

# SURVEY OF ECONOMICS

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Irvin B. Tucker, III



# **SURVEY OF ECONOMICS**

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# **SURVEY OF ECONOMICS**

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**IRVIN B. TUCKER, III**

**University of North Carolina at Charlotte**

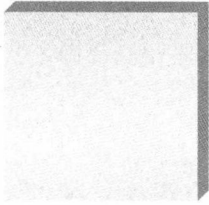
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*To my wife, Nonie, without whose love, encouragement,  
and support this book would have been impossible.*



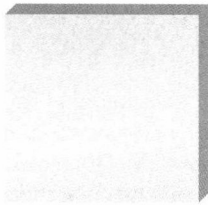
## ABOUT THE AUTHOR

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Irvin B. Tucker, III has over twenty years of experience teaching introductory economics at the University of North Carolina at Charlotte and the University of South Carolina. He earned his B.S. in economics at N.C. State University and his M.A. and Ph.D. in economics from the University of South Carolina.

Dr. Tucker is currently Director of the Center for Economic Education at the University of North Carolina at Charlotte.

He is recognized for his ability to relate basic principles to economic issues and public policy. His work has received national recognition by being awarded the Meritorious Leavy Award for Excellence in Private Enterprise Education, the Federation of Independent Business Award for Postsecondary Educator of the Year in Entrepreneurship and Economic Education, and the Freedom Foundation's George Washington Medal for Excellence in Economic Education. In addition, he has published numerous professional journal articles on a wide range of topics including studies of discrimination, entrepreneurship, and sports economics. Dr. Tucker is also a frequent commentator on economic policy for the popular media.



# PREFACE

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## TO THE STUDENT

### TEXT OBJECTIVE

The purpose of *Survey of Economics* is to teach, in an engaging style, the basic operations of the U.S. economy to students who will take a one-term economics course. Rather than taking an encyclopedic approach to economic concepts, *Survey of Economics* focuses on the most basic tool in economics—supply and demand analysis—and applies it to clearly explain real-world economic issues.

In a nutshell, every effort has been made to make *Survey of Economics* “user friendly.” This text was written because so many others expose students to a confusing array of economic analyses, which force students to simply memorize in order to pass the course. Instead, *Survey of Economics* presents a straightforward and unbiased approach that effectively teaches the application of basic economic principles. After reading this text, you should say “that economics stuff in the news now makes sense.”

### TEXT ORGANIZATION

The text presents the core material of microeconomics, macroeconomics, and international economics. The first 10 chapters introduce and develop the core of microeconomic analysis. Here students learn the role of demand and supply in determining prices in competitive versus monopolistic markets. This part of the book explores such issues as minimum wage laws, rent control, and pollution. The next 10 chapters develop the macroeconomics part of the text. Using the modern, yet simple, aggregate demand and aggregate supply model, the text explains measurement and changes in prices, national output, and employment in the economy. The study of macroeconomics also includes how the supply of money and the demand for money influence the economy.

Finally, international economics is emphasized throughout the book because of the fact that we live in an increasingly interdependent world. The text concludes with Chapters 21 and 22, which are devoted entirely to international issues. For example, you will learn how the supply and demand for currencies determines exchange rates and what the complications of a strong or a weak dollar are.

## TO THE INSTRUCTOR

### TEXT FLEXIBILITY

*Survey of Economics* is easily adapted to an instructor’s preference for the sequencing of microeconomic and macroeconomics topics. The text can be used in a macroeconomic-microeconomic sequence by teaching the first four chapters and then

Parts III and IV. The author has taken care to ensure that Parts III and IV can stand alone after the introductory material has been covered. This approach allows students to identify more with macro issues that tend to be in the news before studying microeconomics in Chapters 5–10 and the international economy in Part V.

There is an alternative placement for Chapter 21, “International Trade and Finance.” Some instructors say they prefer to emphasize international economics by placing it before the macroeconomic material in Parts III and IV. Other instructors believe that students should learn both the microeconomic and the macroeconomic material before tackling Chapter 21.

It is important to recognize that few instructors will cover all 22 chapters of this text in a single course. For example, some instructors have stated that they would shorten the course by eliminating whole chapters, such as Chapter 9, “Monopolistic Competition and Oligopoly”; Chapter 10, “Labor Markets and Income Distribution”; and Chapter 22, “Comparative Economic Systems.” On the other hand, other instructors believe Chapter 22 is so important that it should be covered after Chapter 2, “Production Possibilities and Opportunity Cost.” Coverage can also be reduced by eliminating various chapter subtopics. For example, the comparison of spending and tax multipliers might be eliminated from Chapter 15, “Fiscal Policy,” or the description of the formal federal government budget process might be eliminated from Chapter 17, “Federal Deficits and the National Debt.”

## □ PEDAGOGY

*Survey of Economics* strives to push the frontier of pedagogy a bit further outward with the following features.

### Chapter Previews

Each chapter begins with a preview designed to whet the student’s appetite for the material presented in the chapter and to reinforce where the chapter fits into the overall scheme. Each preview appeals to one’s “Sherlock Holmes” impulses by posing several economic puzzles that can be solved by understanding the material presented in the chapter.

### Key Concepts

Key concepts introduced in the chapter are highlighted and then defined in the text and again in the margins. Important *conclusions* are also highlighted. This feature avoids forcing the student to hunt between the text and the margin to comprehend the concepts. Here everything is in the body of the text, and the margin material serves only as a quick reference. A Glossary follows at the back of the text.

### Economics in Practice

Each chapter includes boxed inserts, which provide the acid test of “relevance.” This feature gives the student an opportunity to encounter timely real-world extensions of the explanations of economic theory. For example, students read about Fred Smith as he writes an economics term paper explaining his plan to create Federal Express. And students learn that the island of Yap really does use large stones with holes to serve as money. So that students waste no time figuring out which concepts apply to the article, applicable concepts are listed after each title.

### Analyze the Issue

This feature follows each *Economics in Practice* article. Many texts simply include a newspaper article and expect the student to understand the application. Instead, *Survey*

*of Economics* leaves nothing to chance and asks specific questions that require the student to test his or her knowledge of the material in the boxed insert. In order for these questions to be used in classroom discussions or homework assignments, answers are given in the instructor's guide, rather than the text.

### You Make the Call

Watch for these. Who said learning economics can't be fun? This feature is a unique approach to generating interest and critical thinking. These questions spur students to check their progress by answering challenging economic puzzles presented in game-like style. Students enjoy thinking through the question, "making the call," and then checking the answer at the end of the chapter. A student who "makes the right call" earns the satisfaction of knowing he or she has mastered the concept.

### Cartoons

Cartoons are especially good vehicles for "lightening up" the material and reinforcing learning with humor. The author has attempted to include only those cartoons that are entertaining and correlate well with the concept being studied. Also, cartoons help reinforce the idea that economic concepts do indeed apply to real-world ideas. Instructors often encourage students to bring cartoons to class that illustrate the concepts being studied.

### Causation Chains

This feature is included under key graphs throughout the text. Such a pedagogical device helps students visualize complex economic relationships in terms of simple box diagrams that illustrate how one change causes another change.

### Illustrations

Clarity in graphical presentation is essential for any successful economics textbook. Each graph and table has been carefully analyzed to ensure that the key concept being represented stands out clearly. Brief descriptions are included under the graphs to provide guidance for the student as he or she studies the graph. When actual data are used, complete references are provided so the student can easily locate the data source.

### Key Concepts

Each chapter ends with a point-by-point brief summary of the key concepts introduced in the chapter. This approach ensures understanding and aids in review by presenting important terms in a clear and concise format.

### Study Questions and Problems

The end-of-chapter questions and problems offer a variety of levels from straightforward to deeply thought-provoking applications. The answers to these questions and problems are in the back of the text. This feature gives students immediate feedback without requiring the instructor to check their work.

## ■ THE SUPPLEMENTS PACKAGE

### For Students

- A *Study Guide* prepared by the text author for each chapter includes fill-in-the-blank concept review items, crossword puzzles, multiple-choice questions, and true-false questions.

### For Instructors

- An *Instructor's Manual* provides lecture assistance. This manual includes the purpose of each chapter, teaching notes, and answers to the Analyze the Issue questions in each chapter, along with 100 transparency masters.
- A *Test Bank* prepared by the text author includes multiple-choice and true-false questions.
- *WESTEST Computerized Testing* is available to qualified adopters. The program runs on IBM PCs and compatibles or Macintoshes. WESTEST lets you create and modify exams quickly and easily.
- *Transparency Color Acetates* include key figures from the text.
- *West's Economics News Videos* provide up-to-date coverage of current events. These videos look at three major themes: (1) The Emergence of a Global Economy, (2) Economics and the Environment, and (3) The U.S. Federal Deficit.

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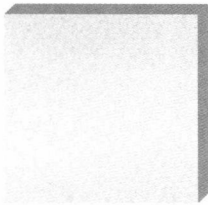
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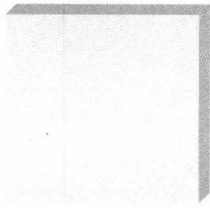


# **SURVEY OF ECONOMICS**

## **CONTENTS IN BRIEF**

---

<b>Part I</b>	<b>□ INTRODUCTION TO ECONOMICS</b>	<b>1</b>
	1	Introducing the Economic Way of Thinking 3
		Appendix: Applying Graphs to Economics 16
	2	Production Possibilities and Opportunity Cost 23
<b>Part II</b>	<b>□ THE MICROECONOMY</b>	<b>37</b>
	3	Market Supply and Demand 39
	4	Markets in Action 61
	5	Price Elasticity of Demand 79
	6	Production Costs 93
	7	Perfect Competition 113
	8	Monopoly 133
	9	Monopolistic Competition and Oligopoly 151
	10	Labor Markets and Income Distribution 167
<b>Part III</b>	<b>□ THE MACROECONOMY AND FISCAL POLICY</b>	<b>185</b>
	11	Gross Domestic Product 187
	12	Business Cycles and Unemployment 207
	13	Inflation 227
	14	Aggregate Demand and Supply 245
	15	Fiscal Policy 267
	16	The Public Sector 285
	17	Federal Deficits and the National Debt 305
<b>Part IV</b>	<b>□ MONEY, BANKING, AND MONETARY POLICY</b>	<b>321</b>
	18	Money and the Federal Reserve System 323
	19	Money Creation 341
	20	Monetary Policy 359
<b>Part V</b>	<b>□ THE INTERNATIONAL ECONOMY</b>	<b>379</b>
	21	International Trade and Finance 381
	22	Comparative Economic Systems 403



# CONTENTS

*Preface* xxiii

---

## Part I INTRODUCTION TO ECONOMICS 1

### CHAPTER 1

#### INTRODUCING THE ECONOMIC WAY OF THINKING 3

---

The Problem of Scarcity ■ 4

Scarce Resources and Production ■ 4

Economics: The Study of Scarcity and Choice ■ 6

The Methodology of Economics ■ 7

 YOU MAKE THE CALL

Can You Prove There Is No Trillion-Dollar Person? ■ 8

Hazards of the Economic Way of Thinking ■ 8

 YOU MAKE THE CALL

Should Minnesota State Join a Big-Time Athletic Conference? ■ 10

Why Do Economists Disagree? ■ 10

 ECONOMICS IN PRACTICE

Mops and Brooms, the Boston Snow Index, the Super Bowl, and Other  
Economic Indicators ■ 11

ANALYZE THE ISSUE ■ 11

 ECONOMICS IN PRACTICE

Does Raising the Minimum Wage Help the Working Poor? ■ 12

ANALYZE THE ISSUE ■ 12

Summary ■ 13

Key Concepts ■ 13

Study Questions and Problems ■ 14

## APPENDIX

### APPLYING GRAPHS TO ECONOMICS 16

---

A Direct Relationship ■ 16

An Inverse Relationship ■ 17

Slope of a Straight Line ■	19
A Three-Variable Relationship in One Graph ■	19
A Helpful Study Hint Using Graphs ■	21
Summary ■	21
Key Concepts ■	22
Study Questions and Problems ■	22

## CHAPTER

# 2

## PRODUCTION POSSIBILITIES AND OPPORTUNITY COST 23

---

The Three Fundamental Economic Questions ■	24
Opportunity Cost ■	24
Marginal Analysis ■	25
The Production Possibilities Curve ■	26
The Law of Increasing Opportunity Costs ■	27
Shifting the Production Possibilities Curve ■	29
□ YOU MAKE THE CALL	
What Does the Peace Dividend Really Mean? ■	30
□ ECONOMICS IN PRACTICE	
Federal Express Wasn't an Overnight Success ■	31
ANALYZE THE ISSUE ■	31
Present Investment and the Future Production Possibilities Curve ■	32
□ ECONOMICS IN PRACTICE	
What Is Possible and What Is Not in Japan ■	33
ANALYZE THE ISSUE ■	33
Summary ■	34
Key Concepts ■	34
Study Questions and Problems ■	34

## Part II □ THE MICROECONOMY 37

## CHAPTER

# 3

## MARKET SUPPLY AND DEMAND 39

---

The Law of Demand ■	40
The Distinction Between Changes in Quantity Demanded and Changes in Demand ■	42

<b>Nonprice Determinants of Demand</b>	■	44
<b>YOU MAKE THE CALL</b>		
Can Gasoline Become an Exception to the Law of Demand?	■	46
<b>The Law of Supply</b>	■	46
<b>YOU MAKE THE CALL</b>		
Can the Law of Supply be Repealed?	■	48
<b>The Distinction Between Changes in Quantity Supplied and Changes in Supply</b>	■	48
<b>Nonprice Determinants of Supply</b>	■	51
<b>Market Supply and Demand Analysis</b>	■	53
<b>YOU MAKE THE CALL</b>		
Can the Price System Eliminate Scarcity?	■	55
<b>ECONOMICS IN PRACTICE</b>		
The Market Approach to Organ Shortages	■	56
<b>ANALYZE THE ISSUE</b>	■	56
<b>Summary</b>	■	57
<b>Key Concepts</b>	■	57
<b>Study Questions and Problems</b>	■	58

## CHAPTER

## 4

**MARKETS IN ACTION** 61

---

<b>Changes in Market Equilibrium</b>	■	62
<b>YOU MAKE THE CALL</b>		
Why the Higher Price for Lower Cholesterol?	■	64
<b>Can the Laws of Supply and Demand Be Repealed?</b>	■	65
<b>YOU MAKE THE CALL</b>		
Is There Price Fixing at the Ticket Window?	■	68
<b>ECONOMICS IN PRACTICE</b>		
Rigging the Market for Milk	■	69
<b>ANALYZE THE ISSUE</b>	■	69
<b>Market Failure</b>	■	70
<b>YOU MAKE THE CALL</b>		
Should There Be a War on Drugs?	■	73
<b>ECONOMICS IN PRACTICE</b>		
Education: Public, Private, or Voucher Plan?	■	74
<b>ANALYZE THE ISSUE</b>	■	74
<b>Summary</b>	■	75
<b>Key Concepts</b>	■	75
<b>Study Questions and Problems</b>	■	75

CHAPTER

5

**PRICE ELASTICITY  
OF DEMAND** 79

---

Price Elasticity of Demand ■ 80

Price Elasticity of Demand Variations Along a Demand Curve ■ 84

Determinants of Price Elasticity of Demand ■ 87

□ **YOU MAKE THE CALL**

Will Fliers Flock to Low Summer Fares? ■ 88

□ **ECONOMICS IN PRACTICE**

Colleges Caught in Tuition-Student Aid Squeeze ■ 89

**ANALYZE THE ISSUE** ■ 89

□ **ECONOMICS IN PRACTICE**

Elasticity and Addiction ■ 90

**ANALYZE THE ISSUE** ■ 90

Summary ■ 90

Key Concepts ■ 91

Study Questions and Problems ■ 91

CHAPTER

6

**PRODUCTION COSTS** 93

---

Costs and Profit ■ 94

Short-Run Production Costs ■ 95

□ **YOU MAKE THE CALL**

Should the Professor Go or Stay? ■ 96

□ **ECONOMICS IN PRACTICE**

Publishers Experiment with Lower Prices ■ 97

**ANALYZE THE ISSUE** ■ 97

Short-Run Cost Formulas ■ 99

Long-Run Production Costs ■ 103

Different Scales of Production ■ 106

□ **ECONOMICS IN PRACTICE**

Gut Instinct ■ 107

**ANALYZE THE ISSUE** ■ 107

Summary ■ 108

Key Concepts ■ 109

Study Questions and Problems ■ 109

## CHAPTER

## 7

**PERFECT COMPETITION** 113**Perfect Competition** ■ 114**Short-Run Maximization for a Perfectly Competitive Firm** ■ 116**Short-Run Loss Minimization for a Perfectly Competitive Firm** ■ 120□ **YOU MAKE THE CALL**

Should Hotels Offer Rooms at the Beach for Only \$20 a Night? ■ 121

**Short-Run Supply Curves Under Perfect Competition** ■ 121**Long-Run Supply Curves Under Perfect Competition** ■ 124□ **YOU MAKE THE CALL**

Are You in Business for the Long Run? ■ 127

□ **ECONOMICS IN PRACTICE**

Gators: Snapping Up Profits ■ 127

**ANALYZE THE ISSUE** ■ 128**Summary** ■ 128**Key Concepts** ■ 129**Study Questions and Problems** ■ 129

## CHAPTER

## 8

**MONOPOLY** 133**The Monopoly Market Structure** ■ 134**Price and Output Decisions for a Monopolist** ■ 135□ **ECONOMICS IN PRACTICE**

The Standard Oil Company Monopoly ■ 139

**Price Discrimination** ■ 140□ **YOU MAKE THE CALL**

Why Don't Adults Pay More for Popcorn at the Movies? ■ 142

**Comparing Monopoly and Perfect Competition** ■ 142**The Case Against and for Monopoly** ■ 144□ **ECONOMICS IN PRACTICE**

Owners Bewail Flood of Cabs in New York ■ 145

**ANALYZE THE ISSUE** ■ 145**Summary** ■ 146**Key Concepts** ■ 147**Study Questions and Problems** ■ 147