

Economics

Principles and Policy



[美] William J. Baumol Alan S. Blinder 著

经济学

原理与政策 (第9版)



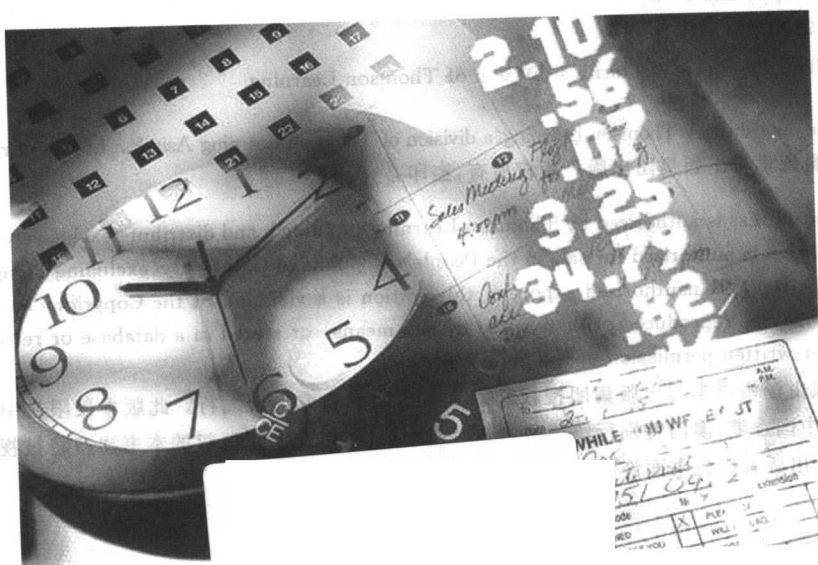
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经济学精选教材 (英文影印版)

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William J. Baumol and Alan S. Blinder

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丛书序言

经过一段时间的精心酝酿和准备,由北京大学出版社出版的国外引进版的经济学精选教材系列终于与读者见面了。

目前入选该系列的教材共有四本:一本是经济学导论,William Baumol 和 Alan Blinder 的 *Economics: Principles and Policy* (第 9 版);一本是微观经济学教材, Walter Nicholson 的 *Microeconomic Theory: Basic Principles and Extensions* (第 9 版),另加两本宏观经济学教材, Roger Farmer 的 *Macroeconomics* (第 2 版)和 Richard Froyen 的 *Macroeconomics: Theories and Policies* (第 8 版)。除第一本为经济学初学者入门教材外,后三本均属于中级水平的教材,面向的读者对象为大学经济学专业的本科生和 MBA 学生。

这四本教材可以说各有特色。

Baumol 和 Blinder 合写经济学可谓珠联璧合。Baumol 是当代最著名的微观经济理论大师之一,在他半个世纪的研究生涯中不断有新理论面世,是名副其实的“常青树”;Blinder 则是著名的宏观经济学家,擅长财政和货币政策研究,长期参与美国宏观经济学政策的辩论,曾做过克林顿的总统经济顾问。由这两位大家合写一本同时强调理论与政策含义的经济学导论自然是再合适不过了。我一直认为,经济学最直观和最精深的智慧都在经济学导论中,千万别小瞧了它,应该反复研读。在阅读此书时,读者要特别注意那些紧密结合现实世界问题的经济学分析,从这些分析中你才能真正体会到经济学是一种让人学会思考的有力工具。

Nicholson 的中级微观堪称这方面的经典教材:它初版于 1972 年,每隔几年修订一次,到现在已是第 9 版。如此长盛不衰的教材并不多见。我在美国斯坦福大学读书时做过本科生微观课的助教,教授选定的教学参考书中就有这本书,当时是第 7 版。此书最大的特点是它的严谨性,注重每一个理论的模型背景与数学推导。它没有其他同类教材那么多生动活泼的例子,而是一板一眼用图例和数学公式说明经济学的道理。每章后都附有一些相关学术论文,作者对每篇文献还作了一些简要的评论,似乎希望有兴趣者会找到原始文献加以研读,所以此书的难度应该在中级教材之上。美国学生可能不太喜欢这种板着脸说事的风格,但我觉得中国

学生会非常适应。我建议最好将此书与别的“图文并茂”的微观教材结合起来阅读,收获会更大一些。

两本宏观教材虽非出自名家之手,但仍然不失为优秀的教科书,有许多可圈可点之处。Farmer 的宏观经济学包含了一本标准的中级宏观经济学教材所应涉及的内容,如古典总供给与总需求理论、IS-LM 曲线和新凯恩斯总供给理论,另外还专门介绍了理性预期理论和近年来兴盛起来的内生增长理论。全书叙述简明、清晰,可读性强。作者充分利用当今的网络技术,为读者提供了许多网站链接,以进一步了解某些重要知识。相比之下,Froyen 更注重宏观经济学的发展与演化,为那些感兴趣于思想史的读者提供了一条清晰的理论发展脉络。近年来的宏观经济学发展非常强调与微观经济学相统一的方法论基础,但不同思想派的特征在当今的宏观理论中仍然表现得十分明显。而要深入了解这些学派的发展和主要特征,Froyen 的书很值得一读。这两本书因各有侧重,最好将它们结合起来学习。

大家也许注意到,这些国外教材在国内已出过不少种类,比如经济学导论教材,就先后出版过著名经济学家萨缪尔森、斯蒂格利茨和曼昆的三本经济学原理,其他微观和宏观的国外教材也是品种繁多。那为什么我们还需要继续去影印或翻译同类经济学教材呢?我想,经济学教材可以看做是一种差异化产品,它们之间有替代性,但替代性不是完全的,就像不同品牌的汽车和笔记本电脑一样,可以满足不同偏好的消费者的需求。最关键的一点是,读者可以通过研读和比较不同“品牌”的教材获得关于经济学更全面、更丰富的理解和知识。我觉得经济学的精妙之处很难从一本书里获得,对初学者尤其如此。

作为在 20 世纪 80 年代求学的我非常羡慕现在的大学生,他们的选择可以如此之多,而我们那时,西方经济学教材寥寥无几,记忆中国外的就只有高鸿业先生翻译的萨缪尔森的《经济学》三册本,虽然是精品,值得反复揣摩,我那时也从被迫的精读中获益巨大,但总是期待有同类的教科书可一并参读。

经济学精选教材系列是一个开放的系列,这次初选四本,以后将根据教材的供需状况陆续增加。我相信,这套经济学系列教材将为经济学爱好者提供丰盛的知识大餐。

周黎安

2005 年 6 月于北京大学光华管理学院

关于本书

适用对象

本书适用于经济学专业高年级本科生和低年级研究生。

内容简介

自从二十多年前总供给/总需求模型被作为经济学基本工具引入经济学的学习后,本书一直是经济学领域公认的翘楚。威廉·鲍莫尔和阿兰·布林德在这一版本继续他们一贯的风格,讲授经济学知识和分析工具,使得学生能够将现代经济学应用于现实世界。本书特色在于介绍最强有力的政策干预以及深入关注一些最重要的经济学工具,而这些工具学生在课后仍应牢记。

作者简介

威廉·鲍莫尔出生于纽约,在纽约城市大学获得社会科学学士学位,后在伦敦大学获得博士学位。目前他是纽约大学经济学教授及普林斯顿大学高级经济研究学者和名誉教授。他经常为美国和其他国家许多行业的大公司管理层和政府机构提供咨询。

主要特色

- **问题驱动原则**: 通过思考问题引导学生理解经济学原理。以一个真实经济“谜语”或问题开始每一章的学习,把经济学带入学生的日常生活中。

- **注重关键思想**: “超越考试的思想”是经证实可行的,受到学生和老师的一致认可。作者选择了九个最关键的经济学概念,学生在完成课程后应记住。作者在第一章就介绍了这些概念,并用空白图标突出,而且在全书再进行深入讨论。

- **政策为主**: 本书是市场上最具政策导向性的书籍之一。文中有专门的“政策讨论”框,使得整个章节充满生气,并且提供了课堂讨论的材料。

- **鲍莫尔 Xtra!**: 鲍莫尔 Xtra! CD(可选择与本书配套使用)提供了一系列额外的在线学习工具。Xtra! 包括图表站、掌握图表语言的一站式学习资源、CNN 视频应用、教师授课视频以及许多其他的练习。

本版特色

全部采用最新数据: 本书中的经济数据全部来自最新资料,并且真实可靠。

简要目录

2. 稀缺和选择：经济学问题

3. 供给和需求：最初一瞥

第二部分 需求和供给的基石

4. 消费者选择：个人和市场需求

5. 需求和弹性

6. 生产、投入和成本：供给分析的基石

7. 产出、价格和利润：边际分析的重要性

第三部分 市场，从竞争到垄断：美德和恶行

8. 完全竞争下的公司和行业

9. 价格体系和自由市场案例

10. 垄断

11. 竞争和垄断之间

12. 市场机制：缺点及其补救措施

13. “新经济”的微观经济学：创新和增长

14. 现实中的公司及其融资：股票和债券

第四部分 收入分配

15. 生产要素定价

16. 劳动力：人力投入

17. 贫穷、不均和歧视

第五部分 政府和经济

18. 限制市场势力：管制和反托拉斯

19. 税收和资源分配

20. 外部性、环境和自然资源

第六部分 宏观经济：总供给和总需求

21. 宏观经济学领域

22. 宏观经济政策的目标

23. 经济增长：理论和政策

24. 总需求和消费者力量

25. 需求平衡：失业还是通货膨胀

26. 供给平衡：失业和通货膨胀

第七部分 财政政策和货币政策

27. 总需求管理：财政政策

28. 货币和银行体系

29. 货币政策和国民经济

30. 关于货币政策和财政政策的争论

31. 财政政策、货币政策和增长

32. 通货膨胀和增长：菲利普斯曲线

第八部分 世界经济中的美国

33. 国际贸易和比较优势

34. 国际货币体系：有序还是混乱

35. 汇率和宏观经济

教辅产品

- 教师手册与习题指南
- 课堂练习手册
- 试题库
- PowerPoint 文字演示片
- PowerPoint 图片演示片
- 勘误表

ECONOMICS: PRINCIPLES AND POLICY

Letter from the Authors

Dear Instructors:

Thank you for your interest in and support of **Economics: Principles and Policy**. We are proud of the fact that over the past 25 years our book has introduced millions of students to the world of economics in a way that engages their interest and opens their eyes to aspects of real economic life that they did not understand before.

The economy changes all the time, but some economic principles endure. These principles are the same as those that have guided us now through nine editions. Ever since the First Edition, **Economics: Principles and Policy** was predicated on the view that practical issues and developments in the economy should influence the content of an introductory economics course. Issues should drive students to the principles rather than the other way around. This educational philosophy is most evident in our chapter-opening real-world problems, used as launching pads for subsequent analyses.

Over the many editions, the **Ideas for Beyond the Final Exam** have been a favorite element of students and instructors alike. We believe that certain economic ideas are so important that students should remember them for a long time. To help students identify the most crucial concepts, we have selected nine from among the many presented in this book. Each of the Ideas for Beyond the Final Exam is highlighted with an icon in the margin and discussed in depth as it occurs throughout the course of the book.

As we move into the Ninth Edition and its 2004 Update, we have refined our text and its ancillary components in numerous ways—all designed to provide today's students with the best possible ways to learn economics at the introductory level. But our philosophy remains unchanged: we seek to equip students with the tools they need to understand the world they live in. So, for example, after 10 years without a recession (1991–2001), and with little worry about inflation, it is no wonder that we found instructors asking us for more material on long-run growth. We have provided this—and even given it “first billing” in Chapters 13, 22 and 23. But we have not succumbed to the temptation to downplay the importance of recessions and the monetary and fiscal responses to them—aspects of reality which returned in 2001.

We are grateful to our reviewers, who helped us produce this edition. Some of the changes to the Ninth Edition consist of, but are not limited to:

- The introductory chapters, 1–3, have been condensed considerably. (They ran to 5 chapters in the Eighth Edition; some of this now appears in appendixes.)
- Chapters 6 & 7 contain significant revision of the examples used.
- A thoroughly revised Chapter 13 covers the so-called New Economy.
- Chapter 22 includes substantial changes on the coverage of economic growth.
- An all-new Chapter 23 adds material on economic growth that did not appear in previous editions.
- To make room for this new material, the early chapters on aggregate demand have been condensed, saving one chapter.
- Chapter 31 reflects extensive changes to bring the discussion of deficits and surpluses (and their relation to monetary policy) up to date.

Beyond the textbook itself, the Ninth Edition offers new and improved technology supplements. *Xtra!* is a student tutorial that is packaged with every new text. This interactive multimedia CD-ROM, provided at no additional cost, offers self-testing, graphing workshops, and CNN video lectures and applications. The Web site for the ninth edition is much improved, with added resources for both instructors and students. WebTutor is now available with the new edition of **Principles and Policy**. This online course management program allows the instructor to organize classroom support materials and communications with students easily and effectively. WebTutor also provides added tutorials to review critical text material chapter by chapter. Concepts are reinforced through extensive exercises, problems, cases, flashcards, self-tests, and other tools.

We thank the loyal adopters of our text for your continuing support and believe that you will enjoy this new edition. For those instructors who have not used our text, but are considering doing so, we believe that we have provided you with extremely valuable tools to launch your students into the world of economics and give them the opportunity to advance further in this exciting discipline.

We hope you enjoy teaching from the book as much as we have enjoyed writing it.

Sincerely,
William J. Baumol
Alan S. Blinder

ABOUT THE AUTHORS

WILLIAM J. BAUMOL

William J. Baumol was born February 26, 1922, in an area of New York City that has since come to be known as Fort Apache. He received his BSS at the College of the City of New York in 1942 and his Ph.D. at the University of London in 1949.

He is Professor of Economics at New York University and Senior Research Economist and Professor Emeritus at Princeton University. He is a frequent consultant to the management of major firms in a wide variety of industries in the United States and other countries, as well as to a number of governmental agencies. In several fields, including the telecommunications and electric utility industries, current regulatory policy is based on his explicit recommendations. Among his many contributions to economics are research on the theory of the firm, the contestability of markets, productivity convergence among nations, and the economics of the arts and other services—indeed, the “cost disease of the personal services” is often referred to as “Baumol’s disease.” In addition to economics, he taught a course in wood sculpture at Princeton for about 20 years.

He has been president of the American Economic Association, and three other professional societies. He is an elected member of the National Academy of Sciences, created by the U.S. Congress, and of the American Philosophical Society, founded by Benjamin Franklin. He is also on the board of trustees of the National Council on Economic Education, and of the Theater Development Fund. He is the recipient of ten honorary degrees and many other awards and honors.

Baumol is the author of 36 books and hundreds of journal and newspaper articles, and his writings have been translated into more than a dozen languages.

ALAN S. BLINDER

Alan S. Blinder was born in New York City and attended Princeton University, where one of his teachers was William Baumol. After earning a master’s degree at the London School of Economics and a Ph.D. at MIT, Blinder returned to Princeton, where he has taught since 1971. He is currently the Gordon S. Rentschler Memorial Professor of Economics and co-director of Princeton’s Center for Economic Policy Studies, which he founded.

In January 1993, Blinder went to Washington as part of President Clinton’s first Council of Economic Advisers. Then, from June 1994 through January 1996, he served as vice chairman of the Federal Reserve Board. He thus played a role in formulating both the fiscal and monetary policies of the 1990s, topics discussed extensively in this book. Blinder has been involved with several financial businesses as a consultant, has served on the board of the American Stock Exchange, and is now a partner in the Promontory Financial Group.

For more than 10 years, Blinder wrote newspaper and magazine columns on economic policy, and his op-ed pieces still appear regularly in various newspapers. He also appears frequently on CNN and CNBC, and is a regular commentator on PBS’s “Nightly Business Report.”

Blinder has been vice president of the American Economic Association and is a member of both the American Philosophical Society and the American Academy of Arts and Sciences. He has two grown sons, two grandsons, and lives in Princeton with his wife, where he plays tennis as often as he can.

PREFACE

As this 9th Edition Update was being prepared, the U.S. economy appeared finally to be shaking off the after-effects of the 2001 recession and entering a period of sustained growth. Many other countries were showing signs of growth as well. That makes it entirely appropriate that the 9th Edition places far greater emphasis on growth than previous editions did. After all, despite occasional serious business downturns, it is still growth that matters most for standards of living in the long run. Indeed, surveys of users and potential users have indicated a desire for a more detailed treatment of economic growth, and we have been delighted to comply.

Accordingly, the Ninth Edition adds an entirely new chapter on the macroeconomics of growth (Chapter 23), plus additional material on growth in several other chapters (especially Chapters 22 and 31). To make room for these additions, we have shortened some of the macroeconomic discussion that appeared in the Eighth Edition—for example, by collapsing three chapters into two. Furthermore, on the conviction that there is a fundamental microeconomic side to growth analysis, Chapter 13, which focused largely on the microeconomics of innovation in the Eighth Edition, has been fundamentally revised and expanded. Its emphasis is now on the “New Economy”—what it is and what it is not, to what new policy issues it gives rise, and how those matters can be analyzed.

This Update reflects many of the significant changes that have taken place in the U.S. and world economies since the 9th Edition was originally published. For example, the state of the U.S. and other economies looks much better, but the federal budget looks much worse.

It has been said that economics is no laughing matter, and that an economist is a person who, having observed something that works in reality, wonders whether it works in theory! This book contains its share of theoretical material. But the theory is not merely an exercise in making students miserable; it is driven by issues that are real and current. And every discussion of theory is related to applications, so as to offer students a continuing sense of the relevance of the material to reality. As used by physicists, biologists, and economists—indeed in all the fields of research in colleges and universities—the word *theory* simply means a thorough and rigorous explanation. For example, economists believe that foreign trade can harm some workers but makes most members of the community better off. We need theory to explain why. Or another example: Average incomes of people who live in market economies have grown far faster than those of others in countries where the economy is directed by government planners. Again, theory can explain why.

To maintain prosperity, to offer a better future to those who are now less educated, and to deal with the enormous economic problems of the poorer nations of the world, we need to understand the effects of international trade and of improvements in technology. Do they make most of us better off by making products cheaper, so that our incomes go further? Or do they threaten our incomes by making us more vulnerable to foreign competition and labor-saving technology? Such crucial issues are addressed throughout this book.

In addition to its entirely new material, many parts of the book have been extensively rewritten and reorganized for easier comprehension. Quite a few of these changes were suggested by users of the book and by others whose opinions we solicited in an extensive survey. For example, we have abbreviated the introductory materials in Part I from the previous five chapters down to three. And we have substantially modified the core microeconomics chapters (Chapters 4–7) to improve readability. In each of these chapters, we were careful to retain the features that readers reported as being helpful in earlier editions.

NOTE TO THE STUDENT

May we offer a suggestion for success in your economics course? Unlike some of the other subjects you may be studying, economics is cumulative: Each week's lesson builds upon what you have learned before. You will save yourself a lot of frustration—and a lot of work—by keeping up on a week-to-week basis. To assist you in doing so, we provide a chapter summary, a list of important terms and concepts, and a selection of questions to help you review the contents of each chapter. Making use of these learning aids will help you to master the material in your economics course. For additional assistance, we have prepared student supplements to help reinforce the concepts in this book and provide opportunities for practice and feedback. The following list indicates the ancillaries that provide the learning tools designed specifically to be helpful to students.

THE SUPPORT PACKAGE

As economic education incorporates new technologies, we have expanded and improved our extensive learning package to accommodate instructor and student needs.

■ For the Instructor

Instructor's Manual David O'Hara of Metropolitan State University has extensively revised the *Instructor's Manual*. Every chapter includes detailed chapter outlines, teaching tips and suggestions, answers to end-of-chapter questions in the main text, and questions for classroom discussion. Included in this edition's *Instructor's Manual* is an Activities Manual, which provides instructors with classroom games, activities, and demonstrations designed to illustrate and enliven important economic concepts. These activities have been tremendously popular with instructors and are very useful for classroom learning. (ISBN 0-03-035502-8)

Microeconomics Test Bank The updated and revised *Microeconomics Test Bank* by Doug Kinneer of Colorado State University consists of more than 200 questions per chapter and covers Chapters 1–20 and 33 in the text. Every question has been checked to ensure the accuracy and clarity of the answers and painstakingly revised to address the main text revisions. The *Test Bank* includes true/false, multiple-choice, and short-answer questions that assess students' critical-thinking skills. Easy, medium, and difficult questions outline the process that students must use to arrive at their answers: recall, application, and integration. Questions are organized by text section to help instructors pick and choose their selections with ease. (ISBN 0-03-035569-9)

Macroeconomics Test Bank The updated and revised *Macroeconomics Test Bank* by Edward F. Stuart of Northeastern Illinois University consists of more than 200 questions per chapter covering Chapters 1–3 and 21–35 in the text. Every question has been checked to ensure the accuracy and clarity of the answers and painstakingly revised to address the main text revisions. The *Test Bank* includes true/false, multiple-choice, and short-answer questions that assess students' critical thinking skills. Easy, medium, and difficult questions outline the process that students must use to arrive at their answers: recall, application, and integration. Questions are organized by text section to help instructors pick and choose their selections with ease. (ISBN 0-03-035562-1)

Computerized Test Banks **ExamView**—Computerized Testing Software contains all of the questions in the printed *Test Bank*. ExamView is an easy-to-use test creation software

compatible with both Microsoft Windows and Macintosh. Instructors can add or edit questions, instructions, and answers and select questions by previewing them on the screen, selecting them randomly, or selecting them by number. Instructors can also create and administer quizzes online, whether over the Internet, a local-area network (LAN), or a wide-area network (WAN). ExamView is available in both a microeconomics (ISBN 0-03-035479-X) and macroeconomics (ISBN 0-03-035472-2) version.

Instructor's Resource CD-ROM Get quick access to all instructor ancillaries from your desktop. This easy-to-use CD-ROM lets you review, edit, and copy exactly what you need in the format you want. The IRCD contains electronic versions of the *Instructor's Manual*, both *Test Banks*, both the lecture and resource PowerPoint presentations, ExamView Files, and Transparency Masters. (ISBN 0-03-035494-3)

Principles of Economics Video *Principles of Economics* is a 40-minute videotape that offers students an insightful overview of ten common economic principles: Tradeoffs, Opportunity Cost, Marginal Thinking, Incentives, Trade, Markets, Government's Role, Productivity, Inflation, and the Phillips Curve.

Principles of Economics shows viewers how to apply economic principles to their daily lives. This video is filled with interviews from some of the country's leading economists and includes profiles of real students facing economic choices, as well as showing the economy's impact on U.S. and foreign companies.

This video can be used at the beginning of a term to give students a general overview of economics, or used one section at a time prior to teaching one of these principles in your course. (ISBN 0-03-032626-5)

Turner Learning/CNN Economics Video with Integration Guide Professors can bring the real world into the classroom by using the Turner Learning/CNN Economics Video. This video provides current stories of economic interest. The accompanying integration guide provides a summary and discussion questions for each clip. The video is produced in cooperation with Turner Learning Inc. (ISBN 0-324-14778-3)

PowerPoint Lecture and Resource Slides Available only on the Web site and the IRCD are two versions of the PowerPoint presentation. The first is a comprehensive and user-friendly lecture presentation (ISBN 0-03-035532-X) for use in the classroom. This presentation consists of speaking points and chapter outlines that are accompanied by graphs and tables, many of which are animated, from the main text. The art and graphic resource slides (ISBN 0-324-17384-9) provide the instructor with all of the tables and figures from the main text.

Transparency Acetates Full-color transparency acetates for all important figures and tables in the ninth edition are available for use on an overhead projector. They are available to adopters upon request in microeconomic (ISBN 0-3-035524-9) and macroeconomic (ISBN 0-324-17385-7) sets.

Web Site Valuable resources for instructors can be found on the Internet at <http://baumol.swlearning.com>. For instructors, the PowerPoint presentations, *Instructor's Manual*, and a sample chapter of the printed *Test Bank* are available at the Instructor Resources section of the site.

Web Tutor/Web Tutor Advantage Online learning is growing at a rapid pace. Whether instructors are planning to offer courses at a distance, or to offer a Web-enhanced classroom, South-Western/Thomson Learning offers them a solution with WebTutor. WebTutor provides instructors with text-specific content that interacts in the two leading Course Management Systems available in Higher Education—WebCT and Blackboard. WebTutor is a turnkey solution for instructors who want to begin using

technology like Blackboard or WebCT but do not have Web-ready content available or do not want to be burdened with developing their own content. South-Western offers two levels of WebTutor—WebTutor and WebTutor Advantage.

WebTutor—An interactive study guide, WebTutor uses the Internet to turn everyone in your class into a front-row student. WebTutor offers quizzing, concept review, flashcards, discussion forums, and more. Instructor tools are also provided to assist communication between students and faculty.

WebTutor Advantage—More than just an interactive study guide, WebTutor Advantage delivers innovative learning aids that actively engage students. Benefits include automatic and immediate feedback from quizzes; interactive, multimedia-rich explanation of concepts, such as flash-animated graphing tutorials and graphing exercises that utilize an online graph-drawing tool; streaming video applications; online exercises; flashcards; and greater interaction and involvement through online discussion forums. Powerful instructor tools are also provided to assist communication and collaboration between students and faculty.

For more information about the WebTutor products, please contact your local sales representative.

Favorite Ways to Learn Economics Instructor's Edition David Anderson of Centre College and Jim Chasey of Homewood Flossmoor High School have created an instructor's edition to accompany *Favorite Ways to Learn Economics*. Using experiments to bring economic education to life is a growing trend and for good reason. It works! Students are far more likely to retain new knowledge when it is reinforced with hands-on experiments. *Favorite Ways to Learn Economics* is a lab manual for the classroom and for individual study. This manual of experiments and problem sets reinforces the key principles of microeconomics and macroeconomics covered in most college and AP courses. Students will enjoy this active approach to learning and instructors will see improvement in their students' comprehension. Like a finely tuned lecture, these experiments and problem sets bring economics to life. (ISBN 0-03-032771-7)

For the Student

Study Guide Craig Swan of the University of Minnesota has revised the student *Study Guide* to make it an even more valuable tool for understanding the text's main concepts. The *Study Guide*, which is available in comprehensive (ISBN 0-03-035539-7), micro (ISBN 0-03-03554-0), and macro (ISBN 0-03-035547-8) split versions, includes:

- Learning objectives
- Lists of important terms and concepts for every chapter
- Quizzes that help students test their understanding and comprehension of concepts
- Multiple-choice tests for self-understanding
- Lists of supplementary readings and study questions for every chapter
- "Economics in Action" sections that use current news articles to illustrate economic concepts
- "Economics Online" exercises that outline useful Internet and Web sources for economic data and information. Periodic updates of these sources will be provided at <http://baumol.swcollege.com> within the Interactive Study Center.

The Wall Street Journal Edition *The Wall Street Journal* is synonymous with the latest word on business, economics, and public policy. *Economics: Principles and Policy* makes it easy for students to apply economic concepts to this authoritative publication, and for you to bring the most up-to-date, real-world events into your classroom. For a nominal additional cost, *Economics: Principles and Policy* can be packaged with a card entitling students to a 15-week subscription to both the print and interactive versions of *The Wall Street Journal*. Instructors who have at least ten students activate their subscrip-

tions will automatically receive their own free subscription. Contact your South-Western/Thomson Learning sales representative for package pricing and ordering information.

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Xtra! CD-ROM Baumol Xtra! CD-ROM, packaged with every new text, provides students with complimentary access to the robust set of additional online learning tools found at <http://baumolXtra.swlearning.com>. Here is a tour through some of the study support features you will find there:

The Graphing Workshop

For most students, graphing is one of the most difficult aspects of the Principles course. The Graphing Workshop is your one-stop learning resource for help in mastering the language of graphs. You'll explore important economic concepts through a unique learning system made up of tutorials, interactive tools, and exercises that teach you how to interpret, reproduce, and explain graphs:

- **SEE IT!** Animated graphing tutorials provide step-by-step graphical presentations and audio explanations.
- **TRY IT!** Interactive graphing exercises have you practice manipulating and interpreting graphs with GraphIt—a hands-on Java graphing tool. You can check your work online.
- **APPLY IT!** Interactive graphing assignments challenge you to apply what you have learned by creating your own graph from scratch to analyze a specific scenario. You can print out and/or e-mail answers to your instructor for grading.

Video Lecture and Applications

Via streaming video, difficult concepts from each chapter are explained and illustrated by an economics instructor. These "Ask the Instructor" video clips can be extremely helpful review and clarification tools if you had trouble understanding an in-class lecture or if you are more of a visual learner who sometimes has difficulty grasping concepts as they are presented in the text. In addition, CNN video segments bring the "real world" right to your desktop. The accompanying CNN video exercises help to illustrate how economics is an important part of your daily life.

Additional Self-Testing Opportunities

In addition to the open-access chapter-by-chapter quizzes found at the Baumol Product Support Web site (<http://baumol.swlearning.com>), Baumol Xtra! offers you an opportunity to practice for midterms and finals by taking online quizzes that span multiple chapters.

econ@pps: (Economic Applications)

These economic applications are also available through the Baumol Xtra! CD. EconDebate Online, EconNews Online, EconData Online, and EconLinks Online, all deepen your understanding of theoretical concepts through hands-on exploration and analysis of the latest economic news stories, policy debates, data and Web sites. These applications are updated on a regular basis.

Web Site Valuable resources for students can be found on the Internet at the Baumol textbook support site: <http://baumol.swlearning.com>. The Interactive Study Center provides students with links to economics-related Internet sites, automatically graded practice quizzes, and PowerPoint slides for their review. Also at the Web site are a sample chapter from the study guide, access to Baumol Xtra! and other resources.

South-Western Economics Resource Center A unique, rich, and robust online resource for economics instructors and students, <http://economics.swlearning.com> provides customer service and product information, teaching and learning tips and tools, information about careers in economics, access to all of our text-supporting Web sites, and other cutting-edge educational resources.

Economics Alive! CD-ROMs These interactive multimedia study aids for economics are the high-tech, high-fun way to study economics. Through a combination of animated presentations, interactive graphing exercises, and simulations, the core principles of economics come to life and are driven home in an upbeat and entertaining way. *Macroeconomics Alive!* CD-ROM (ISBN 0-538-86850-3) *Microeconomics Alive!* CD-ROM (ISBN 0-538-84650-X)

For more details, visit the Economics Alive! Web site at <http://econalive.swlearning.com>.

Favorite Ways to Learn Economics Authors David Anderson of Centre College and Jim Chasey of Homewood Flossmoor High School use experiments to bring economic education to life—a growing trend, for good reason. It works! Students are far more likely to retain new knowledge when it is reinforced with hands-on experiments. *Favorite Ways to Learn Economics* is a lab manual for the classroom and for individual study that contains experiments and problem sets that reinforce the key principles of microeconomics and macroeconomics covered in most college and AP courses. Students will enjoy this active approach to learning, and instructors will see improvement in their students' comprehension. Like a finely tuned lecture, these experiments and problem sets bring economics to life. (ISBN 0-03-032741-5)

Economics: Hits on the Web This resource booklet supports students' research efforts on the World Wide Web. This manual covers materials such as: an introduction to the World Wide Web, browsing the Web, finding information on the World Wide Web, email, email discussion groups and newsgroups, and documenting Internet sources for research. It also provides a list of the hottest economic sites on the Web. (ISBN 0-759-30740-7)

The Tobacco Wars *The Tobacco Wars*, by Walter Adams of Michigan State University and James W. Brock of Miami University of Ohio, presents the economic theory surrounding the tobacco litigation as a creative dialogue between many key players in the debate—including tobacco industry executives, consumers, attorneys, economists, health care professionals, historians, and political activists. Their fictional conversations illustrate the real-life issues, controversies, and points of view currently at play, giving readers a balanced and provocative framework to reach their own conclusions. The text provides a unique way to illustrate microeconomic principles, such as:

- consumer behavior
- industrial organization and public policy
- antitrust policy
- externalities, social costs, and market imperfections

(ISBN 0-324-01296-9)

NOTE TO THE INSTRUCTOR

In trying to improve the book from one edition to the next, we rely heavily on our experiences as teachers. But our experience using the book is minuscule compared with that of the hundreds of instructors who use it nationwide. If you encounter problems or have suggestions for improving the book, we urge you to let us know by writing to us in care of South-Western / Thomson Learning, 5191 Natorp Blvd., Mason, OH 45040. Such letters are invaluable, and we are glad to receive both praise and suggestions for improvement. Many such suggestions that were accumulated since publication of the Eighth Edition have found their way into this new book. Suggested course outlines for both one-semester and one-quarter courses appear in the *Instructor's Manual*.

IN GRATITUDE

Finally, we are pleased to acknowledge our mounting indebtedness to the many who have generously helped us in our efforts through the more than quarter century of existence of this book. We have often needed help in dealing with some of the many subjects that an introductory textbook must cover. Our friends and colleagues Albert Ando, Charles Berry, Rebecca Blank, William Branson, the late Lester Chandler, Gregory Chow, Avinash Dixit, the late Robert Eisner, Susan Feiner, the late Stephen Goldfeld, Claudia Goldin, Ronald Grieson, Daniel Hamermesh, Yuzo Honda, Peter Kenen, Melvin Krauss, Herbert Levine, the late Arthur Lewis, Burton Malkiel, Edwin Mills, Janusz Ordovery, Uwe Reinhardt, Harvey Rosen, Laura Tyson, and Martin Weitzman have all given generously of their knowledge in particular areas over the course of nine editions. We have learned much from them, and have shamelessly relied on their help.

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