



### **Economics, Brief Edition, 3<sup>rd</sup> ed.**

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Economics ISBN: 0078021871 / 9780078021879

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### **Integrated, Distinct Book**

Although *Economics: Brief Edition* is a spin-off of *Economics*, twenty-first edition, it is not a cut-and-paste book that simply eliminates several chapters of *Economics* and reorders and renumbers the retained content. We can prepare such books via custom publication. Instead, the *Brief Edition* is a very concise, highly integrated economics textbook that is distinct in purpose, style, and coverage from *Economics* and its Micro and Macro splits.

### **What's New and Improved?**

One of the benefits of writing a successful text is the opportunity to revise—to delete the outdated and install the new, to rewrite misleading or ambiguous statements, to introduce more relevant illustrations, to improve the organizational structure, and to enhance the learning aids.

We trust that you will agree that we have used this opportunity wisely and fully. Some of the more significant changes include the following:

#### **New Behavioral Economics Chapter**

Placed at the end of the text for those instructors who want to supplement the primary material, this chapter on behavioral economics provides insights for those students wrestling with some of the standard assumptions and conclusions of traditional economics. Topics covered include time inconsistency, myopia, decision-making heuristics, framing effects, mental accounting, loss aversion, the

endowment effect, and reciprocity. The discussion is couched in terms of consumer decision making and includes numerous concrete examples to bring the material home for students.

We have also striven to make clear to students the ways in which behavioral economics builds upon and augments the insights of traditional neoclassical economics. Thus, the chapter opens with a section comparing and contrasting behavioral economics and neoclassical economics so that students will be able to see how both can be used in tandem to help understand and predict human choice behavior.

### **Updated Discussions of the Financial Crisis and the Recession**

In the previous edition, we focused on incorporating an analysis of the financial crisis, the recession, and the hesitant recovery into our discussions of macroeconomics. This edition reflects more recent developments, including continued slower than historical economic growth. We found many ways to work the recession into our macro chapters, and are confident that our basic macroeconomic models will continue to serve well in explaining business cycles and the economy's long run growth path. The new inclusions relating to the recession and recovery help students see the relevance of the models to what they are seeing in the news and perhaps experiencing in their own lives. The overall tone of the book, including the macro, continues to be optimistic with respect to the long-term growth prospects of market economies.

### **Updated End-of-Chapter Questions and Problems**

We have updated the end-of-chapter questions, adding new problems to reflect revised and enhanced content. The questions are analytic and often ask for free responses, whereas the problems are mainly quantitative. We have aligned the questions and problems with the learning objectives presented at the beginning of the chapters. All of the questions and problems are assignable through McGraw Hill's *Connect*, and many contain additional algorithmic variations and can be automatically graded within the system.

## **Chapter-by-Chapter Changes**

In addition to the changes and new features listed above, chapter-specific revisions include:

**Chapter 1: Limits, Alternatives, and Choices** features updated examples of opportunity cost, and the

**Chapter One Appendix: Graphs and Their Meaning** has been converted from Web-Only content into the main product.

**Chapter 2: The Market System and the Circular Flow** includes several updates, including the example of consumer sovereignty, business and household sector data in the United States, and global data.

**Chapter 3: Demand, Supply, and Market Equilibrium** provides a new "Applying the Analysis" piece on Uber and dynamic pricing. The **Chapter Three Appendix: Additional Examples of Supply and Demand** has been converted from Web-Only content and relocated into the main product.

**Chapter 5: Market Failures: Public Goods and Externalities** features updated information on the U.S. tax structure. Taxes to correct negative externalities are now referred to as "Pigovian taxes" (versus "specific taxes" in previous editions).

**Chapter 8: Pure Monopoly** presents a new "Applying the Analysis" on monopoly power in the Internet age, replacing the De Beers diamond monopoly example.

**Chapter 9: Monopolistic Competition and Oligopoly** includes a new "Applying the Analysis" piece on Internet oligopolies, replacing the example of oligopoly in the beer industry.

**Chapter 10: Wage Determination** features revised discussion and updated data on occupational employment trends, wage differentials, and the minimum wage.

**Chapter 11: Income Inequality and Poverty** contains improved discussion and significant updates to the data on the distribution of income, poverty, and income-maintenance programs.

**Chapter 12: Public Finance: Expenditures and Taxes** contains significant data updates, including those resulting from the "Tax Cuts and Jobs Act" that went into effect in January 2018.

**Chapter 13: GDP and Economic Growth** contains a new discussion on the recent slowdown in productivity growth, as well as numerous updates of both domestic and international data.

**Chapter 14: Business Cycles, Unemployment, and Inflation** presents a new "Applying the Analysis" on the specter of deflation facing the U.S. and other economies, as well as updated coverage of current unemployment rates and inflation throughout the world.

**Chapter 16: Fiscal Policy, Deficits, and Debt** includes important updates related to the recession, the subsequent policy response, and the debt debate. It also incorporates the "Tax Cuts and Jobs Act" passed in December 2017.

**Chapter 18: Interest Rates and Monetary Policy** features updated coverage of recent U.S. monetary policy, including a new discussion of the negative lower bound and the European Central Bank's recent policy of negative nominal interest rates. The discussion of negative rates replaces the "Applying the Analysis" piece on the Fed's balance sheet and its extensive growth.

**Chapter 19: Long-Run Aggregate Supply and Aggregate Demand** contains significant data updates.

**Chapter 20: International Trade and Exchange Rates** includes updated material on recent U.S. trade deficits and a revised discussion related to Fed policy and changes in the relative value of the U.S. dollar.

Plus, extensive Smartbook/Learnsmart revision, inclusion of Parent Bank material (Connect the Dots Videos, Interactive graphs, Math Prep, etc.), and guided example videos accompanying select EOC material.