

# ECONOMICS

## *Principles and Practices*





# ***ECONOMICS***

## *Principles and Practices*



**GARY CLAYTON, Ph.D.**

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Macmillan/McGraw-Hill

New York, New York   Columbus, Ohio   Mission Hills, California   Peoria, Illinois



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Send all inquiries to:  
Glencoe Division  
Macmillan/McGraw-Hill  
936 Eastwind Drive  
Westerville, Ohio 43081

ISBN 0-02-823048-5

Printed in the United States of America.

1 2 3 4 5 6 7 8 9 10 RRD-W/M-C 00 99 98 97 96 95 94

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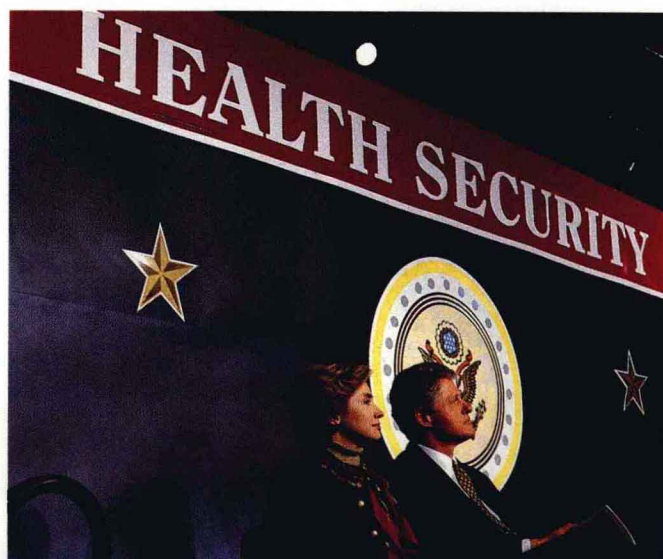
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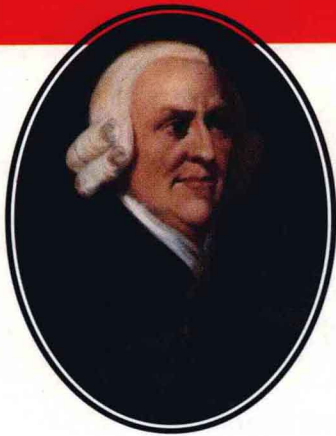
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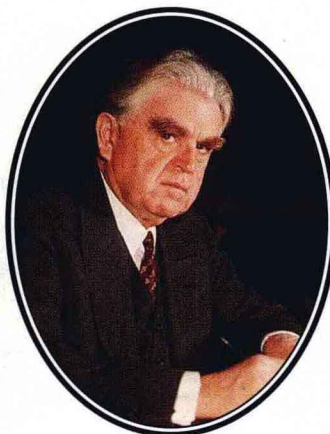
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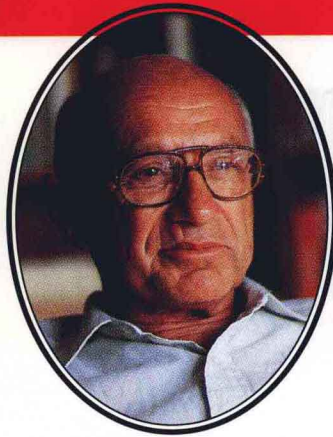




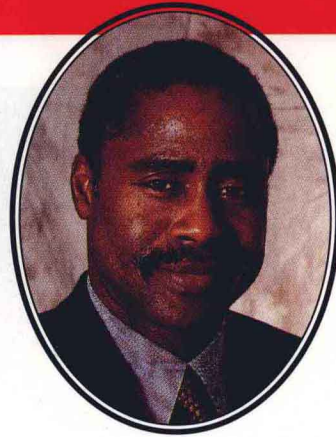
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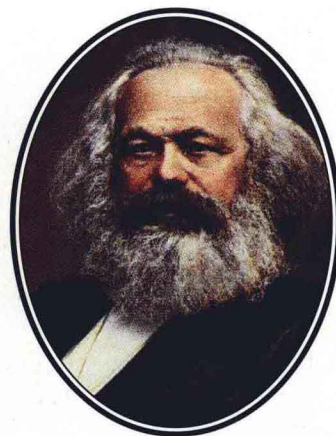
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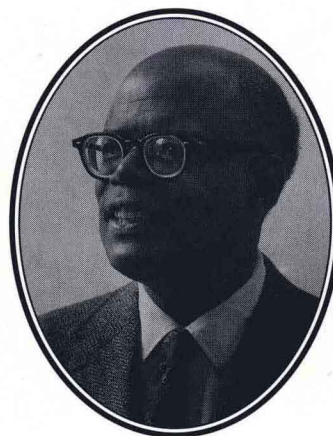
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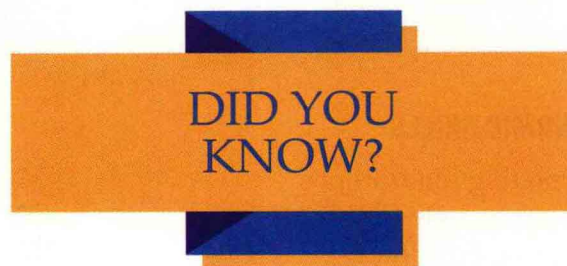


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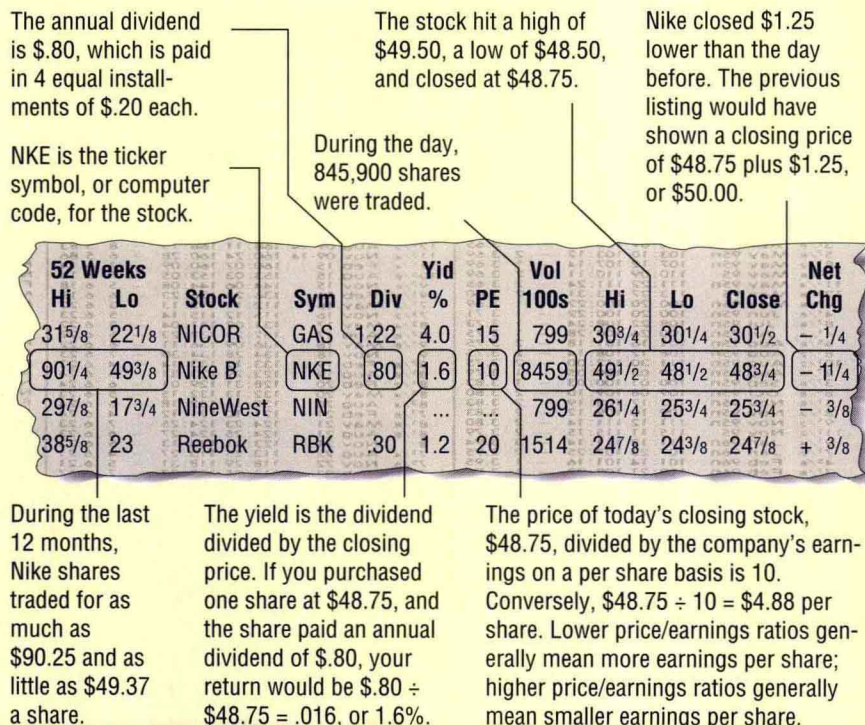
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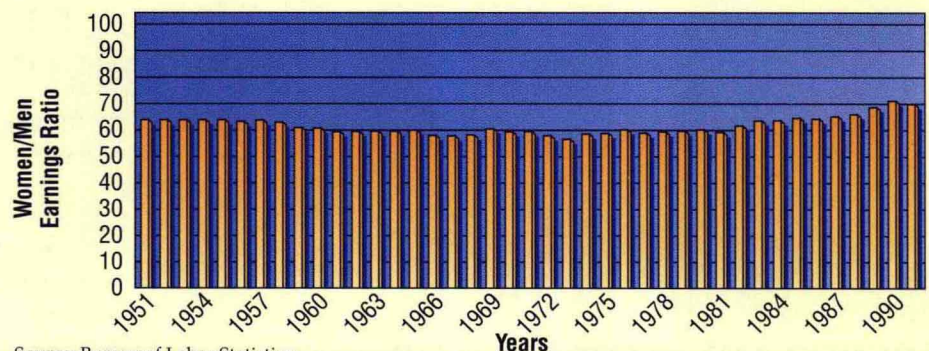
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**Figure 8.8**

**Median Female Income as a Percentage of Male Income**

Over the years, the income earned by females has been only a fraction of that earned by males. The low point was in 1973 when female income was only 56.6% of male income. The high was in 1990 when the figure was 71.1%. What explains the income gap between men and women?



Source: Bureau of Labor Statistics



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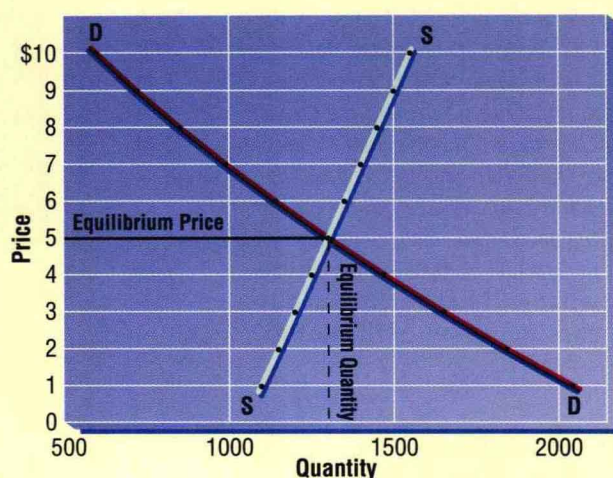
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**A Model of the Gadgets Market**



According to the model of the gadgets market, \$5 is the equilibrium price that "clears" the market. At that price, 1,300 gadgets will be supplied and an equal number purchased. **What happens to the supply of gadgets if the price is lowered to \$3?**

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**The Declining Value of the Dollar**

When the price level goes up, the purchasing power of the dollar goes down. When the price level goes down, as it did during the Great Depression, the purchasing power of the dollar goes up. Today, the dollar buys less than 6 percent of the goods and services it purchased in 1900. If inflation continues, what will happen to the purchasing power of the dollar?



Source: U.S. Department of Commerce

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Because of the dynamic growth and economic progress made by South Korea, Hong Kong, Singapore, and Taiwan since the end of World War II, they are sometimes called the "Asian Tigers." Some observers have even suggested that the Guangdong Province of mainland China could be added to this list. How have the Asian Tigers relied on capitalism to spur their economic growth?





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