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Economics

99/00



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4. Macroeconomics

Facing overview—United Auto Workers Solidarity photo by Robert Gumpert.

5. The Changing Global Economy

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Members of the Advisory Board are instrumental in the final selection of articles for each edition of ANNUAL EDITIONS. Their review of articles for content, level, currentness, and appropriateness provides critical direction to the editor and staff. We think that you will find their careful consideration well reflected in this volume.

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In publishing ANNUAL EDITIONS we recognize the enormous role played by the magazines, newspapers, and journals of the public press in providing current, first-rate educational information in a broad spectrum of interest areas. Many of these articles are appropriate for students, researchers, and professionals seeking accurate, current material to help bridge the gap between principles and theories and the real world. These articles, however, become more useful for study when those of lasting value are carefully collected, organized, indexed, and reproduced in a low-cost format, which provides easy and permanent access when the material is needed. That is the role played by ANNUAL EDITIONS.

New to ANNUAL EDITIONS is the inclusion of related World Wide Web sites. These sites have been selected by our editorial staff to represent some of the best resources found on the World Wide Web today. Through our carefully developed topic guide, we have linked these Web resources to the articles covered in this ANNUAL EDITIONS reader. We think that you will find this volume useful, and we hope that you will take a moment to visit us on the Web at <http://www.dushkin.com> to tell us what you think.

This twenty-eighth edition of *Annual Editions: Economics* has been largely revised since previous editions and continues the tradition of providing the most up-to-date readings on contemporary economic issues. In view of the recent explosion of interest in the subject of economics, it is important that students are given opportunities to observe how economic science can help them to understand events in the real world. This anthology is designed to meet such a need.

The volume is divided into five major units. Unit 1 introduces several general concepts involving economic analysis. At the heart of economics is the notion of "opportunity cost," the idea that in choosing one economic alternative, we must forgo other choices. This unit demonstrates the usefulness of this principle. It also shows how differing value systems can lead economists to divergent positions on matters of economic policy.

Unit 2 presents articles that treat economic issues from a microeconomic perspective. Microeconomics studies the way in which market values are established through the interaction of consumers (households) and producers (firms). For instance, what role do technological changes and marketing techniques play in the choices consumers make? How do mergers affect the business climate? How does government regulation of industry affect market competition?

Issues of income distribution and economic justice are examined in unit 3. You will find that this is an area of intense controversy, particularly as it relates to government programs that attempt to alter the distribution of income and wealth. Questions raised include: What are the causes of growing income disparities in America? Should the federal government attempt to eradicate poverty and, if so, how? Is federal welfare reform working? Should Social Security be privatized?

Broader economic issues are the focus of the next two units, which involve macroeconomics (unit 4) and the global economy (unit 5). The economy-wide perspective of macroeconomics leads us to consider ways of gauging an economy's health, vis-à-vis levels of employment, the degree of price stability, and the rate of economic growth over time. Readings selected for this

unit raise questions of great consequence to the United States. For example, what are the causes of booms and busts in an economy? What is the long-term outlook for the American economy? Is tax reform possible? Will paper money someday be replaced by electronic money?

Finally, unit 5 examines recent changes in the world economy. In the last decade we have witnessed a series of unforeseen events: the end of the cold war; the rush by many former communist states to embrace the market system; a growing crisis in Asia that threatens to spread throughout the world; and the impoverishment of many developing countries burdened by staggering international obligations. How did such developments come about, and what do they portend as the global economy prepares to enter a new century?

New to this edition of *Annual Editions: Economics 99/00* are World Wide Web sites that can be used to further explore the topics. These sites are cross-referenced by number in the topic guide.

Whether you are currently pursuing studies in economics or are just a casual reader eager to learn more about some of the major economic issues of the day, you will find *Annual Editions: Economics 99/00* to be one of the most useful and up-to-date anthologies available. Your input can be valuable for the next edition. Please offer your opinions by filling out and returning to us the postage-paid article rating form on the last page of this book.



Don Cole
Editor

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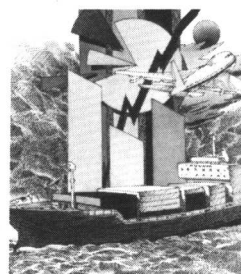
Selected World Wide Web Sites

Overview

1. **How Much for a Life? Try \$3 Million to \$5 Million**, Peter Passell, *New York Times*, January 29, 1995.
Much economic reasoning is based on the **opportunity cost** principle, the idea that any decision involving scarce resources must involve costs in terms of **forgone alternatives** elsewhere. Peter Passell applies this principle to an age-old question: What is the value of a human life? iv
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2. **The Economic Organisation of a P.O.W. Camp**, R. A. Radford, *Economica*, November 1945. 11
In this classic study of the **economic organization of a prisoner-of-war camp**, R. A. Radford shows how a market developed spontaneously in response to the prisoners' needs. Radford provides important insights into such familiar economic concepts as **scarcity**, **inflation**, and the terms of **trade**.
3. **Why Economists Disagree**, John Tiemstra, *Challenge*, May/June 1998. 18
Economics is a subject rich in controversy. **Disagreements among economists** often reflect fundamental differences in ethical and political values. John Tiemstra provides a framework for sorting out these perspectives.
4. **Statistics and Even Lore of the Dismal Science**, David Cay Johnston, *New York Times*, September 15, 1997. 32
A vast and growing trove of online information is available to track both the domestic and world economies. David Johnson shows how the **Internet** can be used to find it.

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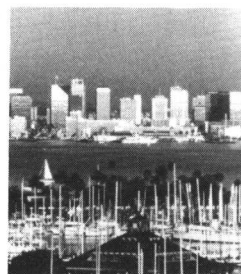
5. **Keeping Up with the Gateses?** Louis Uchitelle, *New York Times*, May 3, 1998. 34
36
Over time, Americans have tended to add more consumer products to their "must-have" lists. Many consumers are intent on "**competitive consumption**," trying to acquire the trappings of the rich by accumulating the most, and latest, toys.
6. **The Theory That Made Microsoft**, James Aley, *Fortune*, April 29, 1996. 39
While most businesses, especially mature ones, will forever remain in the competitive and unforgiving world of diminishing returns, many newer ones—such as Microsoft and Intel—benefit from the idea that a big user base is the key to success. James Aley demonstrates the usefulness of the **principle of increasing returns**.



UNIT 1

Introduction

Four articles discuss some of the basic theories that make up the foundations of the study of economics.



UNIT 2

Microeconomics

Eight articles examine various concepts of microeconomics such as competition, government regulation, and delivery of services.

7. **Who Should Be in Charge?** Jane Katz, *Regional Review*, Fall 1997. 41
 The **rules that govern decision making** in the largest U.S. corporations are critical to the creation of new wealth and the economic well-being of the nation. Jane Katz shows why it is important to consider the interests of all parties who have risky investments in an enterprise.
8. **The Fallout from Merger Mania**, James Aley and Matt Siegel, *Fortune*, March 2, 1998. 46
 The United States may presently be experiencing the largest **merger boom** in its history. Few sectors have been unaffected, although some industries—including telecommunications, commercial banking, aerospace, and pharmaceuticals—have been busier than others.
9. **The Threat from Mergers: Can Antitrust Make a Difference?** Edward S. Herman, *Dollars and Sense*, May/June 1998. 48
Antitrust policy assumes that consumer interests are served best when many companies compete to sell each product or service. In the past two decades the enforcement of such policy appears to have weakened, as the merger movement has grown. Edward Herman maintains that these developments are unhealthy in a democratic society.
10. **The New Pork Barrel: What's Wrong with Regulation Today and What Reformers Need to Do to Get It Right**, Pietro S. Nivola, *The Brookings Review*, Winter 1998. 54
 The American public has a genuine desire for a cleaner environment, a healthier workplace, and safer products—all of which involve some degree of **government regulation of business**. But in recent years regulatory costs have increased sharply, due in large part to the "pork barrel" spending of politicians. In this article Pietro Nivola asks: What can be done to make regulation more effective?
11. **Drug Legalization? Time for a Real Debate**, Paul B. Stares, *The Brookings Review*, Spring 1996. 58
 Concern is mounting that the large wave of teenagers—the group most at risk because of illicit drug use—that will crest around the turn of the century will be accompanied by a new surge in drug use. Paul Stares says that the time has come for a real debate over the **pros and cons of drug legalization**.
12. **Congested Parks—A Pricing Dilemma**, Dan M. Bechter, *Monthly Review* (Federal Reserve Bank of Kansas City), June 1971. 62
 Overcrowding at public parks creates a **classic microeconomic dilemma**: Outdoor recreationists face insufficient park spaces, which must be allocated through adjusting park fees. Dan Bechter investigates possible solutions to the problem.

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13. The Middle Class: Winning in Politics, Losing in Life, Louis Uchitelle, *New York Times*, July 19, 1998. 70

Americans earning in the middle of the wage scale have seen their real wages decline since 1989, while the earnings of those at either end of the income scale have gained ground. Louis Uchitelle shows why the ***middle class*** is finishing last in the race for improvement during the current economic boom.

14. Overworked and Underemployed, Barry Bluestone and Stephen Rose, *The American Prospect*, March/April 1997. 73

Since the 1980s, people have said that they work "too hard"—that they are spending too much time on the job, with too little left for family, chores, or leisure. At the same time there has been a marked increase in part-time work by those who cannot find full-time work. Can Americans simultaneously be "***overworked***" and "***underemployed***"? The authors investigate this apparent paradox.

15. Reinventing Welfare . . . Again: The Latest Version of Reform Needs a Tune-Up, Gary Burtless and Kent Weaver, *The Brookings Review*, Winter 1997. 84

One goal of the 1996 Personal Responsibility and Work Opportunity Act was "***to end welfare as we know it.***" The new law replaces Aid to Families with Dependent Children with federal block grants that are an incentive to get state governments to implement new work programs. Gary Burtless and Kent Weaver expose some of the major problems with this approach.

16. Are the Working Poor Lazy? Marlene Kim, *Challenge*, May/June 1998. 88

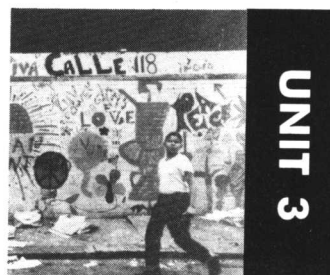
There is a long tradition in America that ***the poor are victims of their own laziness***, a tradition that has been resurrected in recent years. Marlene Kim shows how wrong advocates of this point of view are.

17. Much Ado about \$6.15, Paul Glastris, *U.S. News & World Report*, May 4, 1998. 101

Paul Glastris examines evidence on the economic impact of a recent rise in the ***federal minimum wage***. Contrary to the forecasts of some economists and politicians, it appears that—largely owing to the U.S. economy's continuing strength—the increase neither destroyed jobs nor squeezed profits.

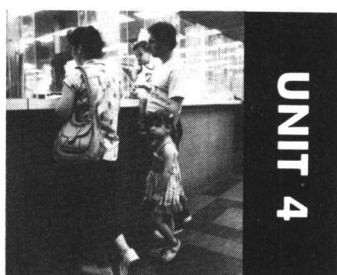
18. Privatizing Social Security: It's High Time to Privatize, Laurence J. Kotlikoff and Jeffrey Sachs, *The Brookings Review*, Summer 1997. 103

Laurence Kotlikoff and Jeffrey Sachs argue that the ***Social Security system*** is in growing distress—inefficient, unfair, and user unfriendly. They maintain that the best solution is to ***privatize*** the retirement portion of the system—in a way that is fiscally sound, equitable, efficient, informative, and accessible.



Income Distribution and Economic Justice

Eight articles discuss income distribution and economic growth by looking at income equality and welfare reform.



UNIT 4

Macroeconomics

Ten articles examine various concepts of macroeconomics such as unemployment, deficits, fiscal policy, taxes, and poverty.

19. **Privatizing Social Security: A Bad Idea Whose Time Will Never Come**, Henry J. Aaron, *The Brookings Review*, Summer 1997. 107

Henry Aaron asserts that Social Security is **adequately funded for 30 years**. He explains that its long-term financing problem can be solved by **reforms** that entail no serious modification of the basic structure of the program and no payroll tax increases.

20. **New Unions for a New Economy**, Stephen A. Herzenberg, John A. Alic, and Howard Wial, *The New Democrat*, March/April 1998. 111

How will American trade unionism fare in the twenty-first century? In the so-called New Economy very few new jobs are broken down in classic production-line fashion, and productivity improvements depend more than ever on the ability of employees to solve problems and to improvise. The authors recommend ways in which unions can meet these challenges.

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21. **The Hidden Side of the Clinton Economy**, John E. Schwarz, *The Atlantic Monthly*, October 1998. 118

The official government measures of **unemployment and poverty** disguise the fact that millions of Americans can't make a decent living. John Schwarz offers insights into some flaws in these statistics.

22. **Learning from the Big Booms**, Louis Uchitelle, *New York Times*, June 28, 1998. 121

The **"Soaring Nineties"** invites comparison with other great periods of prosperity in modern history. What is striking is that each of them—the Gilded Age in the late nineteenth century, the Roaring Twenties, the Fabulous Fifties and Sixties—ended suddenly, and in each case the end came as a shock. This article offers some historical perspective on the current economic expansion.

23. **You Ain't Seen Nothing Yet**, Michael J. Mandel, *Business Week*, August 31, 1998. 123

Michael Mandel provides evidence that the U.S. economy is in the early stages of a powerful **new wave of innovation**, which will drive the twenty-first century economy, lift living standards, and accelerate economic growth. But this exuberance also has a price: the economy is now vulnerable to a **high-tech slowdown** in a way that was never true before.

24. **How Fast Can the U.S. Economy Grow?** Paul Krugman, *Harvard Business Review*, July/August 1997. 126

According to the so-called **new economy view**, rapid technological change and global competition have created an environment in which the old speed limits on economic growth no longer apply. Advocates of this view foresee an economy in which faster growth, without inflation, is likely. Paul Krugman examines their arguments.

25. State of the Union: Black Holes in the Statistics, 133

Robert Eisner, *Challenge*, January/February 1997.

How reliable are official U.S. government statistics?

Robert Eisner believes they are deeply flawed. This applies to measures of GDP, public deficits and debt, investment and saving, productivity, real wages, and the distribution of income and wealth.

26. The Economy You Can't See, Paul Starobin, *National Journal*, June 18, 1994. 137

A large share of economic activity occurs in the **underground economy**, where goods and services—some legal, some not—are produced but not reported. Paul Starobin considers the possible implications of proposals for regulating such activity.

27. The Flat Tax in Theory and Practice: Simple, Efficient, Fair. Or Is It? William G. Gale, *The Brookings Review*, Summer 1998. 140

Fundamental tax reform—replacing the federal income tax with a new tax system—continues to attract national attention. However, as William Gale demonstrates, none of the current proposals for reform (including the flat tax) is a panacea, and each is flawed in some way.

28. Counting Our Chickens, Robert Formaini, *Southwest Economy (Federal Reserve Bank of Dallas)*, January/February 1998. 145

Following decades of accumulating federal deficits, it appears that the **federal budget** has finally come into balance. Robert Formaini suggests that before we begin "counting our chickens," it might be instructive to see what lessons can be learned from the last 30 years of federal budget policy.

29. Is the Fed Slave to a Defunct Economist? Evan F. Koenig, *Southwest Economy (Federal Reserve Bank of Dallas)*, September/October 1997. 150

Some commentators have recently accused the Federal Reserve of pursuing a **Keynesian policy of "fine tuning" the economy**. As an alternative they advocate a policy of allowing output and employment to range freely, as long as inflation holds steady. Evan Koenig argues that the Fed has, in fact, steered a middle course between these extremes.

30. Electronic Cash and the End of National Markets, Stephen J. Kobrin, *Foreign Policy*, Summer 1997. 154

"E-cash" (or electronic money) is money that moves along multiple channels largely outside the established network of banks, checks, and paper currency overseen by the Federal Reserve. Stephen Kobrin considers what the development of E-cash might mean for the future of banking and the monetary system.



The Changing Global Economy

Nine articles examine the impact that current events have on the overall stability and alignment of the world economy.

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31. **Q: Is Free Trade Good for American Working Men and Women?** Bryan T. Johnson and Clyde V. Prestowitz Jr., *Insight*, May 20, 1996. 162
Is a **policy of free trade** the best course for a nation to follow? Bryan Johnson believes it is, insofar as it yields large gains in jobs and extends U.S. technological advantage. Clyde Prestowitz disagrees, arguing that a unilateral free trade policy would increase U.S. vulnerability to the managed trade practices of other countries.
32. **What Did We Gain from Zapping the Deficit?** 167
Peter Bernstein, *Challenge*, May/June 1998.
In recent years the U.S. **domestic deficit** has disappeared. But the **trade deficit** is getting larger. Peter Bernstein argues that the payoff that U.S. citizens were promised from reducing the domestic deficit remains unfulfilled.
33. **The Spotlight and the Bottom Line: How Multinationals Export Human Rights,** Debora L. Spar, *Foreign Affairs*, March/April 1998. 172
Traditionally, U.S. manufacturers of consumer products targeted for **human rights violations** abroad have turned the blame over to foreign subcontractors. Recently, these corporations have begun to acknowledge responsibility for such violations and have created voluntary codes of conduct. Debora Spar assesses the effectiveness of this approach.
34. **European Monetary Union: Where Has It Been? Where Is It Going? What Is It Doing to Europe?** 177
Robert A. Levine, *World Policy Journal*, Winter 1997/98.
The **European Monetary Union** is expected to begin on January 1, 1999. The hoped-for result will be a "convergence" of member economies: similar interest rates, stable exchange rates, and public deficits no greater than 3 percent of GDP. Robert Levine says that what they are likely to get is, at best, a Western Europe like the current one; at worst, a perhaps frightening degree of disintegration.
35. **NAFTA: How Is It Doing?** Joe Cobb and Alan Tonelson, *The World & I*, October 1997. 186
The formation of the **North American Free Trade Association (NAFTA)** was marked by both extravagant promises about its benefits and by bloodcurdling warnings about its costs. Now that some time has passed, the authors ask: How is NAFTA doing?
36. **Russia Is Not Poland, and That's Too Bad,** Michael 192
M. Weinstein, *New York Times*, August 30, 1998.
Both **Poland and Russia** began the decade saddled with paltry living standards bequeathed by a sclerotic, centrally controlled economy. Poland now ranks among Europe's fastest growing economies, while the Russian economy stagnates. This article explains what went wrong.

37. Japan's Economic Plight: Fallen Idol, *The Economist*, 194
June 20, 1998.

Japan was once feared for its economic might. Today it is feared for its economic weakness—and the harm its ailing system might do to the rest of Asia and the world. ***The Economist*** examines various possible scenarios.

38. Out of the Ashes? Southeast Asia's Struggle 197
through Crisis, Stephen Parker, *The Brookings Review*, Summer 1998.

The Southeast Asian countries of Thailand, Indonesia, Malaysia, the Philippines, and Singapore have been at the epicenter of the ***Asian economic crisis***. What were the main causes of this crisis? What lessons does it offer? What are the implications for U.S. interests? Stephen Parker provides a closer look at these important developments.

39. Forget Convergence: Divergence Past, Present, 201
and Future, Lant Pritchett, *Finance & Development*, June 1996.

Looking for evidence of income convergence among the world's nations has become a fashionable pursuit. Far from narrowing, ***the gap between the incomes of rich and poor countries*** has grown markedly and is likely to widen further in the future, according to Lant Pritchett.

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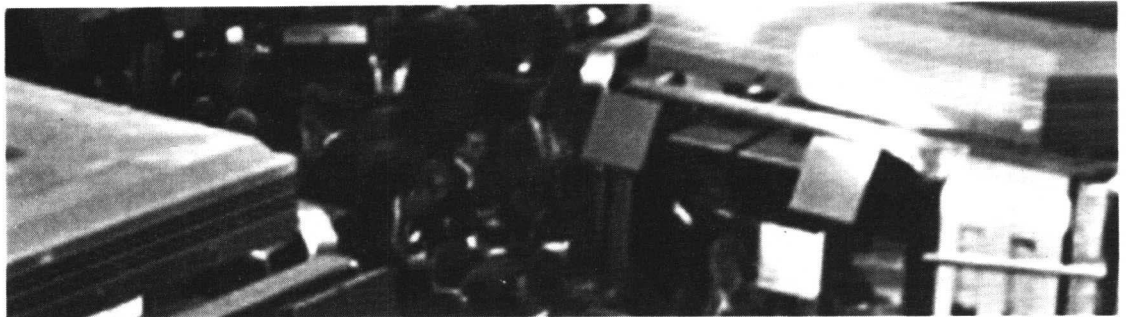
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Economics

Twenty-Eighth Edition

99/00



EDITOR

Don Cole

Drew University

Don Cole, professor of economics at Drew University, received his Ph.D. from Ohio State University. He has served as consultant to a variety of public and private organizations, and he is cofounder of the Drew University Semester on the European Union in Brussels, Belgium. An innovator in the use of computer-assisted instruction in the teaching of economics, Dr. Cole is the author of articles on various subjects, including economic policy, monetary theory, and economic education. He is also the editor of other Dushkin/McGraw-Hill publications, including *The Encyclopedic Dictionary of Economics* and two other *Annual Editions* anthologies, *Microeconomics* (4th Edition) and *Macroeconomics* (12th Edition).

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Topic Guide

This topic guide suggests how the selections and World Wide Web sites found in the next section of this book relate to topics of traditional concern to economics students and professionals. It is useful for locating interrelated articles and Web sites for reading and research. The guide is arranged alphabetically according to topic.

The relevant Web sites, which are numbered and annotated on pages 4 and 5, are easily identified by the Web icon (☉) under the topic articles. By linking the articles and the Web sites by topic, this ANNUAL EDITIONS reader becomes a powerful learning and research tool.

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Monetary Policy	4. Statistics and Even Lore of the Dismal Science 22. Learning from the Big Booms 24. How Fast Can the U.S. Economy Grow? 29. Is the Fed Slave to a Defunct Economist? 30. Electronic Cash and the End of National Markets ☉ 1, 9, 12, 21, 22, 23	Taxation	3. Why Economists Disagree 27. Flat Tax in Theory and Practice 28. Counting Our Chickens ☉ 7, 16, 28
New Economy View	20. New Unions for a New Economy 23. You Ain't Seen Nothing Yet 24. How Fast Can the U.S. Economy Grow? ☉ 1, 6, 7, 8, 9, 15, 16	Telecommunications Industry	8. Fallout from Merger Mania 23. You Ain't Seen Nothing Yet ☉ 14, 15, 16
North American Free Trade Agreement (NAFTA)	35. NAFTA: How Is It Doing? ☉ 29, 30, 32, 33, 34, 35	Underground Economy	2. Economic Organisation of a P.O.W. Camp 25. State of the Union: Black Holes in the Statistics 26. Economy You Can't See ☉ 5, 10, 18, 21, 22
Opportunity Costs	1. How Much for a Life? 2. Economic Organisation of a P.O.W. Camp ☉ 10	Unemployment	14. Overworked and Underemployed 15. Reinventing Welfare . . . Again 16. Are the Working Poor Lazy? 17. Much Ado about \$6.15 29. Is the Fed Slave to a Defunct Economist? 34. European Monetary Union ☉ 18, 19, 20
Phillips Curve	29. Is the Fed Slave to a Defunct Economist? ☉ 21, 22, 23	User Fees	12. Congested Parks—A Pricing Dilemma
Poverty	13. Middle Class: Winning in Politics, Losing in Life 15. Reinventing Welfare . . . Again 16. Are the Working Poor Lazy? 17. Much Ado about \$6.15 21. Hidden Side of the Clinton Economy ☉ 17, 18, 19, 20	Welfare Reform	15. Reinventing Welfare . . . Again 16. Are the Working Poor Lazy? ☉ 18, 20

● Annual Editions: Economics

The following World Wide Web sites have been carefully researched and selected to support the articles found in this reader. If you are interested in learning more about specific topics found in this book, these Web sites are a good place to start. The sites are cross-referenced by number and appear in the topic guide on the previous two pages. Also, you can link to these Web sites through our DUSHKIN ONLINE support site at <http://www.dushkin.com/online/>.

The following sites were available at the time of publication. Visit our Web site—we update DUSHKIN ONLINE regularly to reflect any changes.

General Sources

1. The Dismal Scientist

<http://www.dismal.com>

Often referred to as the "best free lunch on the Web," this is an excellent site with interactive features.

2. Harvard Business School

<http://www.hbs.edu/edresearch/edresearch.html>

Some people call HBS the best business school in the world. Surf through the many valuable links attached to this site and preview issues of the *Harvard Business Review*.

3. The Journal of Economic Education WWW Page

<http://www.indiana.edu/~econed/jee.htm>

Through this site, you can access abstracts and other resources of the *Journal of Economic Education*, which deals with introductory through graduate-level economics.

4. Journal of Political Economy

<http://www.journals.uchicago.edu/JPE/>

Browse through the archives, bibliographies, and abstracts of the *Journal of Political Economy* for insights into the interplay between economics and politics.

5. STAT-USA

<http://www.stat-usa.gov>

This essential site, a service of the U.S. Department of Commerce, contains daily economic news, statistical releases, information on export and international trade, domestic economic news and statistical series, and databases.

6. The Wall Street Journal

<http://interactive.wsj.com>

This is an Internet edition of the *Wall Street Journal*, the august and always interesting newspaper that is consulted by economists and managers the world over to keep up with the latest economic news and analyses.

Introduction

7. David K. Levine's Economic and Game Theory Page

<http://levine.sscnet.ucla.edu>

Peruse Professor Levine's site for discussion of game theory and, more broadly, economic theory. He also provides links to sites with related and general economic news, bibliographies, and research centers.

8. Economics Resources Internet Links

<http://www.wenet.net/erasf/links.html>

The Economic Research Associates provide many links that may be of interest to economists, such as the U.S. Census Bureau, international economic data via the CIA Data Penn World Tables, and regional economic information.

9. Resources for Economists on the Internet

<http://econwpa.wustl.edu/EconFAQ/EconFAQ.html>

This site and its links provide many Internet resources for academic and practicing economists. Some of the links avail-

able are: research organizations, societies and associations, scholarly book support, online journals, publications data, job information, and teaching resources, just to name a few.

10. Teaching in Economics Hypermail Archive: Re: Opportunity Cost

<http://econwpa.wustl.edu/~tchecondg/archive/1995/2719.html>

Access Thomas M. Dickey's site to read different economists' viewpoints on an important topic: opportunity cost.

11. U.S. Economics Departments on the Internet

<http://price.bus.okstate.edu/econdept.html>

Here is an extensive listing of Web sites of the economics departments of U.S. colleges and universities.

12. WebEc/World Wide Web Resources in Economics

<http://www.helsinki.fi/WebEc/WebEc.html>

This site from Finland contains lists of economic journals and an international event calendar for economists. It has a Reference Shelf and information about a broad range of topics.

Microeconomics

13. American Public Transit Association

<http://www.apta.com>

This nonprofit international association site includes data on transit systems, departments of transportation, and planning and designing public transportation.

14. Antitrust Policy

<http://www.antitrust.org/about.htm>

This site is devoted to topics related to antitrust policy, such as mergers and price fixing. The site includes discussion and "mergers simulation" links.

15. NewsPage

<http://pnp1.individual.com>

This site from Individual, Inc., provides daily business briefings and more in-depth stories related to such fields as computing and media, banking and finance, health care, insurance, and transportation and distribution.

16. Policy Digest Archives

<http://www.public-policy.org/~ncpa/pd/pdindex.html>

Through this site of the National Center for Policy Analysis, click onto links to read discussions of an array of topics of major interest to economists, from trade, to regulatory policy and privatization, to economy and income.

Income Distribution and Economic Justice

17. Cato Institute's Project on Social Security Privatization

http://www.cato.org/research/ss_prjct.html

The Cato Institute presents this page to discuss its Project on Social Security Privatization. This site and its links begin from the belief that privatization of the U.S. Social Security system is a positive goal that will empower workers.

18. Poverty in America-Research Index

<http://www.mindspring.com/~nexweb21/povindex.htm>

Open this page to find definitions and tables related to poverty and poverty areas. The site provides answers to FAQs, facts about poverty, and discussion of poverty myths.

19. Reinvesting in America

<http://www.iglou.com/why/ria.htm>

World Hunger Year (WHY) offers this site as part of its program called Reinvesting in America, its effort to help people fight hunger and poverty in their communities. Various resources and models for grassroots action are included here.

20. Welfare Reform: An Analysis of the Issues

<http://www.urban.org/welfare/overview.htm>

The Urban Institute offers lengthy discussions of issues related to welfare and its reform.

Macroeconomics

21. Alan Greenspan's Tradeoff

<http://www.pathfinder.com/fortune/1997/971208/tst5.html>

This page from *Fortune* magazine will lead you to extensive discussion of the Fed and its chairman, Alan Greenspan. It also serves as a jumping-off point to the magazine's archives and other resources of interest to economists.

22. Economic Report of the President

<http://www.library.nwu.edu/gpo/help/econr.html>

This report includes current and anticipated trends and annual numerical goals concerning topics such as employment, production, real income, and federal budget outlays. The database notes employment objectives for significant groups of the labor force, annual numeric goals, and a plan for carrying out program objectives.

23. Federal Reserve System

<http://woodrow.mpls.frb.fed.us/info/sys/index.html>

Consult this page to learn the answers to FAQs about the Fed, the structure of the Federal Reserve system, monetary policy, and more. It provides links to speeches, interviews, and essays and articles on the Fed.

24. Finance (and Banking) Related Links

http://ananse.irc.vut.no/trade_law/frames/body-finance.html

This site provides information on international banking and finance, stock research, and electronic banking.

25. International Labour Organization

<http://www.ilo.org>

ILO's home page leads to links that describe the goals of the organization and summarize international labor standards and human rights. Its official UN Web site locator leads to many other useful resources.

26. Principles of Macroeconomics

<http://pantheon.yale.edu/~efremov/>

This index page of an undergraduate course, "Principles of Macroeconomics," at Yale University leads to useful reading lists and thought-provoking assignments in such topics as the relationship between unemployment and inflation and to various sources for economic statistics and organizations.

27. School of Labor and Industrial Relations Hot Links

<http://www.ssc.msu.edu/~lir/hotlink.htm>

This page takes you to sites regarding industrial relations throughout the world. It has links from U.S. government and

statistics, newspapers and libraries, and international inter-governmental organizations. With this level of access, you should be able to research virtually every labor-related topic.

28. Tax Foundation

<http://www.taxfoundation.org/index.html>

Consult the site of this self-described "nonprofit, nonpartisan policy research organization" to learn the history of "Tax Freedom Day," tax burdens around the United States, and other information about your tax bill or taxes in general.

Changing Global Economy

29. Center for International Business Education and Research

<http://www.cob.ohio-state.edu/ciberweb/>

Surf this site for information about international business/trade organizations and emerging markets.

30. Globalization Studies

<http://www.globalize.org/index.html>

This page is intended to serve as a resource, archive, and forum for students and educators interested in globalization studies, a cross-disciplinary area that involves economics, political science, international law, ethics, and sociology.

31. Immigration Facts: National Academy of Science Study

<http://www.immigrationforum.org/national.htm>

The National Immigrant Forum offers this page to examine the effects of immigration on the U.S. economy and society.

32. Institute of International Bankers

<http://www.iib.org>

Examine this site for information on the Institute of International Bankers, IIB events, and publications in order to become familiar with trends in international banking.

33. Internet Resources for International Economics & Business

http://dylee.keel.econ.ship.edu/intntl/int_home.htm

Dr. Daniel Y. Lee of the College of Business at Shippensburg University maintains this site, which lists Internet resources related to economics, management, and business.

34. IRIS Center

<http://www.inform.umd.edu/IRIS/iris.html>

The project on Institutional Reform and the Informal Sector (IRIS) aims to understand transition and developing economies. Examine this site to learn about research into the institutions and policies that help to promote successful economic change in the global age.

35. Ludwig-Maximilians-University Munich

http://www.jura.uni-muenchen.de/Links/UN_links.html

Open this page to find links to expand your knowledge of the European Union (and European monetary union), North American Free Trade Organization, General Agreement on Tariffs and Trade, United Nations, and related Internet sites.

We highly recommend that you review our Web site for expanded information and our other product lines. We are continually updating and adding links to our Web site in order to offer you the most usable and useful information that will support and expand the value of your Annual Editions. You can reach us at: <http://www.dushkin.com/annualeditions/>.

Unit Selections

1. **How Much for a Life? Try \$3 Million to \$5 Million**, Peter Passell
2. **The Economic Organisation of a P.O.W. Camp**, R. A. Radford
3. **Why Economists Disagree**, John Tiemstra
4. **Statistics and Even Lore of the Dismal Science**, David Cay Johnston

Key Points to Consider

- ❖ Is life priceless? Explain your answer in terms of the opportunity cost principle.
- ❖ What does R. A. Radford's study of a P.O.W. camp tell us about such economic concepts as scarcity, inflation, and the terms of trade?
- ❖ How does one use the Internet for the purpose of learning about economic issues?



Links

www.dushkin.com/online/

7. **David K. Levine's Economic and Game Theory Page**
<http://levine.sscnet.ucla.edu>
8. **Economics Resources Internet Links**
<http://www.wenet.net/erasf/links.html>
9. **Resources for Economists on the Internet**
<http://econwpa.wustl.edu/EconFAQ/EconFAQ.html>
10. **Teaching in Economics Hypermail Archive: Re: Opportunity Cost**
<http://econwpa.wustl.edu/~tchecndg/archive/1995/2719.html>
11. **U.S. Economics Departments on the Internet**
<http://price.bus.okstate.edu/econdept.html>
12. **WebEc/World Wide Web Resources in Economics**
<http://www.helsinki.fi/WebEc/WebEc.html>

These sites are annotated on pages 4 and 5.