

SAUL PLEETER / PHILIP K. WAY

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Economics in the News

Saul Pleeter

U.S. Department
of Defense

Philip K. Way

University of
Cincinnati



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P R E F A C E

Enthusiasm for economics is proportional to one's appreciation of its usefulness and predictive power. We believe that this analytical and predictive power of economics can be the mechanism that transmits enthusiasm to students. In our own teaching, we tried introducing current issues, as presented in newspapers and magazines, into class lectures and found that this approach worked, but only some of the time. A critical component was missing—instruction on how to analyze the news article. This book teaches students how to analyze critically economics in the news and offers many and varied examples of how economic theory can help them better understand the real world, starting with the first day of class.

A stumbling block for economics students is often the unfamiliar language and vocabu-

lary of economics. Continued application of the vocabulary is essential for comprehension of the material.

Economics in the News can be an important tool in creating this familiarity with the language of economics because it displays important terms in a familiar context and provides exercises that will make their meanings clear.

Another attribute that characterizes economics is its theoretical framework. This reliance on theory allows economic issues to be examined in a neutral, or positive, manner. Economists can examine the ideal mix of inputs for crematoriums and the economic value of a life in the same dispassionate manner in which they discuss the determination of interest rates. The capacity of economics to explain a wide variety of phenomena is revealed in this book.

Economics in the News uses "real world" examples to demon-

strate that economics is not difficult, but different—and this difference makes the subject interesting and exciting.

How to Use This Book

This book is presented in four units: (1) Introduction; (2) Microeconomics; (3) Macroeconomics; and (4) International Economics, Growth and Development, and Comparative Systems. Each unit is divided into subunits that cover major economic topics. The exercises in each subunit contain an overview of the economic concepts to be applied, the learning objectives of the exercise, a preview of the article, the article itself, and a series of questions. The articles have been selected from current topics, and some have been abridged to highlight the principles that are being studied. The questions following each article expose the

underlying economic concepts and guide the student's analysis of the issue on which the article focuses.

The exercises are intended to supplement an economics textbook and have been developed so that they can easily be incorporated into lecture material. After assigning a given topic in the text, the instructor may assign a corresponding article in *Economics in the News*. The "Key for Use with Representative Principles of Economics Textbooks" following the preface illustrates the correspondence between topics in the book and chapters in selected textbooks. The question sheets are perforated so that they can be submitted as homework. Solutions to the exercises are available to instructors upon request from the Business and Economics Division at Addison-Wesley.

We hope that this book may help make your economics course satisfying and rewarding.

Acknowledgments

Although the title page only credits the work of the two authors, as with any product this book is the result of the com-

bined inputs of many people. To all of them we would like to offer our sincere thanks.

We are indebted to Juliet Downey, a graduate student at the University of Cincinnati, for helping us find economic articles for the prospectus that was sent to the publishers. Jim Lawler, Territory Manager in the Midwest for Addison-Wesley, believed in our idea and passed our prospectus on. Critical to the publication of the book was the enthusiasm and interest of Barbara Rifkind, Senior Editor, Economics and Finance. When writing the book, we profited from the general and specific review comments of Douglas Brown, Paul Kochanowski, and Larry Lacy. Mark Gray, an undergraduate student, bravely tackled the initial versions of the exercises and provided a valuable student's-eye perspective. Linda Gileau performed the impossible and kept Saul organized. We are particularly grateful to Gerri Kirchner for exhibiting an unequalled calm, good humor, dedication, and efficiency in typing successive drafts, often under the pressure of dead-

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Washington, D.C.
Cincinnati, Ohio

S.P.
P.K.W.

KEY FOR USE WITH REPRESENTATIVE PRINCIPLES OF ECONOMICS TEXTBOOKS

Chapters in Selected Textbooks

Topic and Article # in <i>Economics in the News</i>	PARKIN 1st ed	DOLAN 5th ed	MILLER 6th ed	McCONNELL 10th ed	THOMPSON 2nd ed	SCHILLER 4th ed	BAUMOL 4th ed	RUFFIN 3rd ed
INTRODUCTION								
Scarcity, Choice, and Opportunity Cost								
1	1	1	1	2	1	1	3	2
2	1	1	1	2	1	1	3	2
3	1	2	4	2	5	1	3	2
Production Possibility Frontiers								
4	3	2	1	2	2	1	3	2
5	3	2	1	2	2	1	3	2
Demand and Supply								
6	4	3	2	4	3	2	4	4
7	4	3	2	4	3	2	4	4
8	4	3	2	4	3	2	4	4
9	4	3	2	4	3	2	4	4
10	4	3	2	4	3	2	4	4
11	4	3	2	4	3	2	4	4
12	4	3	2	4	3	2	4	4
MICROECONOMICS								
Elasticity								
13	5	21	19	24	4	19	22	25
14	5	21	19	24	4	19	22	25
15	5	21	19	24	4	-	22	25
Market Interference								
16	6	3	2	4	3	33	4	4
17	6	3	2	4	3	31	4	4
Consumer Equilibrium								
18	7	22	20	25	7	19	21	26
19	8	22	20	25	7	19	21	26
Costs of Production								
20	9	23	21	26	8	20	23	28
21	10	23	21	26	8	20	23	28
22	10	23	21	26	8	20	23/32	28
23	11	23	21	26	8	20	23	28
Perfect Competition								
24	12	24	22	27	10	22	25	29
25	12	24	22	27	10	22	25	29
26	12	24	22	27	10	22	25	29

continued

Topic and Article # in <i>Economics in the News</i>	PARKIN 1st ed	DOLAN 5th ed	MILLER 6th ed	McCONNELL 10th ed	THOMPSON 2nd ed	SCHILLER 4th ed	BAUMOL 4th ed	RUFFIN 3rd ed
Monopoly								
27	13	25	24	28	11	23	27	30
28	13	25	24	28	11	23	27	31
29	13	25	24	28	11	23	32	30
Monopolistic Competition and Oligopoly								
30	14	26	25	29	12	24	28	30
31	14	26	25	30	12	24	28	30
Labor Markets								
32	15	28	27	31	13	31	36	36
33	15	28	27	32	13	30	36	36
34	15	28	27	32	13	31	36	36
35	15	28	27	32	13	30	36	36
Capital and Natural Resource Markets								
36	17	30	29	33	14	33	35	38
37	17	-	-	-	-	-	30	27
38	17	30	29	33	-	33	35	38
39	17	-	-	-	-	-	-	41
Income Distribution								
40	16	28	30	32	15	-	36	39
41	16	28/29	28	32	15	32	36	37
42	16	28	30	38	15	31	37	39
43	18	31	30	38	15	35/34	37	39
Government Intervention								
44	19	33	31	6	16	28	29/34	41
45	19	33	31	6	16	28	29	41
46	21	32	26	35	17	25	32	34
47	21	32	26	35	17	26	27	34
MACROECONOMICS								
Introduction to Macroeconomic Variables								
48	22	8	7	10	20	7	6	5
49	22	8	7	9	20	6	6	5
50	22	8	7	10	20	5	5	5
51	22	8	9	9	21	4	5	6
52	23	7	9	10	21	7	6	6
53	23	7	9	9	21	4	5	6
Aggregate Demand and Aggregate Supply								
54	24	15	10	11	26	5	8	10
55	24	15	10	11	27	10	9	14
Expenditure and Income								
56	25	10	11	13	22	9	9	10
57	26	10	12	13	23	9	10	10

Topic and Article # in <i>Economics in the News</i>	PARKIN 1st ed	DOLAN 5th ed	MILLER 6th ed	McCONNELL 10th ed	THOMPSON 2nd ed	SCHILLER 4th ed	BAUMOL 4th ed	RUFFIN 3rd ed
Money and Banking								
58	27	12	14	17	24	11	13	7
59	27	12	14	17	24	11	13	7
60	28	14	16	20	25	13	15	7
61	28	13	15	18	24/31	12	13	8
Aggregate Demand Fluctuations								
62	29	11	13	14	26	13	15	10
63	29	11	13	14	27	13	15	13
64	29	-	-	-	-	-	-	10
Aggregate Supply Fluctuations								
65	30	16	17	16	28	13	17	11
66	30	16	17	16	28	14	17	11
67	30	16	17	16	26	14	17	11/14
Inflation								
68	31	16	17	16	29	15	17	14
69	31	16	17	16	29	15	17	14
Recession								
70	32	19	-	-	-	15	15	17
71	32	19	19	20	29	14	17	16
Stabilization								
72	33	18	18	20	27	15	15	17
73	33	18	18	20	27	15	15	17
74	33	17	17	16	30	14	15	14
Deficits								
75	34	11	13	15	27/31	16	16	13
76	34	11	13	15	27/31	16	16	13
INTERNATIONAL ECONOMICS, GROWTH AND DEVELOPMENT, AND COMPARATIVE SYSTEMS								
International Economics								
77	35	35	33	41	32	36	18	22
78	35	35	33	41	32	36	18	23
79	36	20	34	42	33	37	19	24
80	36	20	34	42	33	37	19	24
81	36	20	34	42	33	37	20	24
Growth and Development								
82	37	-	36	43	33	38	38	24
83	37	-	36	23	30	38	38	21
Comparative Systems								
84	38	36	37	44	34	39	40	43
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