 • Theory and Reality 21 • Policy 21 • Controversy 22 • Modest Expectations 23

Summary 23

World View:

Where Communist Economies Fell Short 17

In the News:

Worried about Wealth 4 • The Peace Dividend 7

Appendix: Using Graphs **25**

Slopes 26 • Shifts 27 • Linear vs. Nonlinear Curves 28 • Causation 29

Chapter 2 Supply and Demand **31**

Market Participants 32

Goals 32 • Constraints 33 • Specialization and Exchange 33

Market Interactions 33

The Two Markets 34 • Dollars and Exchange 35 • Supply and Demand 36

Demand 36

Individual Demand 36 • Determinants of Demand 38 • *Ceteris Paribus* 39 • Shifts in Demand 39 • Movements vs. Shifts 40 • Market Demand 40 • The Market Demand Curve 41

Supply 43

Determinants of Supply 43 • The Market Supply Curve 44 • Shifts in Supply 45

Equilibrium 45

Surplus and Shortage 46 • Changes in Equilibrium 49

Disequilibrium Pricing 50

Price Ceilings 50 • Price Floors 52

Policy Insights: Laissez Faire 54

What, How, For Whom 55 • Optimal, Not Perfect 55

Summary 56

World View:

Dining on the Downtick 51 • Fed up with the Food Fight 53

In the News:

Typing Services 43 • Condo Prices in New York 46 • Surplus Punches Hole in Oil Price 48 • U2 Fans and the Longest Five Days 48

Chapter 3 The Public Sector **59**

Micro Failure 60

Public Goods 60 • Externalities 62 • Market Power 64 • Equity 65

Macro Failure 65

Growth of Government 66

Federal Growth 66 • State and Local Growth 67

Government Spending 68

The Federal Budget 69 • Expenditures on Goods and Services 69 • Income Transfers 70 • Interest 71 • State and Local Spending 71

Taxation 72

Federal Taxes 72 • State and Local Revenues 74

Policy Insights: Government Failure? 76

Perceptions of Waste 77 • Opportunity Costs 77 • Public Choice 79

Summary 82

World View:

Public-Sector Spending 68

In the News:

Beverly Hills Outlaws Smoking in Restaurants 63 • Some Taxing Facts about Lotteries 75 • Rising Doubts about Government Waste 76 • A Sampling of 1988–1989 State Referendums 80

SECTION II : MICROECONOMICS **85**

PART A: PRODUCT MARKETS: BASIC THEORY **87**

Chapter 4

The Demand for Goods **89**

Patterns of Consumption 89

Determinants of Demand 90

The Sociopsychiatric Explanation 90 • The Economic Explanation 91

The Demand Curve 93

Utility Theory 93 • Price and Quantity 95

Price Elasticity 96

Computing Price Elasticity 97 • Price Elasticity and Total Revenue 99 • Determinants of Elasticity 101

Other Elasticities 103

Shifts vs. Movements 103 • Income Elasticity 103 • Cross-Price Elasticity 106

Choosing among Products 107

Marginal Utility vs. Price 108 • Utility Maximization 108 • Utility-Maximizing Rule 110

Policy Insights: Caveat Emptor 481

Are Wants Created? 113

Summary 114

World View:

Curbing Smoking 97 • Where the Pitch Is Loudest 112

In the News:

Men vs. Women: How They Spend 91 • Raising the D.C. Gas Tax: A Lesson in Elasticity 104 • CDs Displace LPs 107 • Miller Lite: An Advertising Success 113 • The New Coke: An Advertising Flop 113

Appendix: Indifference Curves 116

Constructing an Indifference Curve 117

An Indifference Map 118

Utility Maximization 119

The Budget Constraint 120 • Optimal Consumption 120 • Marginal Utility and Price: A Digression 121

Deriving the Demand Curve 122

The Demand Schedule and Curve 124

Chapter 5

The Costs of Production

125

The Production Function 125

Efficiency 127 • Short-Run Constraints 125 • Marginal Productivity 129 • Diminishing Returns 131

Resource Costs 131

Marginal Cost 132

Dollar Costs 133

Total Cost 134 • Average Costs 136 • Marginal Cost 139 • A Cost Summary 140

Economic vs. Accounting Costs 142

Economic Cost 143

Long-Run Costs 143

Long-Run Average Costs 144 • Long-Run Marginal Costs 145

Economies of Scale 145

Policy Insights: Productivity Improvements 148

Summary 149

World View:

Unit Labor Costs 136

In the News:

Some Firms Fight Ills of Bigness by Keeping Employee Units Small 147 • R&D Spending in 1988 149

Chapter 6

The Competitive Firm

153

The Profit Motive 153

Other Motivations 154

Economic vs. Accounting Profits 154

Economic Profits 156 • Entrepreneurship 158 • Risk 158

The Nature of Competition 159

Price Takers 159 • Market Demand Curves vs. Firm Demand Curves 160

The Production Decision 161

Output and Revenues 161 • Output and Costs 162

Profit-Maximizing Rule 164

Marginal Revenue = Price 164 • Marginal Cost 165 • Profit-Maximizing Rate of Output 166 • Adding up Profits 168

The Shutdown Decision 170

Price vs. AVC 171 • The Shutdown Point 172

The Investment Decision 172

Long-Run Costs 173

Determinants of Supply 173

Short-Run Determinants 174 • Supply Shifts 175

Policy Insights: Taxing Business 175

Property Taxes 176 • Payroll Taxes 177 • Profit Taxes 177

Summary 177

World View:

Volkswagen to Close Only U.S. Plant 172

In the News:

Are Money and Status Losing Their Allure? 155

Chapter 7 Competitive Markets 181

Firm vs. Market Supply 181

Entry and Exit 182 • Tendency toward Zero Profits 182 • Low Barriers to Entry 185 • Market Characteristics 185

Competition at Work: Microcomputers 186

Initial Conditions: The Apple I 187 • The Production Decision 187 • Profit Calculations 189 • The Lure of Profits 190 • Low Entry Barriers 190 • A Shift of Market Supply 191 • Home Computers vs. Personal Computers 194 • Price Competition in Home Computers 195 • Further Supply Shifts 196 • Shutdowns 197 • Exits 198 • The Personal Computer Market 198

Reflections on the Competitive Process 198

The Relentless Profit Squeeze 199 • The Social Value of Losses 201 • Competitive Efficiency 202

Policy Insights: Competitive Market Efficiency 203

Summary 204

World View:

No Competition = No Soap in Russia 203

In the News:

Southern Farmers Hooked on New Cash Crop 184 • Apple's Morning After: Lots of Competition 191 • IBM to Halt PCjr Output Next Month 199 • U.S. PC Sales Race Higher 200

Chapter 8 Monopoly 207**Market Power 208**

The Downward-Sloping Demand Curve 208 • Monopoly 209 • Price and Marginal Revenue 209 • Profit Maximization 211

Market Power at Work: The Computer Market Revisited 212

The Production Decision 213 • The Monopoly Price 215 • Monopoly Profits 215 • Barriers to Entry 217

A Comparative Perspective on Market Power 219

The Limits to Power 220 • Price Discrimination 221

Pros and Cons of Market Power 222

Research and Development 222 • Entrepreneurial Incentives 223 • Economies of Scale 224 • Contestable Markets 225

Policy Insights: AT&T and IBM 226

Antitrust Laws 226 • AT&T: Extending a Natural Monopoly 227 • IBM: Big Is Not Necessarily Bad 228

Summary 230**World View:**

Foxy Soviets Pelt the West 218 • Contestable Markets 226

In the News:

Congressman Seeks Antitrust Probe of Nintendo Marketing 218 • Jury Rules Magnatek Unit Is Liable for Keeping Technology Off Market 223 • A New Era of Hot Competition 229

Chapter 9 Imperfect Competition 235**Degrees of Power 236**

Market Structures 236 • Determinants of Market Power 238

Oligopoly Behavior 238

The Initial Equilibrium 239 • The Battle for Market Shares 239 • Retaliation 241

The Kinked Demand Curve 242

Price Reductions 243 • Price Increases 244 • Gamesmanship 245 • Industry Price: The Monopoly Target 246 • Sticky Prices 246

Oligopoly vs. Competition 248

Price Rigidity 248 • Price and Output 248 • Coordination 249

Monopolistic Competition 250

Independent Production Decisions 251 • Product

Differentiation 252 • Inefficiency 253

Policy Insights: Nonprice Competition 254**Summary 256****World View:**

OPEC Prices 251

In the News:

Marketing: Cold Cures Spread Like Flu as Companies Fight for Sales 242 • Ford Matches GM on Rate Cuts 244 • Texas Air Corp. Carriers Refuse to Boost Fares 245 • Who Can Be Loyal to a Trash Bag? 252 • The Cola Wars: It's Not All Taste 255

PART B: PRODUCT MARKETS: ISSUES 259**Chapter 10 Market Power and Antitrust 261****Business Organization 261**

Business Types 261 • Market Power 263 • Concentration Ratio 263 • Firm Size 265 • Measurement Difficulties 267

Market Behavior 268

Price Fixing 268 • Price Leadership 270 • Allocation of Market Shares 271 • Patents 272 • Distribution Control 273 • Mergers and Acquisitions 275 • Government Regulation 276 • Nonprice Competition 276 • Other Barriers to Entry 277

Antitrust Guidelines 279

Industry Behavior 279 • Industry Structure 280 • Objections to Antitrust 281 • The Herfindahl-Hirshman Index 282

Summary 283**World View:**

Market Power 266 • European Antitrust Agreement 281

In the News:

Wm. Wrigley Boosts Gum Prices in U.S. Except Orbit Brand 265 • Price Fixing Charged on Soft Drinks 270 • Car Buyers Caught in the Middle of GM's Battle with Discounters 274 • Business Journal to Buy, then Close, Business Review 275 • Designer Jeans: Product Differentiation Is Everything 277 • Topps Gum Strikes out on Baseball Card Game 280

Chapter 11 (De)Regulation of Business 285**Antitrust vs. Regulation 285**

Sanctions vs. Rules 286 • Social vs. Economic Regulation 286 • Market Failure 286 • Government Failure 286

Natural Monopoly 288

Declining ATC 289 • Price Regulation 291 • Profit Regulation 292 • Output Regulation 293 • Second-Best Solutions 294

The Costs of Regulation 295

Administrative Costs 295 • Compliance Costs 295 • Efficiency Costs 295 • Balancing Benefits and Costs 296

Deregulation in Practice 296

Railroads 296 • Trucking 298 • Telephone Service 299 • Airlines 300

Deregulate Everything? 304

Summary 304

World View:

London's "Big Bang" 297 • Demise of Telephone Monopolies 300

In the News:

Prying open the Cable-TV Monopolies 290 • FCC Hopes New Regulations Will Cut Phone Rates—but Others Aren't So Sure 293 • The Milking of New York City 297

Chapter 12

Environmental Protection 307

The Environmental Threat 308

Air Pollution 308 • Water Pollution 310 • Solid-Waste Pollution 312

The Cost of Pollution 313

Assigning Prices 313 • Cleanup Possibilities 314

Market Incentives 314

The Production Decision 314 • The Efficiency Decision 316

Market Failure: Externalities 316

Externalities in Production 316 • Externalities in Consumption 318

Regulatory Options 320

Altering Market Incentives 320 • Bypassing the Market 323 • Central Planning 324 • Balancing Benefits and Costs 325 • Opportunity Costs 325 • The Optimal Rate of Pollution 326 • Who Will Pay? 326 • 1990 Clean Air Act Amendments 328

Summary 329

World View:

The Greenhouse Controversy 310 • Cleaning Up the West's Dirtiest Nation 319 • Darkness at Noon: As Shroud of Secrecy Lifts in East Europe, Smog Shroud Emerges 325

In the News:

Is Breathing Hazardous to Your Health? 309 • Dangerous Amounts of Lead in Drinking Water 311 • Los Angeles Legislation Requires Recycling, Trash Separation 324 • Breathing Easier: Clean-Air Will Cost Americans \$21.5 Billion a Year 327

Chapter 13 The Farm Problem 333

Destabilizing Forces 333

Competition in Agriculture 333 • Technological Advance 334 • Inelastic Demand 334 • Abrupt Shifts of Supply 335

The First Farm Depression, 1920–40 336

U.S. Farm Policy 339

Price Supports and Supply Restrictions 339 • Cost Subsidies 341 • Direct Income Support 342

The Second Farm Depression, 1980–86 343

The Cost Squeeze 344

Policy Options for the 1990s 345

Market Pricing 346 • Income Support 346

Summary 347

World View:

EC Farm Subsidies 342

In the News:

Milk Taxpayers Instead of Cows? 345

PART C: FACTOR MARKETS: BASIC THEORY 351

Chapter 14 The Labor Market 353

Labor Supply 353

Income vs. Leisure 354 • A Backward Bend? 356

Market Supply 357

Elasticity of Labor Supply 357 • Institutional Constraints 358

Labor Demand 358

Derived Demand 359 • The Labor-Demand Curve 360 • Marginal Physical Product 360 • Marginal Revenue Product 361 • The Law of Diminishing Returns 361

The Hiring Decision 364

Firm vs. Market Demand 364 • Changes in Wage Rates 366 • Changes in Productivity 367

Market Equilibrium 367

Equilibrium Wage 367

Choosing among Inputs 368

Cost Efficiency 368 • Alternative Production Processes 370 • The Efficiency Decision 370

Policy Insights: Comparable Worth—A Challenge to Wage Theory 372

Unmeasured MRP 373 • Discrimination 374

Summary 375

World View:

In Moscow, 25,000 Apply for 630 Jobs at McDonald's 354

In the News:

MBA Grads Seek Challenge at Work, Not Just Big Bucks 356 • Merit Pay for Priests 361 • Where the Really Big Money Is 365 • Minimum Wage Goes Up 369 • Louisville's Two Coaches Priceless 373 • Typist = Driver 374

Chapter 15

Power in Labor Markets 379

The Labor Market 379

Competitive Equilibrium 380 • Local Labor Markets 380

Labor Unions 381

Types of Unions 381 • Union Objectives 381 • The Potential Use of Power 382 • The Marginal Wage 383 • Monopolistic Equilibrium 384 • Exclusion 385

The Extent of Union Power 386

Early Growth 386 • Union Power Today 386

Employer Power 389

Monopsony 389 • The Potential Use of Power 389

Collective Bargaining 392Possible Agreements 392 • The Pressure to Settle 393 •
The Final Settlement 393**Policy Insights: The Impact of Unions 395**Relative Wages 395 • Labor's Share of Total
Income 396 • Prices 397 • Productivity 397 • Political
Impact 397**Summary 398****World View:**

Coal Miner Strikes in Siberia and Appalachia 394

In the News:What Auto Workers Won 382 • Free Agents in Sports:
A Threat to Monopsony 390**Chapter 16****Rent, Interest, and Profit 401****The Functional Distribution of Income 401****Rent 403**The Price of Corn 403 • The Price of Land 404 •
Economic Rent 405 • Rent Control 407**Interest 408**The Loanable Funds Market 408 • The Rate of Return
to Capital 409 • Present Discounted Value 409**Profit 411**Entrepreneurship 412 • Risk 412 • Monopoly
Profits 412**Policy Insights: Venture Capitalists 413****Summary 414****In the News:**U.S. Farm Incomes and Land Prices 405 • Giants'
Clark: \$15 Million 406 • \$55 Million Lottery Worth Only
\$28 Million! 411 • Marketing Milestones of the
Decade 413**PART D: FACTOR MARKETS: ISSUES 417****Chapter 17 Taxes:
Equity vs. Efficiency 419****What Is "Income"? 420**

Personal income 420 • Wealth and Happiness 420

The Size Distribution of Income 421

The Lorenz Curve 422

The Federal Income Tax 424

Efficiency? 425 • Equity? 425

The 1986 Tax Reform Act 427

Base Broadening 427 • Rate Reductions 428

Payroll, State, and Local Taxes 430

Sales and Property Taxes 430 • Payroll Taxes 431

Taxes and Inequality 432A Proportional System 432 • The Impact of
Transfers 432**What Is "Fair"? 432**

The Costs of Greater Equality 433 • The Benefits of

Greater Equality 433

Summary 435**World View:**

Income Share of the Rich 423

In the News:The President's Tax 429 • Cut the Capital Gains
Tax? 434**Chapter 18 Work vs. Welfare 437****The Extent of Poverty 438**Cash vs. In-Kind Income 438 • Two Poverty
Counts 440**Policy Options 440**

More Work 441 • More Welfare 441

The Work–Welfare Dilemma 442The AFDC Program 442 • The Work-Incentive
Problem 442**Conflicting Welfare Goals 446**Incentives vs. Costs 446 • The Family Support Act of
1988 448 • Workfare 449 • EDfare 449**Summary 449****World View:**

Soviet Poverty 439

In the News:Breaking through the Welfare Myths 443 • Does
Welfare Reduce Work? 446 • Older Workers: "It Still
Doesn't Pay to Work" 448**Chapter 19 Financial Markets 451****The Role of Financial Markets 451**Resource Allocation 452 • Financial
Intermediaries 452 • Risk Management 453**The Stock Market 453**Corporate Ownership 454 • Initial Public Offering 456 •
The After Market 456 • Expectations 458 • The Value of
Information 460 • Booms and Busts 461**The Bond Market 463**Bond Issuance 463 • Bond Trading 464 • Risk and
Uncertainty 465 • Leveraged Buyouts and Junk
Bonds 466 • Asset Leverage 467**Futures Markets 468**Price Discovery 469 • Risk Assumption 470 • Market
Signaling 471**Policy Insights: Insider Trading 471**

Inequity 472 • Inefficiency 473

Summary 473**World View:**Financing Columbus 454 • The Global Stock
Market 455 • Euro Disney's IPO 457 • Soviet
Shareholders May Get the Vote 458**In the News:**Origins of the New York Stock Exchange 462 • Biggest
Buyouts of the 1980s 468 • Ivan Boesky's Last
Deal 472

SECTION III : INTERNATIONAL ECONOMICS AND COMPARATIVE SYSTEMS 475

Chapter 20 International Trade 477

U.S. Trade Patterns 478

Imports 478 • Exports 478 • Trade Balances 478

Motivation to Trade 480

Production and Consumption without Trade 481 •
Production and Consumption with Trade 484

Pursuit of Comparative Advantage 486

Opportunity Costs 486 • Absolute Costs Don't Count 487

Terms of Trade 488

Limits to the Terms of Trade 488 • The Role of Markets and Prices 488

Protectionist Pressures 490

Microeconomic Pressures 490 • Additional Pressures 492

Barriers to Trade 494

Embargoes 495 • Tariffs 495 • Quotas 496 • Voluntary Restraint Agreements 499 • Nontariff Barriers 500 • Trading Blocs 500 • GATT 501

Policy Insights: Trade Adjustment 502

Worker Assistance 503 • Industry Subsidies 504 • 1988 Trade Act 504

Summary 505

World View:

Exports in Relation to GNP 480 • Partners in Trade 482 • Canada Rules Hyundai Dumped Cars, Imposes Stiff Provisional Import Duties 494 • "Beggar Thy Neighbor" Policies in the 1930s 497 • Sugar Quota a Sour Deal 500 • Japanese Cars: Voluntary Export Restraint 501 • Trade Talks Lead to Way to Lower Tariffs by 30% 502

In the News:

Whining over Wine 491 • A Litany of Losers 492 • Reallocating Labor: Comparative Advantage at Work 503

Chapter 21 International Finance 509

Exchange Rates: The Critical Link 509

Foreign-Exchange Markets 510

The Demand for Foreign Currency 510 • The Supply of Foreign Currency 511 • Balance of Payments 511 • Supply and Demand Curves 513

Market Dynamics 515

Depreciation and Appreciation 515 • Market Forces 516

Resistance to Exchange-Rate Changes 518

Micro Interests 518 • Macro Interests 519 • U.S. a Net Debtor 519

Policy Insights: Exchange-Rate Intervention 521

Fixed Exchange Rates 521 • Flexible Exchange Rates 525 • Managed Exchange Rates 526

Summary 527

World View:

Honda Raises Prices for Its cars, Citing Slide in U.S. Dollar 514 • Canadian Dollar's Rise Spurs Imports, Producing First Trade Deficit in 13 Years 518 • U.S. Solidified No. 1 Debtor Rank in '86 as Investment Gap More than Doubled 520 • Japan's Big Economic Debate 524

In the News:

Fed Intervention 527

Chapter 22 International Development 531

Third World Incomes 532

GNP per Capita 532 • Basic Human Needs 532 • GNP Growth 533

Barriers to Growth 534

Labor Resources 535 • Capital Resources 536 • The Debt Crisis 542 • Foreign Aid 543 • Technology 544 • Institutional Structure 544

Growth Strategies 545

Agriculture vs. Industry 545 • Balanced vs. Unbalanced Growth 546 • External vs. Domestic Markets 546 • More Aid 549

Summary 549

World View:

China to Levy Tax as Birth Check 535 • In Third World India, College Students Study Humanities, Not Skills 537 • Multinational Development Banks 540 • IMF Cuts Off Argentina from Financial Aid 541 • Senegal: A Subsistence Struggle 547

Chapter 23 The Collapse of Communism 553

The Promise 554

Marx's Vision 554 • The Socialist Transition 554

Central Planning 555

Production Possibilities 555 • Resource Allocation 557 • Input-Output Analysis 558 • Prices 558 • Income Distribution 561

Problems of Implementation 561

Complexity 561 • Incentives 562 • Shortages 564 • Involuntary Savings 566 • Nonconvertible Currency 567

The Collapse 568

Increasing Pressures 568 • Glaring Disparities 569

The Market Transition 571

Perestroika 571 • Price Reform 571 • Currency Reform 571 • Private Property 572

Goal Tradeoffs 572

Equity vs. Efficiency 572 • Security vs.

Uncertainty 573 • Politics vs. Economics 574

Summary 575**World View:**

Soviets Find Job for Every College Grad 558 • Soviets Outline Dramatic Farm Deficiencies 563 • Pork, Sugar Rationing Reimposed in Beijing 565 • Hungary Tells U.S.S.R. It Wants Trade in Dollars 568 • The Soviet Economy in Shambles 569 • China Striving to Rebuild "Socialist Ideals" 573 • East German Freedom Has a Price 574 • Gorbachev Shows Economic Change 575

Glossary**579****Index****583****Endpapers**

Number and Median Income of Families and Persons, and Poverty Status, by Race, 1970–88 • Productivity and Related Data, Business Sector, 1947–89 • Corporate Profits with Inventory Valuation and Capital Consumption Adjustments, 1929–89 • Business Formation and Business Failures, 1945–89 • U.S. International Transactions, 1946–89

By the time most students begin their introductory economics planning, central planners were looking for new jobs. And teachers of introductory economics were looking for new text books. Today's students want explanations for the collapse of communism. They are newly motivated to understand how the "invisible hand" of the marketplace works and why central planners look with envy at its efficiency. This changing world requires a new approach to economics, going "back to basics" and highlighting the comparative appeal of free markets.

The collapse of communism was not the only headline story of recent years. The financial markets have also figured prominently in the news. First there was the crash of 1987. Then came the tremor of October 13, 1989, which sent the Dow Jones Industrial Average plunging 182 points. In 1990 the Japanese stock market also took a tumble, dropping more than 40 percent. Continuing volatility along with insider trading scandals raise basic concerns about the stability and integrity of all financial markets. The growth of the financial services sector, together with the central role of financial markets in allocating resources, makes these concerns important economic issues that can no longer be ignored in a principles course.

The fifth edition of *The Micro Economy Today* responds fully to these challenges. Both the appeal and the shortcomings of central planning are clearly expressed in a new chapter on the collapse of communism. Market and central economies are compared throughout the text in areas as diverse as commodity pricing, labor relations, environmental protection, and trade. These perspectives are reinforced with a basic issue that recurs through the entire text, namely, the alternate risks of market failure and government failure. This same theme is apparent in the new chapter on financial markets, which focuses on the economic functions of stock, bond, and futures markets.

The Micro Economy Today doesn't just follow the headlines. Pedagogy changes as well. We all try to make every lecture a little better, every test a bit more discriminating. The fifth edition strives for the same kinds of improvement. *The Micro Economy Today* seeks to make the study of economics as dynamic and exciting as the real economy itself.

What's New in This Edition

What most clearly differentiates *The Micro Economy Today* from other texts are the following features:

Global Vision To handle the economics today, students must learn to think in global terms. In *The Micro Economy Today* this global vision is manifested in