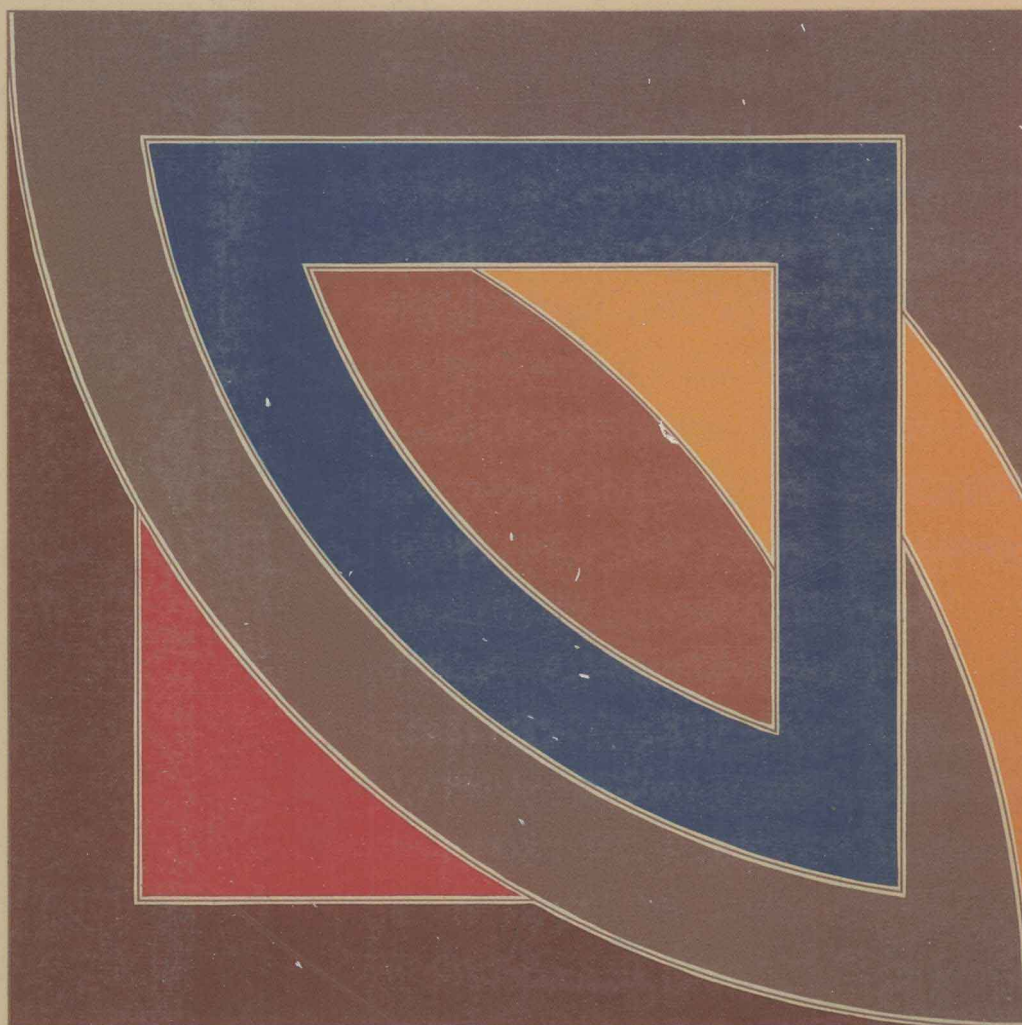


McKenzie

MACROECONOMICS



ONOMICS

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Preface

Every day, the media carry stories about the national, international, and local economies—how they work, or fail to work, to produce the goods and services people want. Whether the headlines are “unemployment,” “inflation,” “protectionism,” “budget deficit,” “tax reform,” or “farm debt crisis,” they indicate the prominent role economics has come to play in people’s daily lives.

One central purpose in writing this text is to explore, with the aid of economic theory, the basic issues that underlie these headlines. Using theory as the “engine of analysis” to provide the necessary structure and methodology, this text applies it to the economic problems and policies of today. The intent is that students completing this text will have a better understanding of why inflation and unemployment occur, how the market power of a monopoly affects the way a market works, the power and the limits of governments to remedy economic problems, and other issues.

Consensus among economists has been hard to achieve in the 1980s. Old solutions have failed to work, new solutions have been proposed, and we are typically confronted by several quite different answers to any given question. But another central purpose of this text is to show students that a surprisingly small number of concepts, principles, and models are common to *any* proposed solution, and that the different views of different economists are more a matter of interpretation than of methodology.

The Text

With these central purposes in mind, *Economics* has been designed to be comprehensive and adaptable to most curricula, to be rich in applications, and to make economics easier to learn.

A text that is comprehensive, and adaptable to most curricula

Part I forms an introduction to macroeconomics (Parts II–V) or microeconomics (Parts VI–IX), so *Economics* is equally suited to a macro/micro sequence or a micro/macro sequence in the two-term principles course.

Macro

Parts II–IV form the core of the macro section, and treat money and monetary policy *before* covering national income and fiscal policy. Part IV ends with a thorough development of aggregate supply and demand, which was introduced first in Chapter 6. In Part V “Alternative Views of the Macroeconomy,” monetarism, supply-side economics, and rational expectations theory are covered in three self-contained chapters. They are unified by reference to the aggregate supply/demand model, but each is complete in itself, allowing instructors to choose whether or not to assign any or all of these chapters.

Micro

Parts VI through VIII form the core of the micro section. Appendices treating indifference curves, isoquants, isocosts, and several other optional topics allow instructors to choose whether or not to cover them in their principles course. In Part IX, optional chapters covering market failures, government controls, agriculture, and public choice provide further flexibility in choosing specific areas of microeconomics applications.

A text that is rich in issues and applications

“Perspectives on Economics”—most written specifically for this text—draw on the experience and insight of a wide range of economists to illuminate current issues, applications, and historical background. Flat tax proposals, sexual discrimination, the federal deficit, and many other topics are covered. Informative, authoritative, and thought-provoking, these short essays show the many perspectives of economic analysis, and acquaint students with the kinds of questions economists ask, and some of the answers they propose.

A text that makes economics easier to learn

Right from Chapter 1, in which the concepts of scarcity and choice are clarified through an eyewitness account of life in a prisoner-of-war camp, abstract terms are presented in the context of realistic, integrated examples.

All key terms are highlighted, defined immediately in the margins, and defined again in an alphabetical end-of-text glossary. In addition, the index indicates the page on which each term is initially defined in context.

Each chapter begins by asking the *central question* the chapter will provide answers to. *Key terms* are also previewed before the student encounters them in the text. All figures appear near the pertinent discussion of them in the text, and have full descriptive captions as well. Each chapter ends with a *summary*, *major conclusions*, and *discussion questions*.

Acknowledgments

Several of my colleagues helped bring economic issues to life by contributing articles for the boxed inserts in the text. For their assistance, I would like to thank (in order of first appearance): Delores T. Martin, Clark Nardinelli, Dennis Placone, Dwight R. Lee, N. Keith Womer, Thomas M. Humbert, William F. Shughart II, Clinton H. Whitehurst Jr., Bruce Yandle, Adele Ernst Wick, Catherine England, John Warner, Terry L. Anderson, Robert Valero, B. H. Robinson, Clifford M. Hardin, Cotton M. Lindsay, Edward L. Hudgins, Katsuro Sakoh, Laurence S. Moss, Russell Shannon, and Martin Schnitzer.

Finally, a word about Professor Hugh Macaulay, who will complete his thirty-seventh year of college and university teaching in 1986. He is the type of professor every student should have for their introductory economics course. Although he can barely be seen behind most normal size podiums, there are few professors who can stand higher in the minds of their students. His students may not always agree with him, but they are not able to ignore him or dismiss him. In and out of class, Professor Macaulay exudes excitement: for a new-found twist on an old argument, for an economist joke that he can turn on himself. By sheer example—by constantly putting his students first and giving of himself in helping his colleagues with their work at the expense of his own—Professor Macaulay has been a moral force among those who have known him. He is, simply stated, a person to be emulated. For this reason, I am proud to be able to dedicate this book to him.

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Ohio State University

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Economics,
The hardcover text.

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Both volumes include chapters on introduction to economics, public choice economics, international trade and finance, comparative economic systems, and economic development.

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