



Economics, 11th edition

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Overview

Colanders Economics, eleventh edition, is specifically designed to help today's students succeed in the principles of economics course and grasp economics concepts they can apply in their daily lives.

Colanders trademark colloquial approach focuses on modern economics, institutions, history, and modeling. Colander presents and applies economic models, but also encourages students to think about model nuances, building their critical thinking skills and applying models to the real world.

Content in Colander is organized around learning objectives to make it easier for students to understand the material and for instructors to build assignments within Connect. Through Connect and SmartBook, students will find engaging activities, helpful tutorial videos, and learning resources at that moment of need.

Specific Content Changes to This Edition

Any new edition provides the possibility to update discussions and I have done so throughout the book, both in updating references to events, and in examples. On a mundane level I changed examples and products being discussed. For example, there was an earlier discussion of the supply and demand for CD, which at one point in the past seemed reasonable. CDs have gone the way of buggy whips, and so the discussion was changed to chocolate, which has a longer shelf life—there will always be demand of 80% dark chocolate, at least from me.

I also reviewed all the boxes, eliminating or updating those that were outdated, replacing them with new boxes that capture some of the new ideas being discussed. Because of the changing nature of the macro problem facing the economy, macro examples were updated more frequently than the micro examples.

In-Depth Chapter-by-Chapter Discussion of Changes

Data has been updated throughout. Web Notes callouts have been added back into the text. They appear within the margins next to the content to which they apply. Here is a chapter by chapter discussion of the major changes:

Chapter-by-Chapter Changes

Chapter 1, Economics and Economic Reasoning

I eliminated a few examples within the narrative to sharpen the discussion. Among the normative economics discussion, an introduction to Adam Smith's impartial spectator tool was added, which is also discussed in additional detail among the "Prologue for the Student," just before the start of Chapter 1.

Chapter 2, The Production Possibility Model, Trade, and Globalization

This chapter has remained largely unchanged from the previous edition as refinements were made to simplify the discussion. The presentation includes two simple graphs, each showing the production possibility curve for one country. The discussion allows the identification of a new level of possible consumption for each country separately based on trade.

Chapter 3, Economic Institutions

Among the discussion of the history of socialism, I added in a brief mention of its association with communism. A new Real-World Application box on polycentric government and the ideas of Elinor Ostrom was added. The Real-World Application box on "Who are the 1%?" was deleted. Data updates were made to a number of figures.

Chapter 4, Supply and Demand

Among the law of demand section, I deleted the example that referenced CDs and replaced it with a Netflix example. Similarly, among the factors that shift demand section, references to

CDs and an iPod were removed and replaced with more timeless examples. References to iTunes have been replaced with Amazon Prime. I replaced the example of the effect of Hurricane Katrina with the more recent example of Hurricane Harvey.

Chapter 5, Using Supply and Demand

I changed the scenarios and subsequent analysis given at the start of the chapter from a hurricane to a drought, and from gasoline prices to the expansion of hydraulic fracking. Among the government intervention section, I added reference to the entry of ride sharing companies and their impact on the price of taxi medallions.

Chapter 6, Describing Supply and Demand: Elasticities

The opening vignette example was changed to a similar scenario, but more current example—the price of water during Hurricane Harvey. Among the calculating elasticities section, the first case example was changed to the price of tolls in Orange County, Florida.

Chapter 7, Taxation and Government Intervention

The subsection “Burden Depends on Relative Elasticity,” was rewritten to accommodate the change to Figure 7-3 in which panels b and c were swapped. The Real-World Application box “College Newspaper Editors Should Take More Economics” was replaced with a new box detailing the debate about the corporate income tax. New data on New York’s rent controls was added just before the end of the chapter.

Chapter 8, Market Failure versus Government Failure

The negative externality section was combined with the positive externalities subsection, and now features a discussion and graphical representation of the standard supply and demand analysis with no externalities. A new Real-World Application box on dynamic pricing was added. Among the excludability and the costs of pricing section, more current music sharing service providers were added.

Chapter 8W, Politics and Economics: The Case of Agricultural Markets

Clarification added to the Herbert Hoover example. Updates made to year references.

Chapter 9, Comparative Advantage, Exchange Rates, and Globalization

Data updates were made throughout along with some minor example refinements.

Chapter 10, International Trade Policy

President Trump's changing the narrative on trade meant some significant changes were needed to this chapter. I replaced the opening discussion of trade to include Trump's criticism of free trade agreements and updated the discussion of WTO trade negotiations and U.S. trade policy to account for the Trump presidency. Learning Objective 4 was changed.

Chapter 11, Production and Cost Analysis I

This chapter has remained largely unchanged from the previous edition.

Chapter 12, Production and Cost Analysis II

The Real-World Application box on the changing technology of automobile production was replaced with a new box on 3-D printing and economies of scale. Some refinements were made to the box on why textbooks are so long.

Chapter 13, Perfect Competition

The Real-World Application box on the internet and the perfectly competitive model was completely rewritten.

Chapter 14, Monopoly and Monopolistic Competition

The growing importance of platform monopolies and network externalities led to substantial changes in this chapter. The opening vignette features added material on positive network externalities. Government-created monopolies and government policy and monopoly sections were deleted and replaced with a new section on platform monopolies and network externalities. A new Real-World Application box on the dark side of Amazon was added.

Chapter 15, Oligopoly and Antitrust Policy

The subsection on price wars was deleted and replaced with a discussion of platform monopolies and contestable markets. A new Real-World Application box on strategic competition between Uber and Lyft was added, while the box on Walmart was removed. Significant updates were made to the discussion of the role of antitrust in today's economy.

Chapter 16, Real-World Competition and Technology

The Microsoft and Apple example that started the opening vignette was deleted. The chapter now starts with Peter Thiel's, *Zero to One*, bottom line that competition is for losers. The goals of real-world firms and the monitoring problem section was rewritten to combine the short-run versus long-run profit and profit maximization subsections. A discussion of platform monopolies was added just before the regulating natural monopolies section. The technology, efficiency, and market structure section was deleted entirely.

Chapter 17, Work and the Labor Market

Significant modifications were made to this chapter to account for developments in the information revolution. A new Real-World Application box on are humans obsolete and artificial intelligence was added. Another new box was added discussing the pay gap between women and men. The subsection on unions and collective bargaining was deleted entirely.

Chapter 17W, Nonwage and Asset Income: Rents, Profits, and Interest

Small refinements made to the intellectual property discussion. Reference to Lebron James was changed to Steph Curry.

Chapter 18, Who Gets What? The Distribution of Income

Considerable data updates were made throughout. The distributional questions and tensions in society subsection was deleted. A new Added Dimension box on income distribution policy, fairness, and the takeaway principle was added.

Chapter 19, The Logic of Individual Choice: The Foundation of Supply and Demand

This chapter has remained largely unchanged from the previous edition.

Chapter 20, Game Theory, Strategic Decision Making, and Behavioral Economics

Minor refinements have been made to this chapter, but it has remained largely unchanged from the previous edition.

Chapter 21, Thinking Like a Modern Economist

I rewrote the basic building block example for enlightened self-interest. Small refinements were made throughout the chapter to sharpen the discussion, but it has remained largely unchanged from the previous edition.

Chapter 22, Behavioral Economics and Modern Economic Policy

Updates were made to the Real-World Application box on futures to reflect the results of the Presidential election. A new box on the British government's rollout of the nudge unit meant to take advantage of insights from behavioral economics to guide people in making more favorable decisions was added.

Chapter 23, Microeconomic Policy, Economic Reasoning, and Beyond

Minor refinements have been made to this chapter, but it has remained largely unchanged from the previous edition.

Chapter 24, Economic Growth, Business Cycles, and Unemployment

The opening vignette was updated to feature a snapshot of the current state of the U.S. economy. The subsection on the unraveling of the Keynesian/Classical synthesis was replaced with a new subsection on how the Keynesian/Classical debates about structural stagnation and macro policy are grounded in political differences. Substantial data updates made throughout and additions made to reflect the current state of the U.S. economy. A new section on the impact of technology and its effects on the future of unemployment has been added.

Chapter 25, Measuring and Describing the Aggregate Economy

Data updates have been made throughout this chapter, but it has remained largely unchanged from the previous edition.

Chapter 26, The Keynesian Short-Run Policy Model: Demand-Side Policies

A third example of how fiscal policy has worked in the real world features a discussion of expansionary policy in 2018, which sheds light on the fact that policy is sometimes guided by political goals, not by economists models. This important lesson about fiscal policy will be discussed in later chapters.

Chapter 26W, The Multiplier Model

Among the shifts in expenditures subsection, the reference to Japan in the 1990s was replaced with an alternate and more current example. Changes were made to Figure 26W-9 to add a third aggregate demand curve.

Chapter 27, The Classical Long-Run Policy Model: Growth and Supply-Side Policies

The application of the rule of 72 to the future growth of China and the U.S. was deleted. The Real-World Application box on growth and terrorism was rewritten to focus not only on the short-term effects of terrorism, but on its long-term growth effects.

Chapter 28, The Financial Sector and the Economy

The material on cryptocurrencies has been rewritten and includes discussions of how they are not currencies, since they don't meet the definition of money, but are instead crypto assets, almost designed to be blown into bubbles. I discuss how blockchain technology might be revolutionary, but the real revolution in currency is more likely to come through new digital currencies such as M-Pesa.

Chapter 29, Monetary Policy

The section on the reserve requirement and the money supply was rewritten and simplified. New material was added on the Fed's use of the reserve requirement to control the money supply and how it changed in 2008 when banks began holding large amounts of excess reserves, and the liquidity trap that ensued.

Chapter 30, Financial Crises, Panics, and Unconventional Monetary Policy

The Real-World Application box on moral hazard and bailouts in the backcountry has been deleted. A new box on how the hype around cryptocurrency is more like Tulipmania was added. The monetary policy discussion involved substantial changes since the Fed is no longer using unconventional monetary policy, but is instead trying to unwind its balance sheet as it returns to a conventional monetary policy.

Chapter 31, Deficits and the Debt

Data updates have been made throughout the chapter to bring in currency. The presentation and organization remains unchanged from the previous edition.

Chapter 32, The Fiscal Policy Dilemma

Updates were made to reference the government's decision to not implement contractionary fiscal policy in 2018 when unemployment was low and the world economy had improved from the structural stagnation they had fallen into for a decade. Instead expansionary policy was implemented, and other examples of similar decisions were also included. The Real-World Application box on the appropriate debt-to-GDP ratio was deleted. The last subsection on modern macro policy precepts was altered and is now the conclusion to the chapter.

Chapter 33, Jobs and Unemployment

Substantial data updates were made throughout the chapter. A fourth reason for why the target rate of unemployment has changed over time, technological change, has been added.

Chapter 34, Inflation, Deflation, and Macro Policy

Beyond data updates, this chapter remains largely unchanged from the previous edition.

Chapter 35, International Financial Policy

A new Real-World Application box on the exorbitant privilege puzzle has been added that discusses why the U.S. pays far less for its borrowings than other countries. The map of EU countries was changed to a map of countries that use the euro.

Chapter 36, Macro Policy in a Global Setting

Data updates added where needed, but this chapter has remained largely unchanged from the previous edition.

Chapter 37, Structural Stagnation and Globalization

The opening vignette and the entire section on structural stagnation that follows has been completely rewritten to reflect today's economy and focuses on the displacement problems caused by globalization, and briefly on the displacement problems caused by technological change. Additional examples have been added throughout to reflect currency.

Chapter 38, Macro Policies in Developing Countries

A new Real-World Application box on how the introduction of mobile money, such as M-Pesa, has allowed a number of cash-based economies to leapfrog over developed countries that rely in traditional banking mechanisms has been added. The box on the Doha Round was updated to discuss its failure.