

## **Essentials of Economics, 4e**

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### **Detailed List of New Features**

#### **What's New and Improved?**

One of the benefits of writing a successful text is the opportunity to revise—to delete the outdated and install the new, to rewrite misleading or ambiguous statements, to introduce more relevant illustrations, to improve the organizational structure, and to enhance the learning aids. We trust that you will agree that we have used this opportunity wisely and fully.

#### **Streamlined Coverage**

As part of our ongoing effort to streamline presentation, respond to reviewer input, and keep costs down for students, we have moved all of the material previously available as Web Chapters into the core Connect and Smartbook offers. The Chapter One appendix on Graphs and Their Meaning and the resource market chapters on Wage Determination and Income Inequality and Poverty have been converted from Web-Only content into the main product. Instructors who cover these chapters can now assign them within Connect or find them within the print book and supplements.

#### **Updated Discussions of the Financial Crisis and the Recession**

In the previous edition, we focused on incorporating an analysis of the financial crisis, the recession, and the hesitant recovery into our discussions of macroeconomics. This edition reflects more recent developments, including continued slower than historical economic growth. We found many ways to work the recession, policy responses, and recovery into our macro chapters, and are confident that our basic macroeconomic models will continue to serve well in explaining business cycles and the economy's long run growth path. The new inclusions relating to the recession simply help students see the relevance of the models to what they are seeing in the news and perhaps experiencing in their own lives. The overall tone of the book, including the macro, continues to be optimistic with respect to the long-term growth prospects of market economies.

#### **Updated End-of-Chapter Questions and Problems**

We have updated the end-of-chapter questions, adding new problems to reflect revised and enhanced content. The questions are analytic and often ask for free responses, whereas the problems are mainly quantitative. We have aligned the questions and problems with the learning objectives presented at the beginning of the chapters. All of the questions and problems are assignable through McGraw-Hill's Connect, and many contain additional algorithmic variations and can be automatically graded within the system.

## Chapter by Chapter Changes

Individual chapters have undergone data updates and language revisions in order to remain current, yet still retain the straightforward presentation style that our users expect. In addition to the changes and features listed above, some chapter-specific revisions include:

**Chapter 1:** Limits, Alternatives, and Choices features updated examples of opportunity cost, and the Chapter One Appendix: Graphs and Their Meaning has been converted from Web-Only content into the main product.

**Chapter 2:** The Market System and the Circular Flow includes an updated example of consumer sovereignty, updated business and household sector data in the United States, and updated global data.

**Chapter 3:** Demand, Supply, and Market Equilibrium provides a new "Applying the Analysis" piece on Uber and dynamic pricing. The Chapter Three Appendix: Additional Examples of Supply and Demand has been converted from Web-Only content and relocated into the main product.

**Chapter 5:** Market Failures: Public Goods and Externalities features updated information on the U.S. tax structure. Taxes to correct negative externalities are now referred to as "Pigovian taxes" (versus "specific taxes" in previous editions).

**Chapter 8:** Pure Monopoly presents a new "Applying the Analysis" on monopoly power in the Internet age, replacing the De Beers diamond monopoly example.

**Chapter 9:** Monopolistic Competition and Oligopoly includes a new "Applying the Analysis" piece on Internet oligopolies, replacing the example of oligopoly in the beer industry.

**Chapter 10:** GDP and Economic Growth contains a new discussion on the recent slowdown in U.S. productivity growth, as well as numerous updates of both domestic and international data.

**Chapter 11:** Business Cycles, Unemployment, and Inflation presents a new "Applying the Analysis" on the specter of deflation facing the U.S. and other economies, as well as detailed coverage of current unemployment rates and inflation throughout the world.

**Chapter 13:** Fiscal Policy, Deficits, and Debt includes important updates related to the recession, the subsequent policy response, and the debt debate.

**Chapter 15:** Interest Rates and Monetary Policy features updated coverage of recent U.S. monetary policy, including a new discussion of the a negative lower bound and the European Central Bank's recent policy of negative nominal interest rates. The discussion of negative rates replaces the "Applying the Analysis" piece on the Fed's balance sheet and its extensive growth.

**Chapter 16:** International Trade and Exchange Rates includes updated material on recent U.S. trade deficits and

a revised discussion related to Fed policy and changes in the relative value of the U.S. dollar.

**Chapter 17:** Wage Determination has been relocated to the main product. Revised discussion and updated data on occupational employment trends, wage differentials, and the minimum wage highlight the changes.

**Chapter 18:** Income Inequality and Poverty has been relocated to the main product. Revisions include improved discussion and significant updates to the data on distribution of income, poverty, and income maintenance programs.

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