

当代经济管理权威名著

· 珍藏版 ·

世界经济
管理文库

经济学： 原理与政策

威廉 J. 鲍默尔 / 著
艾伦 S. 布兰德



Economics:

Principles and Policy

William J. Baumol Alan S. Blinder

SEVENTH EDITION

英文版 · 第⑦版



机械工业出版社



DRYDEN

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致读者(代序)

这是一本供初学者使用的经济学入门书,也是一本供经济学的老学生温故而知新的经济学手册。它可以作为教材使用,也可以供自学之用。

当你在决定是否购买这本书之前,你需要考虑的是:你能从这本书中得到什么收益?这种收益是否能补偿你为此付出的成本?(这种成本不仅包括你支付的货币,而且包括你读这本书所要花费的时间。一般来说,读书的时间成本远远大于货币成本,但许多人常常忘记了这一点,所以他们在决定是否买一本书时,过多地考虑了书价的高低。)下面的问题或许有助于你作出决策。

一、为什么要学习经济学

经济学是经济学家提供给社会大众的一种改进生活、认识世界的武器。或许你并不想做一名经济学家,但即使如此,你仍然应该学点经济学。

首先,学习经济学有助于你作出更好的个人决策。在你的一生中,你需要作出各种各样的经济决策。比如说,在即将完成高中学业的时候,你需要决定是否去上大学?在大学毕业的时候,你需要决定是继续在国内读研究生,还是出国留学,或者去工作?在工作之后,你要决定如何花费你的收入:多少用于现在的消费?多少用于储蓄?如何投资你的储蓄?是买股票还是存在银行?或许有一天你成了一个企业的老板或经理,此时,你需要决定你的企业应该生产什么产品?卖什么样的价格?在什么媒体上作广告?招收什么样的人员?提拔谁当你的助手?如此等等,不一而足。为什么决策是重要的?因为你的资源是有限的——你的时间有限,收入也有限。如果你参加工作,就可能没有时间上大学;如果你把钱用于买房子,就可能没有钱再来买汽车。所以你必须在各种竞争性的需求之间分配你有限的资源。进一步,更为麻烦的是,你的决策常常是在不确定的情况下作出的。比如说,当你选择学无线电专业的时候,你并不确定当你毕业的时候,这个专业的就业前景如何。为了避免决策的失误,你需要一些理论的指导。经济学是有关个人选择的科学,学习经济学有助于你作出更好的决策。明白了这一点,你就明白了为什么经济学是西方大学里听众最多的选修课。

其次,学习经济学有助于你理解你生活于其间的世界是如何运转的。你的生活状况不仅取决于你自己的决策,而且依赖于其他人的决策,以及周围环境的变化。理解你周围的世界如何运行,自然有助于改进你的决策。你可能为生活中的许多事情感到惊奇。比如说,当你想买一台电视机的时候,只要支付必要的价格,就可以把它从商场搬回家;当你在大街上走得饥肠辘辘的时候,走进一家饭馆就可以指挥别人给你上菜,而无须回家自己做饭。而事实上,你事前并没有告诉电视机的生产厂家为你生产一台电视机,也没有通知饭馆的老板为你准备饭菜。那么,是什么因素使你得到你想要的东西?经济学是有关人们之间的决策如何相互作用的科学。学了经济学,你就可以明白市场这只“看不见的手”如何使自利的个人为大家服务;你也可以明白,为什么中国电信的服务那么差,而收费却那么高;为什么北京的“面的”司机有拒载现象,而奥迪车司机却不拒载;为什么一个流行歌手演出一晚上可以赚好几万元,而一个建筑个人一个

月却只能赚几百元;为什么利率一上升股票价格就下跌;为什么中国经济增长这么快,而下岗工人却越来越多;为什么国有企业设备那么好,而就是竞争不过民营企业;为什么那么多国有企业的厂长经理一生勤勤恳恳,一到 59 岁就犯贪污罪.....。

再次,学习经济学有助于你理解政府政策的优与劣。每个社会都离不开政府,学习了经济学,你会明白我们为什么需要政府,什么是政府应该干的,什么是政府不应该干的。我们需要政府,是因为在存在诸如外部性、公共产品这样的场合,依靠市场不能达到资源的有效配置。比如说,如果没有政府的干预,自私自利的企业家也许会使你喝太多的污水;如果没有政府,私人部门也许不会提供你诸如路灯这样的公共产品。特别地,我们需要政府来提供市场交易所需要的规则和秩序这样一类公共产品,需要政府保护我们的个人财产和人身安全。但政府对市场的过多干预常常导致供给不足、价格扭曲、资源浪费、垄断横行。政府的政策选择不仅影响整个社会的资源配置效率,而且影响包括你在内的每个公民的福利。所以当你希望政府制定某种政策的时候,你必须谨慎考虑这种政策的不利后果。经济学常识有助于你思考这样的问题。比如说,如果你是一个打工仔,你也许会认为政府应该制定一个“最低工资法”保护你的利益,或者向富人多征税来补贴你,而经济学原理会告诉你,这样做的后果也许是你根本就找不到工作。再比如,作为消费者,你也许会认为政府应该对商品的价格作出限制,而经济学会告诉你,这样做的后果是你也许再也买不到这种商品。常识可能会误导你,经济学会使你不至于迷信政府。

最后,学习经济学可以改进你的思考方式。经济学是一门科学。科学是什么?科学是一种思考问题的方式。如同天文学家通过观测天体现象来归纳天体运行规律一样,经济学家通过观测现实经济现象归纳经济规律。经济学家有自己的语言和思维方式。诸如需求、供给、弹性、消费者剩余、机会成本、比较优势、外部性、信息不对称、均衡等等,是经济学的基本语言。掌握了这些经济学语言,你就可以更好地思考你周围的世界是如何运行的。外行人常常批评经济学家看问题过于简单,而他们忘了,科学的力量就在于把复杂的现象简单化。经济学就象一张指路图,它舍弃了现实中的许多细节,却使你更清楚自己要去的方向。你没有必要成为一位经济学家,但知道经济学是如何思考问题是有益的,至少,你不太容易被蹩脚的经济学家和夸夸其谈的政治家所蒙蔽。无论你今后干什么,你不会后悔自己学过经济学。

二、为什么选择这本书

如果你已经决定学点经济学,接下来要作出的一个决策是选择哪本书入门?你当然希望选择一本最好的教科书。问题是选择好的教科书并不是一件容易的事,因为图书市场充斥着众多的教科书,质量参差不齐。每位作者都会声称自己的书最好,而作为初学者,你不太可能有能力判断哪本好,哪本不好。这就是经济学家讲的信息不对称:买的人不如卖的精。

在这种情况下,最安全的办法当然是选择最权威的经济学家写的最新版的教科书。为什么要选择最权威的经济学家写的教科书?原因不仅是因为最权威的经济学家炉火纯青,对理论的把握最准确,能深入浅出地写出“正经”来;而且因为最权威的经济学家最注重自己的名声,他们既没有必要用出一本新书的办法增加自己的知名度,也不敢为了赚取版税而滥竽充数地出书。这就如同麦当劳不敢卖过时的汉堡包一样。他们的声誉就是质量的代号,他们的名字就是一种品牌。

为什么要选择新版的教科书?因为如同经济生活本身一样,经济学也在不断发展和演化,以用新的理论解释新的经济现象。特别是过去 20 多年里,随着博弈论、信息经济学和理性预期

的引入,经济学可以说发生了一场革命。经济学理论越来越贴近现实,对现实的解释能力越来越强。比如说,20多年前,经济学理论还难以为企业经营决策提供多少理论指导,而今天,博弈论已成为企业战略管理的基础;20多年前,经济学家对公司融资几乎无话可说,而今天,信息经济学已成了公司融资理论的基础;20多年前,经济学家还在迷信于用政府管制来弥补市场的失灵,而今天,政府管制被认为是资源配置无效率的最主要原因之一,从而导致了席卷全球的经济自由化浪潮。或许,我们可以将70年代经济学教科书与90年代经济学教科书的差别,类比为286计算机与586计算机的差别。只有使用最新版的教科书,你才能学到最新的经济学理论。

过去,中国教科书市场上很难看到最权威的经济学家写的最新版的经济学教科书,翻译过来的教科书一般滞后于原版10年以上,而国内经济学家写的“西方经济学”教科书其内容则更为陈旧,更不用说在有色眼镜透视下的扭曲了。可喜的是,近几年来,随着中国的改革开放,经济学图书市场正在发生一场革命性的变化,不仅国外最新版的英文著作在及时引进,而且国内经济学家也出版了一些在内容上与国外同步的经济学教科书。

在此,我愿意向你推荐机械工业出版社最新出版的如下三本教科书:

1. N. Gregory Mankiw 著: *The Principles of Economics* (经济学原理), 1998年第1版。
2. William Baumol 和 Alan Blinder 合著: *Economics — principles and policy* (经济学: 原理与政策), 1997年第7版。
3. Paul Samuelson 和 William Nordhaus 合著: *Economics* (经济学), 1998年第16版。

这三本书都是享誉全球的经济学大师撰写的最新版经济学入门书,是西方大学里最流行的教科书。

N. Gregory Mankiw 是美国著名的年轻一代经济学家,早年毕业于普林斯顿大学,并在MIT获得博士学位,现为哈佛大学经济学教授,同时兼任著名的智囊机构国家经济研究局(NBER)货币经济学项目主任,波士顿联邦储备银行和美国国会预算办公室顾问。他的《宏观经济学》是美国最畅销的教科书之一。他是一位多产而富有创新思想的经济学家,在多种一流学术杂志上发表了数十篇开创性的论文,被公认为是新凯恩斯经济学的代表人物之一。他在经济学界的名气比他的年龄大得多。

N. Gregory Mankiw 的《经济学原理》今年一上市,就成为最畅销的教科书,出版商在付印之前就支付了作者100万美元的版税,创下了教科书版税的新纪录。这本教科书的最大特点是它的“学生导向”。如作者自己指出的,他要写的是一本学生喜欢看的经济学教科书。与其他同类教科书相比,本书更多地强调的是经济学原理的应用和政策分析,而不是正式的经济学模型。为此,作者在大部分章节里都提供了案例,以说明经济学原理如何应用于现实经济问题的分析。此外,作者在书中还提供了大量的“新闻摘要”,以使读者懂得什么是生活中的经济学。

William Baumol 和 Alan Blinder 也是两位享誉全球的著名经济学家。Baumol 生于1922年,在美国纽约州立大学获得艺术学学士学位,在英国伦敦经济学院获得经济学博士学位,曾执教于普林斯顿大学,现为纽约州立大学经济学教授,曾担任过美国经济学会主席等多种学术职务。他在产业组织、企业理论、经济增长、反垄断理论等方面作出重要的开创性贡献,发表了500多篇学术论文和20多本著作,其中有些著作被翻译成多种文字。

Blinder 生于1945年,在普林斯顿大学获得经济学学士学位,在MIT获得经济学博士学位,自1979年以来,Blinder 任普林斯顿大学经济学教授;1988年至1990年间担任普林斯顿大

学经济系主任；1993年至1996年间，先后担任美国总统经济顾问委员会委员，联邦储备委员会副主席。Blinder发表有多种专著和学术论文，在人力资本和劳动供给、货币政策和财政政策、不确定性和一般均衡等方面都有重要贡献。

Baumol和Blinder合著的《经济学：原理与政策》初版于1979年，也是美国等国家最流行的经济学教科书之一（就我所知，本书有澳大利亚版），多次再版，到1997年已出到第7版。本书的最大特点是叙述上的“问题导向”和“政策导向”。作者认为，学习经济学的最好方法是“从问题到理论”，而不是相反。为此，本书的每一章都从一个具体的、使人感到困惑甚至自相矛盾的政策问题或现实问题开始，然后通过深入浅出的经济学分析，使你走出迷雾。这样做不仅提高了读者读书的兴趣，而且可以加强读者对所学内容的记忆。如果你能记住本书作者所归纳的经济学的12个基本观点，你将终身受益。

Paul Samuelson（保罗·萨缪尔森）是当代经济学泰斗，1972年诺贝尔经济学奖得主，MIT经济系的创始人。他的《经济学》第1版出版于1948年，至今已有整整50年的历史。在50年的时间里，他的《经济学》不断再版，被翻译成包括中文、俄文、日文、法文、德文在内的数十种文字，风靡全世界，是有史以来发行量最大的经济学教科书，教育和影响了数代经济学家、政治家、企业界领袖、新闻记者以及众多的普通人。难怪他自豪地说：“如果我能为一个国家写经济学教科书，我并不在乎谁为它写法律，谁在为它起草条约。”Samuelson本人对他的《经济学》的修订到第14版（1992年）。1995年，另一位著名经济学家William Nordhaus的加盟，使得《经济学》没有随Samuelson本人的衰老而衰老，而继续以主流经济学最前沿的教科书身份畅销全球。你现在看到的是该书的第16版，出版于第1版50岁生日之际。

尽管这三本教材所叙述的经济学原理并无大的差别，但由于每个作者的个人偏好和学术风格不同，在叙述方法、切入角度、材料的取舍等方面还是各有千秋。不同书中用于说明同一原理的有些材料互为补充，有助于加深读者对基本理论的理解。据悉，这三本书已由18位国际著名商学院的教授联合推荐作为中国MBA及经济学/管理学院的首选教科书。我个人学习经济学多年，可以说是经济学的老学生了，但现在再拿起来读这些入门书，仍感有不少新的收获。事实上，当我在为博士生备课时，常常要翻一翻这样一些经济学入门书，以在理解上“温浅而知深”，讲课时深入浅出。美国著名经济学家Herbert Stein说：绝大部分可用于指导公共政策的经济学都在本科生的经济学入门教程中。我的经历告诉我，他的话是对的。

如果你的经济条件许可，我建议你不妨同时拥有这三本书。我的经验是，读三本由不同经济学大师写的同一类型的教科书要比读三遍同一大师写的同一本书收获大。你可以从任何一本书开始，然后在每一部分对照阅读。特别地，当你对本书的内容难以理解时，最好看看另外两本书上是如何写的。你大概有过这样的生活经历：见过一次面的人没有给你留下什么印象，但在另一场合再次谋面后，他就深深印在你的脑海中。读书也是如此。当然，如果经济条件不允许，你买其中的一本就可以了。但你最好能记住我一开始说过的话：读书最大的成本是时间而不是书价。要买好书，不要买便宜的书。

现在，你可以作出自己的决策了。

张维迎

北京大学光华管理学院经济学教授
北京大学工商管理研究所所长
英国牛津大学经济学博士
1998年6月7日星期日

To my four children, Ellen, Daniel, and now Sabrina and Jim

W.J.B.

To the memory of my father, Morris Blinder, to whom I owe much

A.S.B.

■ PREFACE

The Seventh Edition continues the basic philosophy of its predecessors. In particular, we avoid the fiction, so popular among textbook writers, that everything is of the utmost importance—a pretense that students are sufficiently intelligent to see through in any event. We try, instead, to highlight those important ideas that are likely to be of lasting significance—principles that students will want to remember long after the course is over because they offer insights that are far from obvious, because they are of practical importance, and because they are widely misunderstood by intelligent laymen. A dozen of the most important of these ideas are selected as **Ideas for Beyond the Final Exam** and are called to the reader's attention when they occur through the use of the symbol ■.

While all modern economics textbooks abound with “real world” examples, we try to go beyond this by elevating the examples to preeminence. In our view, the policy issue or everyday economic problem ought to lead the student naturally to the economic principle, not the other way around. For this reason, almost every chapter begins with a real policy issue or a practical problem that may seem puzzling or paradoxical to noneconomists. We then proceed to describe the economic analysis required to remove the mystery.

In so doing, we use technical terminology and diagrams only where there is a clear need for them, never for their own sake. Still, economics is a technical subject, and so this is, unavoidably, a book for the desk and not for the bed. We make, however, strenuous efforts to simplify the technical level of the discussion as much as possible without sacrificing content. Fortunately, almost every important idea in economics can be explained in plain English, and this is what we try to do.

Each edition of this book has been influenced by economic events. Reflecting the growing “globalization” of the world economy, the Fifth Edition was substantially revised to exhibit more clearly the international linkages between the U.S. economy and other economies. The Sixth Edition was written just after the collapse of communism. Since the book has long focused on the market mechanism and how it works, it was easy to incorporate these stunning events into the discussion. Both of these features are retained in the Seventh Edition.

But the Seventh Edition is also affected by another critical development—one that cannot be dealt with so definitively: rising inequality in the world's industrialized countries in general, and in the United States in particular. While overall income continues to grow in these countries, more and more of each nation's income and wealth are going to the most affluent portion of the population, while lower-income groups fall further and further behind. This development is not new; it has been going on for more than a decade. But its very persistence has now made it a subject of urgent concern.

Rising inequality has been accompanied by a sharp and continuing slowdown of growth and by a severe stagnation in the rise of American real wages. Unfortunately, no one is quite sure about the causes of these worrisome developments

nor about the means that can be used to ameliorate them. The issues are, therefore, raised at a number of points in this book, and the pertinent facts are reported and discussed. But we are suitably modest in discussing both the underlying causes and the policy issues to which they give rise.

Several new features of this edition are worth noting. The order of the core chapters on microeconomics, Chapters 5 through 8, has been changed in response to suggestions from readers. Their suggestions also led us to add more substantial discussions of consumers' surplus in Chapter 5, price discrimination in Chapter 11, and game theory in Chapter 12. Many more "Policy Debate" boxes, a popular feature of the last edition, have been added to this edition. We have also included a new feature that offers students a somewhat more tangible picture of some of the subjects discussed. New boxes called "You Are There" describe a meeting of the Federal Open Market Committee, an antitrust court case, and activities on the floor of the New York Stock Exchange. Finally, the book has undergone extensive and painstaking updating throughout, so that new material could be added without increasing overall length.

As a last personal note, we must mention that most of the Seventh Edition, like the Sixth before it, had to be written under the handicap of a separation between the coauthors. Happily, this separation entailed neither disagreement nor rancor, and is now over. Alan Blinder's sojourn in Washington—first as a member of the President's Council of Economic Advisers and then as Vice Chairman of the Federal Reserve Board—has undoubtedly contributed to the relevance of this book's materials to the real world. But it has also made communication between us far more challenging.

However, there is a silver lining to this cloud of inconvenience. Blinder reports renewed and enhanced respect for Herbert Stein's sage observation that "most of the economics that is usable for advising on public policy is at about the level of the introductory undergraduate course."

NOTE TO THE STUDENT

We would like to offer one suggestion for success in your economics course. Unlike some of the other courses you may be taking, economics is cumulative—each week's lesson builds upon what you have learned before. You will save yourself both a lot of frustration and a lot of work by keeping up on a week-to-week basis. To assist you in doing so, a chapter summary, a list of important terms and concepts, and a selection of questions to help you with your review are provided at the end of each chapter. Making use of these learning aids will increase your success in your economics course. For additional assistance, see the following list of ancillary materials.

ANCILLARIES

As economic education incorporates new technologies, our extensive learning package has been expanded and improved to accommodate the needs of students and instructors.

- *Study Guide* by Craig Swan, University of Minnesota (for students). Our study guide, which is available in micro and macro split versions, includes learning objectives, a list of important terms and concepts for every chapter, and a quiz that helps students test their understanding and comprehension of concepts. Also included are multiple-choice tests for self-understanding, a list of supplementary readings and study questions for every chapter, and "Economics

in Action” sections that use current news articles to illustrate economic concepts. A new feature, “Economics On-Line,” outlines useful Internet and Web sources for economic data and information. Periodic updates of these sources will be provided on the Dryden/Harcourt Web page: www.hbcollege.com.

- *Instructor's Manual/Transparency Masters* by John Isbister, University of California—Santa Cruz. Every chapter in the revised *Instructor's Manual* consists of detailed chapter outlines, teaching tips and suggestions, answers to review questions in the text, and questions for classroom discussion. Multiple-choice questions suitable for quizzes and tests have been added in this edition. The transparency masters include all figures and tables not available as acetates.
- *Microeconomics Test Bank* by Colleen Cameron, University of Mississippi. This updated and reorganized test bank, which consists of more than 5,500 questions, covers Chapters 1–21 and Chapter 34 in the text. Every question has been checked to ensure the accuracy and clarity of the answers, and special thanks go to Bryan Taylor for providing this important service. The questions include true/false, analytical and definitional, multiple-choice, and critical-thinking, short-answer questions. Questions have been organized by section in the text to help instructors pick and choose questions with minimum inconvenience. The test bank is also available in computerized IBM and Windows versions in our easy-to-use *EXAMaster* program. *EXAMaster* allows you to add and edit your own questions, create and edit graphics, print scrambled versions of tests, convert multiple-choice questions to open-ended questions, plus much more.
- *Macroeconomics Test Bank* by John Dodge, University of Sioux Falls. This updated test bank covers Chapters 1–4 and 22–38 in the text. Consisting of more than 5,000 questions, the test bank helps students understand and comprehend the book's concepts and their applicability to real-world situations. Every question has been checked to ensure the accuracy and clarity of the answers, and we thank Ivan Weinel for assisting with this important task. The true/false, multiple-choice, and short-answer questions, which are organized by section in the text, encourage critical thinking and analytical skills. The test bank is also available in computerized IBM and Windows versions in the *EXAMaster* program.
- *Transparency Acetates*. Full color transparency acetates for all important figures and tables in the text are available in micro and macro split versions.
- *Weekly News Updates*. Each news update links topics in the text with current economic events and consists of the synopsis of a pertinent article, references to a topic or chapter in the text, and a few discussion questions suitable for classroom use. The news updates are posted on the Harcourt Web page.
- *PowerPoint® Presentation Software*. This user-friendly slide show is suitable for classroom presentations. It consists of important graphs and tables from the text as well as bulleted summaries and chapter outlines. *PowerPoint Viewer* is provided in the package.
- *Tutorial, Analytical, and Graphing (TAG) Software* by Todd Porter and Teresa Riley, Youngstown State University (for students). In addition to an extensive chapter-by-chapter tutorial, a hands-on graphing section in which students are actually required to draw curves (with keystrokes or a mouse), and a practice exam for each section, this tutorial software consists of a number of new and innovative features added for this edition. Annotated multiple-choice questions give students feedback on their answers and explain reasons

why a particular answer is right or wrong. The software is now available in a new Windows version.

The Dryden Press may provide complimentary instructional aids and supplements or supplement packages to those adopters qualified under its adoption policy. Please contact your sales representative for more information. If as an adopter or potential user you receive supplements you do not need, please return them to your sales representative or send them to: Attn: Returns Department, Troy Warehouse, 465 South Lincoln Drive, Troy, MO 63379.

NOTE TO THE INSTRUCTOR

In trying to improve the book from one edition to the next, we rely heavily on our experiences as teachers. But our experience using the book is minuscule compared with that of the hundreds of instructors who use it nationwide. If you encounter problems, or have suggestions for improving the book, we urge you to let us know by writing to either one of us in care of The Dryden Press, 301 Commerce Street, Suite 3700, Fort Worth, TX 76102. Such letters are invaluable, and we are glad to receive them, even if they are critical (but not *too* critical!). Many such suggestions accumulated over the past three years found their way into the Seventh Edition. What follows are suggested course outlines for both one-semester and one-quarter courses.

OUTLINE FOR A ONE-SEMESTER COURSE IN MICROECONOMICS

| Chapter Number | Title |
|----------------|---|
| 1 | What Is Economics? |
| 2 | The U.S. Economy: Myth and Reality |
| 3 | Scarcity and Choice: <i>The Economic Problem</i> |
| 4 | Supply and Demand: An Initial Look |
| 5 | Consumer Choice: The Demand Side of the Market |
| 6 | Demand and Elasticity |
| 7 | Production, Inputs, and Cost: Building Blocks for Supply Analysis |
| 8 | Output, Price, and Profit: The Importance of Marginal Analysis |
| 9 | The Firm and the Industry under Perfect Competition |
| 10 | The Price System and the Case for Laissez-Faire |
| 11 | Monopoly |
| 12 | Between Competition and Monopoly |
| 13 | The Market Mechanism: Shortcomings and Remedies |
| 14 | Real Firms and Their Financing: Stocks and Bonds |
| 15 | Pricing the Factors of Production |
| 16 | Labor: The Human Input |
| 18 | Limiting Market Power: Regulation of Industry |
| 19 | Limiting Market Power: Antitrust Policy |
| 20 | Taxation and Resource Allocation |

Plus any two of the following:

- 17 Poverty, Inequality, and Discrimination
- 21 Environmental Protection and Resource Conservation: The Economist's Approach
- 34 International Trade and Comparative Advantage
- 38 Comparative Economic Systems: What Are the Choices?

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| 4 | Supply and Demand: An Initial Look |
| 22 | The Realm of Macroeconomics |
| 23 | Unemployment and Inflation: The Twin Evils of Macroeconomics |
| 24 | Income and Spending: The Powerful Consumer |
| 25 | Demand-Side Equilibrium: Unemployment or Inflation? |
| 26 | Changes on the Demand Side: Multiplier Analysis |
| 27 | Supply-Side Equilibrium: Unemployment <i>and</i> Inflation? |
| 28 | Managing Aggregate Demand: Fiscal Policy |
| 29 | Money and the Banking System |
| 30 | Monetary Policy and the National Economy |
| 31 | The Debate over Monetary Policy |
| 32 | Budget Deficits and the National Debt: Fact and Fiction |
| 33 | The Trade-off between Inflation and Unemployment |
| 34 | International Trade and Comparative Advantage |
| 35 | The International Monetary System: Order or Disorder? |
| 36 | Macroeconomics in a World Economy |
| 37 | Productivity and Growth in the Wealth of Nations |
| 38 | Comparative Economic Systems: What Are the Choices? |

OUTLINE FOR A ONE-SEMESTER COURSE COVERING BOTH MACROECONOMICS AND MICROECONOMICS

| Chapter Number | Title |
|----------------|---|
| 1 | What Is Economics? |
| 2 | The U.S. Economy: Myth and Reality |
| 3 | Scarcity and Choice: <i>The Economic Problem</i> |
| 4 | Supply and Demand: An Initial Look |
| 5 | Consumer Choice: The Demand Side of the Market |
| 6 | Demand and Elasticity |
| 7 | Production, Inputs, and Cost: Building Blocks for Supply Analysis |
| 8 | Output, Price, and Profit: The Importance of Marginal Analysis |
| 11 | Monopoly |
| 12 | Between Competition and Monopoly |
| 15 | Pricing the Factors of Production |
| 16 | Labor: The Human Input |
| 22 | The Realm of Macroeconomics |
| 24 | Income and Spending: The Powerful Consumer |
| 25 | Demand-Side Equilibrium: Unemployment or Inflation? |
| 27 | Supply-Side Equilibrium: Unemployment <i>and</i> Inflation? |

OUTLINE FOR A ONE-QUARTER COURSE IN MICROECONOMICS

| Chapter Number | Title |
|----------------|--|
| 3 | Scarcity and Choice: <i>The Economic Problem</i> |
| 4 | Supply and Demand: An Initial Look |

| | |
|----|---|
| 5 | Consumer Choice: The Demand Side of the Market |
| 6 | Demand and Elasticity |
| 7 | Production, Inputs, and Cost: Building Blocks for Supply Analysis |
| 8 | Output, Price, and Profit: The Importance of Marginal Analysis |
| 9 | The Firm and the Industry under Perfect Competition |
| 10 | The Price System and the Case for Laissez-Faire |
| 11 | Monopoly |
| 12 | Between Competition and Monopoly |
| 13 | The Market Mechanism: Shortcomings and Remedies |
| 14 | Real Firms and Their Financing: Stocks and Bonds |
| 15 | Pricing the Factors of Production |
| 16 | Labor: The Human Input |
| 20 | Taxation and Resource Allocation |

OUTLINE FOR A ONE-QUARTER COURSE IN MACROECONOMICS

| Chapter Number | Title |
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| 23 | Unemployment and Inflation: The Twin Evils of Macroeconomics |
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| 28 | Managing Aggregate Demand: Fiscal Policy |
| 29 | Money and the Banking System |
| 30 | Monetary Policy and the National Economy |
| 31 | The Debate over Monetary Policy |
| 32 | Budget Deficits and the National Debt: Fact and Fiction |
| 33 | The Trade-off between Inflation and Unemployment |

OUTLINE FOR A ONE-QUARTER COURSE ON APPLICATIONS OF BOTH MACROECONOMICS AND MICROECONOMICS

| Chapter Number | Title |
|----------------|--|
| 17 | Poverty, Inequality, and Discrimination |
| 18 | Limiting Market Power: Regulation of Industry |
| 19 | Limiting Market Power: Antitrust Policy |
| 20 | Taxation and Resource Allocation |
| 21 | Environmental Protection and Resource Conservation: The Economist's Approach |
| 23 | Unemployment and Inflation: The Twin Evils of Macroeconomics |
| 32 | Budget Deficits and the National Debt: Fact and Fiction |
| 34 | International Trade and Comparative Advantage |
| 35 | The International Monetary System: Order or Disorder? |
| 37 | Productivity and Growth in the Wealth of Nations |
| 38 | Comparative Economic Systems: What Are the Choices? |

WITH THANKS

Finally, and with great pleasure, we turn to the customary acknowledgments of indebtedness. Ours have been accumulating now through seven editions. In these days of specialization, not even a pair of authors can master every subject that an introductory textbook must cover. Our friends and colleagues Albert Ando, Charles Berry, Rebecca Blank, William Branson, the late Lester Chandler, Gregory Chow, Avinash Dixit, Robert Eisner, Susan Feiner, the late Stephen Goldfeld, Claudia Goldin, Ronald Grieson, Daniel Hamermesh, Yuzo Honda, Peter Kenen, Melvin Krauss, Herbert Levine, the late Arthur Lewis, Burton Malkiel, Edwin Mills, Janusz Ordover, Uwe Reinhardt, Harvey Rosen, Laura Tyson, and Martin Weitzman have all given generously of their knowledge in particular areas over the course of seven editions. We have learned much from them, and only wish we had learned more.

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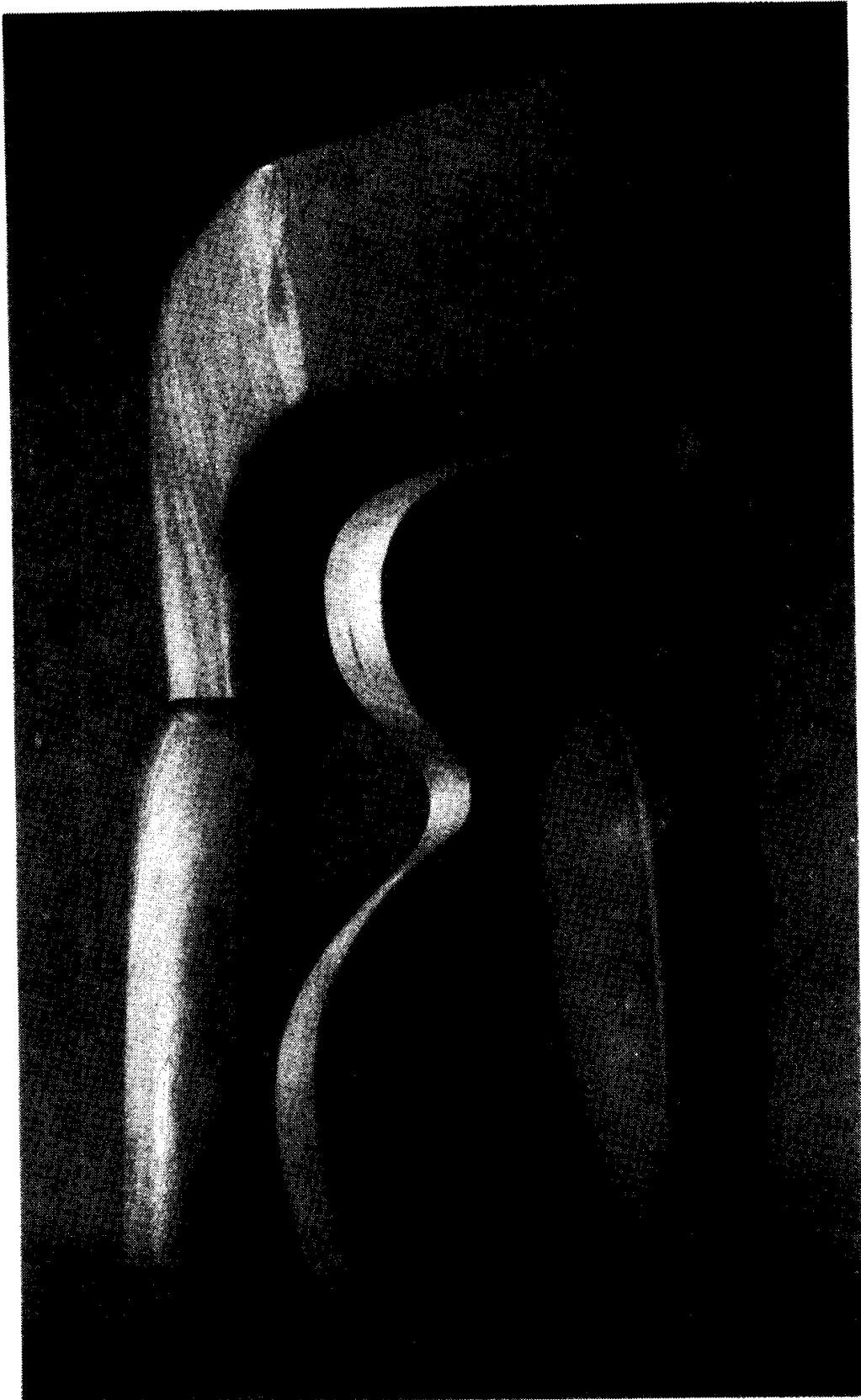
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And, finally, there are our wives, Hilda Baumol and Madeline Blinder. They have now participated and helped with this project for over 20 years. During that period, this book has quite literally become part of our families. And both their contributions and our affection have grown.

WILLIAM J. BAUMOL
ALAN S. BLINDER



PART I

**GETTING ACQUAINTED
WITH ECONOMICS**

