

A·N·N·U·A·L E·D·I·T·I·O·N·S

Microeconomics

02 / 03



1. Introduction to Microeconomics

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2. Competition in Product Markets

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3. Labor Markets and Unions

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4. Market Failures and Public Microeconomics

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5. Income Distribution and Economic Justice

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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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To the Reader

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.

Annual Editions: Microeconomics 02/03 is an anthology that provides up-to-date readings in contemporary microeconomic issues. In view of the recent explosion of interest in economics, it is essential that students be given opportunities to observe how economic science can help them to understand major economic events in the real world. *Annual Editions: Microeconomics 02/03* is designed to meet such a need.

This anthology is divided into five sections, which generally correspond to the typical sequence of topics in microeconomics textbooks:

Introduction to Microeconomics. Microeconomics studies the way in which market values are established through the interaction of consumers (households) and producers (firms). As articles in this section indicate, microeconomic reasoning can be applied to a large assortment of "real world" problems.

Competition in Product Markets. A firm's decisions about price and output will depend upon the nature of the industry in which it is operating. Economists develop models that demonstrate how markets are structured between "perfect competition" (numerous small, price-taking firms) to "pure monopoly" (a single, price-making seller). As this section indicates, most real-world markets lie somewhere between these two extremes, where many pressing issues (involving the competitive behavior of firms) can be found.

Labor Markets and Unions. This section discusses the ways in which labor markets work and the influence of unionization on them. Among the issues raised are, How does the federal minimum wage affect employment? What do unions do for

their members? Is increased worker participation the key to improving American productivity?

Market Failures and Public Microeconomics. Every market economy has certain shortcomings that might necessitate government action to modify its operation. This section deals with such questions as, Is "marketization" the ultimate solution when markets fail? How can policies be developed that internalize externalities? What are the prospects for health care reform?

Income Distribution and Economic Justice. Questions raised in this section include What explains the rise in U.S. income inequality over the past two decades? Is federal welfare reform working? What might be done to improve the Social Security System?

Whether you are someone who is currently pursuing studies in economics, or just a casual reader eager to learn more about some of the major economic issues of the day, you will find *Annual Editions: Microeconomics 02/03* 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 *article rating form* on the last page of this book.



Don Cole
Editor

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Topic Guide

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.

A great deal of 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 human life?

2. The Company We'll Keep, Joseph B. White, *Wall Street Journal*, December 31, 1999.

Joseph White argues that **in the new millennium, corporations will be little more than brand names**, covers for frequent-flying, cyberspace-cruising freelancers who form virtual teams on wireless networks.

3. The Chaos at the Core of Prosperity, David Leonhardt, *New York Times*, November 5, 2000.

Has corporate America entered a new stage of instability, one in which seemingly ascendant companies can quickly lose their way? David Leonhardt demonstrates how some of the **insights of the great economist Joseph Schumpeter** can help us to understand what is happening.

4. Following the Money, but Also the Mind, Louis Uchitelle, *New York Times*, February 11, 2001.

For more than a half-century economists have based their theories on the rigid assumption that **people act with rational, unemotional self-interest**. Recently, however, a new approach—known as **behavioral economics**—has emerged, which recognizes that human beings have another, feisty, side to them.

5. Statistics and Even Lore of the Dismal Science, David Cay Johnston, *New York Times*, September 15, 1997.

A vast and growing trove of online information is available to track the domestic and world economy. David Cay Johnston shows how the **Internet** can be used to find it.

Overview

A. GENERAL CONCEPTS

6. Why You Can't Tell What Things Cost, David J. Morrow, *New York Times*, March 2, 1997.

The traditional **laws of supply and demand** once imposed a semblance of order and clarity on prices. Yet, as David Morrow explains, today they are being so haphazardly amended by technological changes that the marketplace now offers no certainty.

7. Smoke Signals, *New York Times*, New Jersey Sunday Edition, January 10, 1999.

One of the more useful concepts in microeconomics is **demand elasticity**, which measures the responsiveness of consumer demand to changes in prices. In 1998, the New Jersey legislature doubled the state cigarette tax in an effort to reduce smoking. This article examines the impact that this has had on cigarette sales in both New Jersey and nearby states.

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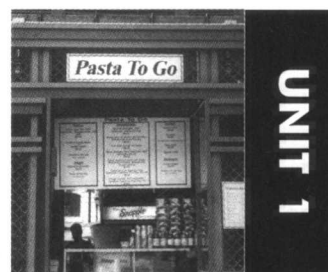
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Introduction to Microeconomics

Five articles in this section examine some of the common economic choices made by individuals and firms as they react to the dynamics of society.



Competition in Product Markets

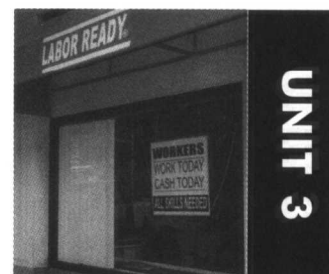
Eighteen articles in this section discuss the concept of the market in the American economy. Some of the topics include competition, the effects of international markets on the economy, and corporate restructuring.

8. **Entree Economics**, Eileen Daspin, *Wall Street Journal*, March 10, 2000. 30
What does that restaurant meal really cost? Eileen Daspin calculates the price that six American eateries pay for the food they serve and finds some surprises.
9. **Buying Power by the Hour**, Jane Bryant Quinn, *Newsweek*, April 30, 2001. 33
 In the late 1990s, with prosperity in full swing, consumers stopped worrying about their energy bills. Utilities and states—California among them—closed or scaled back their conservation programs. Today, with the emergence of an energy crisis in California, Jane Bryant Quinn asks: *Would consumers change the way they use electricity if they paid the real-time cost?*
10. **I Got It Cheaper Than You**, Scott Woolley, *Forbes*, November 2, 1998. 35
 Scott Woolley says *price discrimination* seems destined to become more frequent and complex with the growth of electronic commerce.
11. **The Law as the Free Market's Rogue: Hostage to the Prisoner's Dilemma**, Peter Passell, *New York Times*, March 25, 1994. 37
 Peter Passell notes that the market for legal services fails in a particularly perverse and fascinating way, known as *the prisoner's dilemma*.
12. **The New Economy's 'Network Society' Plays by Old-Economy Rules**, Jeff Madrick, *New York Times*, July 6, 2000. 40
 Many business gurus are saying that the theoretical principles underlying the "old economy" don't apply. Jeff Madrick disagrees, and he demonstrates the usefulness of the time-honored *principle of economies of scale*.

B. CASE STUDIES

13. **The Core of the Problem: Three Hard Years Push West Michigan Apple Growers Out of the Business**, Kathleen Longcore, *The Grand Rapids Press*, September 23, 2000. 42
 Increased global competition, plus smaller crops resulting from freezes and blights, have recently *forced many apple growers out of business*.
14. **Ever Wonder Why Furniture Shopping Can Be Such a Pain?** James B. Hagerty, *Wall Street Journal*, November 2, 1998. 44
 The U.S. furniture industry demonstrates many of the characteristics of *monopolistic competition*, including a large number of sellers, product differentiation, low capital requirements, and ease of entry into the market.
15. **Regional Differences in the Economic Impact of Wal-Mart**, Nora Ganim Barnes, Allison Connell, Lisa Hermenegildo, and Lucinda Mattson, *Business Horizons*, July/August 1996. 47
 The Wal-Mart chain of *discount merchandising* stores has surged past all other competitors to become the largest U.S. retailer in net sales. This report discusses the strategies Wal-Mart used to gain this position and the economic impact of such strategies on different parts of the country.

- 16. How Burger King Got Burned in Quest to Make the Perfect Fry**, Jennifer Ordonez, *Wall Street Journal*, January 16, 2001. **52**
This case study provides interesting details on the **importance of product differentiation** as a strategic device used by highly competitive firms.
- 17. The Joys of Oligopoly**, *The Economist*, March 10, 2001. **55**
Is consolidation in the American airline industry a good thing? United Airlines, American Airlines, U.S. Airways, and TWA have unveiled their latest plans for carving up the American market among them.
- 18. The UK Package Holiday Industry**, G. K. Bullock, *Management Accounting*, April 1998. **58**
G. K. Bullock traces the role that **horizontal integration, vertical integration, and diversification** have played in the development of the package holiday industry.
- 19. Electricity Deregulation and the Consumer**, *Resources*, Winter 1997. **62**
Traditionally, **electric utilities** have received government protection against competition in exchange for state regulation of their rates and the quality of their service. This essay examines possible consequences of industry deregulation for utility companies, their customers, and the environment.
- 20. OPEC and the Voice of Doom**, *The Economist*, September 9, 2000. **66**
Not quite 2 years ago, oil was \$10 a barrel and **the OPEC cartel** was on the brink of collapse. Today the oil price is well above \$30 a barrel, and it shows little sign of coming down. *The Economist* demonstrates how policy decisions within OPEC affect the rest of the world.
- 21. Phoning Long Distance Is No Longer Such a Deal**, Kim Clark, *U.S. News & World Report*, January 15, 2001. **68**
A new trend of limited growth and plummeting stocks among **long distance companies** is causing many to quietly **raise rates** despite consumer protests.
- 22. As Mergers Get Bigger, So Does the Danger**, Louis Uchitelle, *New York Times*, February 13, 2000. **69**
Seldom since the late nineteenth century, when corporate trusts dominated oil, steel, copper, and railroads in the United States, has there been such a **march toward concentration**. Louis Uchitelle considers the ramifications of megamergers.
- 23. Patent Medicine**, Dean Baker, *The American Prospect*, January 29, 2001. **71**
Absurdly high prices have put lifesaving prescription drugs out of reach for millions of Americans and for hundreds of millions of people in developing countries. According to Dean Baker, in large part, **patent protection** is to blame.



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- 24. Downsized & Out? Job Security and American Workers**, Charles L. Schultze, *Brookings Review*, Fall 1999. **76**

Over the past 20 years, intense media attention and some dramatic downsizing among large companies have created a widespread perception that **corporate layoffs among senior workers**, at all skill levels, have seriously eroded the prospects for **job security** as a reward for long service.

Labor Markets and Unions

Eleven selections examine the current state of labor and unions.

Some of the topics include job security, the state of unionism, compensation benefits, the impact of immigration, and the status of women in the workplace.

25. **Tight Job Market Pinches Temporary-Help Firms,** 80
Robert Johnson, *Wall Street Journal*, August 24, 2000.
For many low-skill workers, **temporary-help companies** have become the "port of entry" to the permanent job market because of the training they offer, but a recent MIT study indicates that two-thirds of all temporary workers would prefer to be in permanent jobs.
26. **Where Supply and Demand Meets Wages and Myth,** 82
Richard Rothstein, *New York Times*, November 1, 2000.
In the past 20 years, the **wage premium for a college degree** has soared. However, as Richard Rothstein explains, just because the relative earnings of college graduates are climbing does not necessarily mean that the demand for these workers must also be climbing.
27. **Debating the Minimum Wage,** *The Economist*, 84
February 3, 2001.
According to conventional economic analysis, increases in the **minimum wage** could result in two things: those who remain employed get high incomes, while other, less productive workers lose jobs as employers trim payrolls. *The Economist* examines recent evidence and finds that this view may be incorrect.
28. **Homemaker as Worker in the United States,** 86
Margaret Coleman, *Challenge*, November/December 1998.
Margaret Coleman uses historical data on **women's labor-force participation** to show that, for most women, and except during brief periods, the exclusive role of housewife has not been an option.
29. **Immigrants Fill Critical Gap in Wide-Open Job Market,** 91
Dina Temple-Raston, *USA Today*, June 23, 2000.
With more than 9 million legal immigrants arriving on its shores in the past decade, the **current immigration wave** is the largest in U.S. history. Dina Temple-Raston traces the impact of this wave on U.S. job markets and wages.
30. **Union Membership Hits Low Point,** *Society*, 94
May/June 2001.
The **percentage of American workers belonging to unions fell** last year to 13.5 percent, the lowest point in six decades. In this article, economists offer several explanations for the decline.
31. **New Unions for a New Economy,** Stephen A. Herzenberg, John A. Alic, and Howard Wial, *The New Democrat*, 95
March/April 1998.
How will American trade unionism fare in the twenty-first century? The authors recommend ways in which unions can meet the challenges of the New Economy.
32. **Building Prosperity From the Bottom Up,** Thomas Palley, *Challenge*, September/October 1998. 100
Thomas Palley explores the possible outcomes of an increase in the **minimum wage**.
33. **Worker Capitalists? Giving Employees an Ownership Stake,** Margaret M. Blair and Douglas L. Kruse, 105
Brookings Review, Fall 1999.
In survey after survey, members of the general public, working people in particular, say they believe that employees in substantially **employee-owned firms** work harder and better and are more likely than outside shareholders to vote their shares in the long-term interests of the company.

34. Workers De-Compensation: Benefits Evaporate for Repetitive Stress Sufferers, Kimberly Patch, *Dollars and Sense*, January/February 1997. 109

As many as one million American workers are afflicted annually by **repetitive strain injury**. Over the past decade state legislatures have scaled back **workers' compensation benefits**, often at the behest of insurance companies that are eager to cut costs. Kimberly Patch considers the implications of this for those who suffer from such a condition.

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35. Everything for Sale, Robert Kuttner, *Business Week*, March 17, 1997. 116

In this excerpt from his new book, *Everything for Sale*, Robert Kuttner explains how a **mixed economy**, combining competition with some form of government oversight, works better than a pure market economy.

36. Staking Out the High Ground on Government Regulation of Business, Murray Weidenbaum, *Business and Society Review*, Number 96, 1996. 119

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**. Murray Weidenbaum asks, What can be done to improve such regulation?

37. Cable Rates Rising as Industry Nears End of Regulation, Stephen Labaton, *New York Times*, March 8, 1999. 123

The Telecommunications Act of 1996 provided for a 3-year phaseout of federal controls over television cable rates. But while the **prospect of competition** was supposed to drive prices down, cable rates continue to rise, with many companies announcing increases for this year that are more than double the projected rate of inflation.

38. Can Antitrust Keep Up? Competition Policy in High-Tech Markets, Jonathan B. Baker, *Brookings Review*, Winter 2001. 126

Not since the 1911 breakup of the Standard Oil trust has a government **antitrust case** attracted as much public attention as the Justice Department's suit against high-tech giant Microsoft. Jonathan Baker suggests that **competition in high-tech markets** is based on five core principles likely to withstand shifting political winds.

39. The Real Price of Gas, *International Center for Technology Assessment*, November 1998. 130

The retail price that Americans pay for gasoline appears to be very low in comparison with prices prevailing in most other nations. Adding in the many **external costs** that consumers pay indirectly by way of increased taxes, insurance costs, and retail prices in other sectors, this study estimates the **real per gallon price to be in excess of \$15**.

40. Making Green Policies Pay Off: Responsible Climate-Change Package Can Benefit Environment, Workforce, James Barrett and J. Andrew Hoerner, *EPI Issue Brief*, April 21, 2000. 132

The authors show how **responsible policies might benefit both the environment and the economy**.



Market Failures and Public Microeconomics

Fifteen articles examine the current state of product and market failures.

Some of the topics include the impact of deregulation, market forces on the environment, increased health care, and drug legalization.



UNIT 5

Income Distribution and Economic Justice

The ten selections in this section consider the dynamics of income distribution.

41. **Travelers Benefit From Airline Deregulation**, John H. Anderson Jr., *Consumers' Research*, July 1996. 136
The Airline Deregulation Act of 1978 phased out the federal government's control over **airfares and service**. According to *Consumers' Research*, a survey of 112 airports reveals that airfares 20 years later were below what they were when the process of **deregulation** was begun.
42. **How the Antitrust Wars Wax and Wane**, Laurence Zuckerman, *New York Times*, April 11, 1998. 140
A debate is emerging over the issue of **predatory pricing**. How it plays out could end up influencing how much Americans pay for everything from airline tickets to computer software, from beer to cellophane tape.
43. **Prove It: The Costs and Benefits of Sprawl**, Peter Gordon and Harry W. Richardson, *Brookings Review*, Fall 1998. 143
Has the process of **urban sprawl** gone too far? The authors consider implications of this development for public policy.
44. **"Does Prison Pay?" Revisited: Returning to the Crime Scene**, Anne Morrison Piehl and John J. Dilulio Jr., *Brookings Review*, Winter 1995. 146
Economists frequently employ **cost-benefit analysis** for the purpose of assessing the relative merits of public projects. Anne Morrison Piehl and John Dilulio conducted a study of New Jersey correctional institutes in order to determine whether they "cost too much" or "protect too little."
45. **Congested Parks—A Pricing Dilemma**, Dan M. Bechter, *Monthly Review* (Federal Reserve Bank of Kansas City), June 1971. 152
Overcrowding at public parks creates a **classic microeconomic dilemma**: outdoor recreationists face insufficient parking space, which must be allocated through adjusting park fees.
46. **Drug Legalization? Time for a Real Debate**, Paul B. Stares, *Brookings Review*, Spring 1996. 158
Paul Stares says the time has come for a real debate over the **pros and cons of drug legalization**.
47. **A New Medicare for the New Economy**, Jeff Lemieux, *Blueprint*, Winter 2001. 162
Jeff Lemieux argues that **Medicare reform** requires not only improving benefits for recipients but also using market forces to shore up the system's creaky inner workings.
48. **The Free Market for Clean Air**, David B. Webster, *Business and Society Review*, Summer 1994. 166
Recent amendments to the Clean Air Act of 1990 allow companies to buy and sell the right to pollute. **Pollution trading** has the potential to help society decide how much pollution we are willing to live with, and who will pay the cost of reducing it.
49. **How Uncle Sam Could Ease the Organ Shortage**, Gary S. Becker, *Business Week*, January 20, 1997. 170
Gary Becker proposes a scheme for reducing the shortage of organ donors by having the federal government offer **incentives** to induce more people to allow their organs to be used for transplants after they die.

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50. **Growing American Inequality: Sources and Remedies**, Gary Burtless, *Brookings Review*, Winter 1999. 174
Gary Burtless asks, Should we care about the growing earnings gap? And, if we do care, what should we do about it?

- 51. Inequality in the United States**, Brian Motley, *FRBSF Economic Letter* (Federal Reserve Bank of San Francisco), January 31, 1997. **179**
 For the better part of three decades, the **gap in earnings** between rich and poor Americans has increased steadily. While it is true that many persons move up (and down) the income scale over their lifetimes, there is no clear evidence that mobility has improved as income inequality has increased.
- 52. The Victimless Income Gap?** Robert H. Frank, *New York Times*, April 12, 1999. **183**
 Some economists maintain that **inequality doesn't really matter** as long as no one ends up with less in absolute terms. Robert Frank disagrees.
- 53. The State of the Poor, Challenge**, November/December 1996. **185**
 Using information on family expenditures, home ownership, and health care, this essay demonstrates **what it really means to be poor in America**.
- 54. The 'Undeserving Poor' Deserve More Help**, 187
 Stephen H. Bell, *The Christian Science Monitor*, February 21, 2001.
 A powerful tool for "making work pay" is the **Earned Income Tax Credit (EITC)**, which raises the after-tax incomes of low-wage workers. Stephen Bell argues that it is now time to raise the value of this credit for adults without dependents.
- 55. Without a Net: Whom the New Welfare Law Helps and Hurts**, Christopher Jencks and Joseph Swingle, *The American Prospect*, January 3, 2000. **188**
 Christopher Jencks and Joseph Swingle demonstrate why the **impact of welfare reform** has been neither as grim as its critics feared nor as encouraging as its advocates promised.
- 56. Corporate Welfare Remains Unchecked**, Doug Bandow, *Business and Society Review*, Number 97, 1996. **195**
Corporate welfare is expanding rapidly. Doug Bandow describes the many ways in which businesses benefit from government largesse at public expense.
- 57. How to Slip Out of America's Housing Squeeze**, 198
 Christopher Farrell, *Business Week Online*, February 16, 2001.
 A close look at the supply-and-demand equation suggests that the **affordable housing squeeze** is relatively easy to fix. As Christopher Farrell demonstrates, it is politics, not economics, that makes this problem so difficult.
- 58. Should We Retire Social Security?** Henry J. Aaron and Robert D. Reischauer, *Brookings Review*, Winter 1999. **200**
 Most Americans understand that **Social Security** faces a long-term imbalance between the cost of benefits promised under current law and the program's projected income. The authors evaluate major proposals currently under consideration to reform or replace the nation's pension system.
- 59. Equality in Hiring Remains the Key to Civil Rights Goals**, Alan B. Krueger, *New York Times*, June 22, 2000. **206**
 Since 1965, when the Civil Rights Act went into effect, median earnings of black full-time workers have gained ground on the earnings of their white counterparts. Alan Krueger shows that **discrimination** still persists, however, taking on more subtle forms that are less amenable to correction by legislation.

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A·N·N·U·A·L E·D·I·T·I·O·N·S**Microeconomics****02/03***Sixth Edition***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 McGraw-Hill/Dushkin publications, including *The Encyclopedic Dictionary of Economics* and two other *Annual Editions* anthologies, *Economics* and *Macroeconomics*.

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The Web icon (🌐) under the topic articles easily identifies the relevant Web sites, which are numbered and annotated on the next two pages. 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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Discrimination	4. Following the Money	Health Care	23. Patent Medicine 47. New Medicare for the New Economy 49. How Uncle Sam Could Ease the Organ Shortage 🌐 27, 32, 33, 34, 35, 39
		Horizontal Integration	18. UK Package Holiday Industry
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		Immigration	29. Immigrants Fill Critical Gap in Wide-Open Job Market 🌐 26
		Income Distribution	47. New Medicare for the New Economy 50. Growing American Inequality 51. Inequality in the United States 52. Victimless Income Gap? 53. State of the Poor

TOPIC AREA	TREATED IN	TOPIC AREA	TREATED IN
	54. 'Undeserving Poor' Deserve More Help 55. Without a Net: Whom the New Welfare Law Helps and Hurts 57. How to Slip Out of America's Housing Squeeze 58. Should We Retire Social Security? 59. Equality in Hiring • 20, 21, 23, 25, 26, 27, 35, 36, 37, 38, 39, 40, 41	Monopolistic Competition	14. Ever Wonder Why Furniture Shopping Can Be Such a Pain? 15. Regional Differences in the Economic Impact of Wal-Mart 45. Congested Parks—A Pricing Dilemma • 9, 10, 11, 12, 13, 14, 15, 16, 17
Internet	2. Company We'll Keep 3. Chaos at the Core of Prosperity 5. Statistics and Even Lore of the Dismal Science 10. I Got It Cheaper Than You 12. New Economy's 'Network Society' • 3, 4, 8, 12, 13, 27	Monopoly	19. Electricity Deregulation 23. Patent Medicine 38. Can Antitrust Keep Up? • 9, 28, 29, 30, 31
Labor Force	28. Homemaker as Worker in the United States • 18, 19, 27	Occupational Safety and Health Administration (OSHA)	34. Workers De-Compensation 36. Staking Out the High Ground • 22, 30, 32
Labor-Management Relations	24. Downsized & Out? 25. Tight Job Market Pinches Temporary-Help Firms 27. Debating the Minimum Wage 28. Homemaker as Worker in the United States 30. Union Membership Hits Low Point 31. New Unions for a New Economy 32. Building Prosperity From the Bottom Up 33. Worker Capitalists? 34. Workers De-Compensation • 18, 19, 20, 21, 22, 23, 24, 25, 26, 27	Oligopoly	2. Company We'll Keep 17. Joys of Oligopoly 18. UK Package Holiday Industry 20. OPEC and the Voice of Doom 37. Cable Rates Rising 41. Travelers Benefit From Airline Deregulation 42. How the Antitrust Wars Wax • 9, 10, 11, 12, 13, 14, 16, 17
Leisure/Work Trade-off	28. Homemaker as Worker in the United States • 18, 19, 27	Opportunity Costs	1. How Much for a Life? • 1, 4, 5, 12, 14, 17
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		Telecommunications Industry	2. Company We'll Keep 3. Chaos at the Core of Prosperity 21. Phoning Long Distance 35. Everything for Sale 37. Cable Rates Rising • 1, 3, 4, 5
		User Fees	45. Congested Parks—A Pricing Dilemma • 17, 33, 34
		Vertical Integration	2. Company We'll Keep 18. UK Package Holiday Industry
		Wage Premium	26. Where Supply and Demand Meets Wages and Myth • 21, 25, 27
		Welfare Programs	54. 'Undeserving Poor' Deserve More Help 55. Without a Net: Whom the New Welfare Law Helps and Hurts 56. Corporate Welfare Remains Unchecked • 36, 40, 41
Minimum Wage	27. Debating the Minimum Wage 32. Building Prosperity From the Bottom Up • 21, 25, 26, 27, 40, 41		

● AE: Microeconomics

The following World Wide Web sites have been carefully researched and selected to support the articles found in this reader. The sites are cross-referenced by number and the Web icon (●) in the topic guide. In addition, it is possible to link directly 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 Sites

1. AmosWeb

<http://amosweb.com/gls/>

A premier Internet site for instructional economic information, its main features include a glossary of over 500 economic terms and concepts, a reading room, and an interactive question-and-answer resource.

2. Bureau of Economic Analysis

<http://www.bea.doc.gov>

Part of the U.S. Department of Commerce, the BEA is the nation's accountant. Its Survey of Current Business is a good source for data on industrial and regional development.

3. Complete Guide to Economic Resources on the Web

<http://economics.miningco.com>

This frequently updated source "mines the Net" for information on economic subjects. Major features include a very large number of Netlinks and online articles from economics magazines and journals.

4. The Dismal Scientist

<http://www.dismal.com>

Often referred to as the "best free lunch on the Web," this is an excellent site with many interactive features. It provides briefings on the current state of the economy.

5. Economic Statistics Briefing Room; The White House

<http://www.whitehouse.gov/fsbr/esbr.html>

This site provides easy access to current federal economic indicators, including Production and Business Activity, Output, Income, Employment, Earnings, and Prices and Money.

6. Problems in Microeconomics

<http://www.bus.msu.edu/econ/brown/pim/index2.htm>

Practice problems and interactive lectures designed by Professor Byron Brown can be found here.

7. Resources for Economists on the Internet

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

This resource of the WWW Virtual Library on Economics is a good starting place for any research in economics. It has many Web links.

8. WebEc-WWW Resources in Economics

<http://netec.wustl.edu/WebEc.html>

A most complete virtual library of economics facts, figures, and ideas is available at this site.

Competition in Product Markets

9. Antitrust Policy

<http://www.antitrust.org>

This site provides detailed information on such topics as case studies in price fixing, merger simulations, and the evolution of U.S. antitrust policy.

10. CEO Express—Business and Financial News

<http://www.ceoexpress.com>

Extensive tools for researching companies are provided here through direct links to the home pages of Fortune 500 and many other firms.

11. International Business Resources on the WWW

<http://ciber.bus.msu.edu/busres.htm>

Operated by the Center for International Business Education and Research, this site offers feature articles and hotlinks involving many aspects of international business.

12. Internet Public Library: Business and Economics Reference

<http://ipl.org/ref/RR/static/bus0000.html>

A comprehensive reference library about the production, distribution, and consumption of goods and services, this site includes many topics: consumer issues, employment, business and industry, and labor and workplace.

13. Leading Companies E-zine

http://www.fed.org/leading_companies/index.html

This monthly online electronic magazine is offered by the Federation for Enterprise Development. Topics generally focus on the development of a high-performance workplace, employee ownership, and entrepreneurial issues.

14. New York Times Business Connections

<http://www.nytimes.com/library/cyber/reference/busconn.html>

This page of links to business and economics sites on the Web was prepared for use by journalists of the New York Times for their own research purposes.

15. Small Business Administration

<http://www.sbaonline.sba.gov>

The U.S. Small Business Administration provides financial, technical, and management assistance to the 23 million small businesses that employ more than 50 percent of America's private workforce.

16. U.S. Business Advisor

<http://www.business.gov>

This site is designed to provide business with one-stop access to federal government information, services, and transactions.

17. U.S. Consumer Gateway

<http://www.consumer.gov>

A broad range of federal information resources involving consumers and consumption can be found on this link.

Labor Markets and Unions

18. Advancing Women

<http://www.advancingwomen.com>

This award-winning, bilingual (English and Spanish) Web site offers business and technology news and career strategies for women in the workplace.

19. Bureau of Labor Statistics

<http://stats.bls.gov>

The home page of the BLS, an agency of the U.S. Department of Labor, offers Data, Economy at a Glance, Keyword Searches, Surveys and Programs, and other statistical sites.

20. International Labor Organization

<http://www.ilo.org>

The ILO is a specialized agency of the United Nations that seeks internationally recognized human and labor rights.

21. LaborNet

<http://www.labornet.org>

LaborNet "supports and guarantees human rights and justice for workers." This site offers extensive links to other Web pages involving workplace issues.

22. Occupational Safety and Health Administration

<http://www.osha.gov>

OSHA's site provides ready access to links concerning workplace safety and health issues.

23. Today's Unions

<http://www.afcio.org>

This Web page of the AFL-CIO provides access to a large number of topics concerning ways in which labor unions might improve the lives of working families.

24. U.S. Census Bureau

<http://www.census.gov>

Economic, social, and demographic trends may be accessed here. It includes the U.S. Statistical Abstract.

25. U.S. Department of Labor

<http://www.dol.gov>

This searchable DoL Web site has information about the department and its agencies and labor laws and trends.

26. U.S. Immigration and Naturalization Service

<http://www.ins.usdoj.gov>

An agency of the U.S. Department of Justice, the INS is responsible for enforcing the laws regulating the admission of foreign-born people to the United States.

27. WorkIndex

<http://workindex.com>

This Web site is an annotated guide to Internet resources in "human resources, labor relations, benefits, training, technology, staffing, recruiting, leadership, motivation, insurance, relocation, legal issues, and more."

Market Failures and Public Microeconomics

28. Brookings Institution

<http://www.brook.edu>

Founded in 1916, the Brookings Institution functions as an independent analyst and critic, whose major focus is on public policy issues at the national level.

29. Economic Policy Institute

<http://epinet.org>

This site provides a road map to a large number of organizations that deal with public policy issues.

30. Environmental Protection Agency

<http://www.epa.gov>

The home page of the Environmental Protection Agency provides access to information about EPA laws and regulations, environmental projects, and a large variety of specific EPA topics.

31. Federal Trade Commission (Bureau of Consumer Protection)

<http://www.ftc.gov/bcp/bcp.htm>

This is the Web site of the Bureau of Consumer Protection, whose mandate is to protect consumers against unfair, deceptive, or fraudulent practices.

32. Health Economics Resource Page

<http://www.healtheconomics.com>

Here is a major source of information on health economics, health policy, managed care, and public health policy.

33. Public Citizen

<http://www.citizen.org>

Founded by Ralph Nader in 1971, Public Citizen is an advocate for "safer drugs and medical devices, cleaner and safer energy sources, a cleaner environment, fair trade, and a more open and democratic government."

34. World Resources Institute

<http://www.wri.org>

The World Resources Institute provides information and practical proposals for policy and institutional change that will foster environmentally sound, socially equitable development.

Income Distribution and Economic Justice

35. Center on Budget and Policy Priorities

<http://www.cbpp.org>

The Center on Budget and Policy Priorities is a nonpartisan policy institute that conducts research and analysis on a range of government policies and programs, emphasizing those affecting low- and moderate-income people.

36. Joint Center for Poverty Research

<http://www.jcpr.org>

This site examines what it means to be poor and live in America. Issues considered include changing labor markets, the causes of inequality, family functioning and the well-being of children, the impact of concentrated urban poverty, and implications for public policy.

37. Social Security Administration

<http://www.ssa.gov>

The official Web site of the Social Security Administration, this is a multifaceted source.

38. The Urban Institute

<http://www.urban.org>

The Urban Institute investigates social and economic problems and analyzes efforts to solve them.

39. U.S. Department of Health and Human Services

<http://www.hhs.gov>

The Department of Health and Human Services is the U.S. government's principal agency for protecting the health of all Americans and providing essential human services.

40. Welfare Information Network

<http://www.welfareinfo.org>

This foundation-funded project to help states and communities obtain the information, policy analysis, and technical help needed to develop and implement welfare reforms.

41. Welfare-to-Work

<http://www.doleta.gov>

This federal government Web site examines the transition from welfare-to-work from the perspective of individuals, employers, and communities.

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 Company We'll Keep**, Joseph B. White
3. **The Chaos at the Core of Prosperity**, David Leonhardt
4. **Following the Money, but Also the Mind**, Louis Uchitelle
5. **Statistics and Even Lore of the Dismal Science**, David Cay Johnston

Key Points to Consider

- ❖ How much do you think a human life is worth?
- ❖ What sort of changes might we expect in the twenty-first century as a result of the development of electronic commerce?
- ❖ How might the ideas of Joseph Schumpeter be related to current developments in the U.S. economy?
- ❖ In what ways does behavioral economics differ from traditional economics?



Links

www.dushkin.com/online/

1. **AmosWeb**
<http://amosweb.com/gls/>
2. **Bureau of Economic Analysis**
<http://www.bea.doc.gov>
3. **Complete Guide to Economic Resources on the Web**
<http://economics.miningco.com>
4. **The Dismal Scientist**
<http://www.dismal.com>
5. **Economic Statistics Briefing Room; The White House**
<http://www.whitehouse.gov/fsbr/esbr.html>
6. **Problems in Microeconomics**
<http://www.bus.msu.edu/econ/brown/pim/index2.htm>
7. **Resources for Economists on the Internet**
<http://econwpa.wustl.edu/EconFAQ/EconFAQ.html>
8. **WebEc-WWW Resources in Economics**
<http://netec.wustl.edu/WebEc.html>

These sites are annotated on pages 4 and 5.