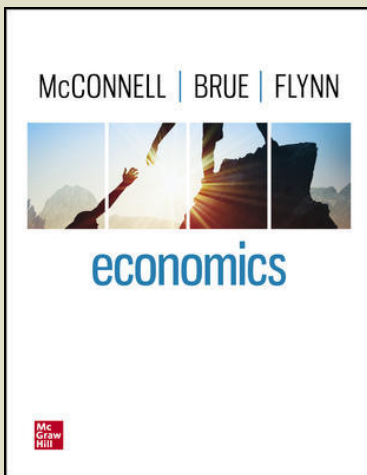


# List of Changes



## **Economics 22nd Edition**

**Campbell McConnell, Stanley Brue, Sean Flynn**

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available in  
**connect**®

Optimize your outcomes. With McConnell/Brue/Flynn, improving outcomes has never been simpler. If given the chance to work harder or smarter, which would you choose? This product's modern approach makes learning and applying economics easier for instructors and students alike. From real-life examples to cutting-edge learning resources, McConnell offers a student-centered learning environment that presents the subject matter in new and engaging ways. For instructors, a fully supportive teaching package does the heavy lifting so you can focus on what you love...

## It All Starts with You



McGraw-Hill Connect® is a course management and adaptive learning solution that enhances your unique voice and teaching style. As your partner, we're committed to helping you achieve your course goals and unlock student potential. That's why we've made meaningful updates to this edition.

### New In Connect:

**SmartBook® 2.0** – Our adaptive reading experience has been made more personal, accessible, productive, and mobile.

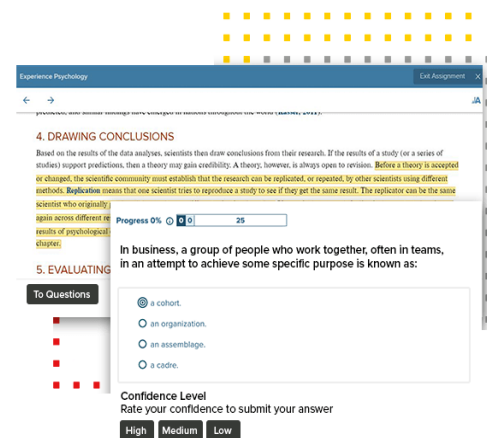
**Writing Assignment** – This assignment type delivers a learning experience that helps students improve their written communication skills and conceptual understanding. As an instructor, you can assign, monitor, grade, and provide feedback on writing more efficiently.

**Test Builder** – Available within Connect, Test Builder is a cloud-based tool that enables instructors to format tests that can be printed or administered within a LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download. Test Builder provides a secure interface for better protection of content and allows for just-in-time updates to flow directly into assessments.

**Application-Based Activities** – Application-Based Activities provide students valuable practice using problem solving skills to apply their knowledge to realistic scenarios. Students progress from understanding basic concepts to using their knowledge to analyze complex scenarios and solve problems.

**Interactive Graphs** – A series of learning tools available within Connect to help students visualize and interpret Economic concepts, graphs, and data. Students get hands on to see the relevance of the subject matter by providing visual displays for students to manipulate. All graphs are accompanied by assignable assessment questions and feedback to guide students through the experience of learning to read and interpret graphs and data.

**Adaptive Math Prep** – Assigned at the moment of need, these adaptive modules are devoted to helping students refresh on important prerequisite topics necessary to be successful in economics.



**Learning that Fits**  
[mheducation.link/smartbook2](https://mheducation.link/smartbook2)



**Application-Based Activities**

## Additional Value When You Upgrade

- **NEW!** Free mobile access to SmartBook 2.0 assignments and the digital textbook with the ReadAnywhere app.
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- **NEW!** Ability to create enhanced assignments personalized to each student's needs.
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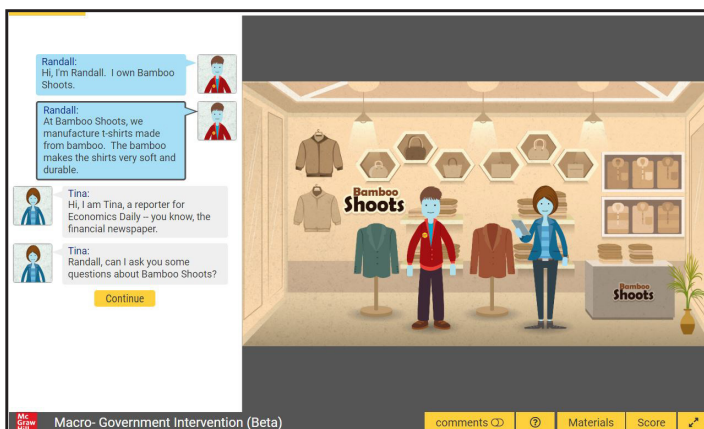
## More student-centered

McConnell has always put students at the center of every revision and the new edition is no exception. Extensive market feedback and a keen focus on optimizing student outcomes drove this revision. Everything, from the text to the digital tools and resources, have been updated for today's learners.

**Layout and Design** - To improve readability we moved to an open, modern one-column design that's more accessible for all.

**Concision** - We've listened. The narrative text was tightened up by an average of 15% (even after accounting for newly added content ) without eliminating the consistent, proven framework that patiently supports student understanding.

**Adaptive and E-Learning Tools** – Connect Economics supporting the new edition not only improves existing student-centered learning environment, but also introduces industry-first tools to Principles of Economics:



**SmartBook 2.0**, our adaptive reading experience, is now more personal, more accessible, more productive, and mobile.

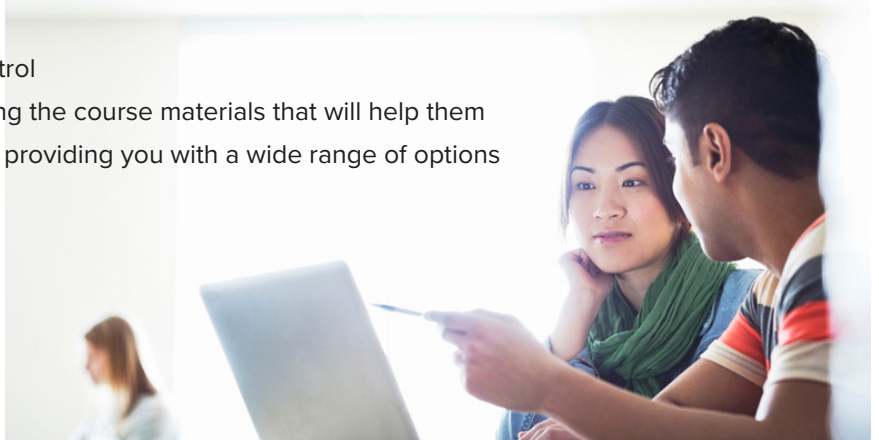
**New Application-Based Activities** provide students valuable practice using problem-solving skills to apply their knowledge to realistic scenarios.

**New Adaptive Math Prep Tool** provides students just-in-time math remediation that are prerequisite to success in Principles of Economics courses.

These tools, in addition to videos, Interactive Graphs, Writing Assignment Plus, current events and more, were designed to help students work smarter, not harder, in learning Economics.

**Affordability & Outcomes** – Choice. Freedom. Control

You know what's best for your students and selecting the course materials that will help them succeed should be in your hands. That's why we're providing you with a wide range of options that both lower cost and drive better outcomes.







## More current & real-life examples

Students absorb economic theory most easily when it resonates with their experiences and is explained with current examples. To optimize your outcomes, McConnell *Economics* ©2021 includes:

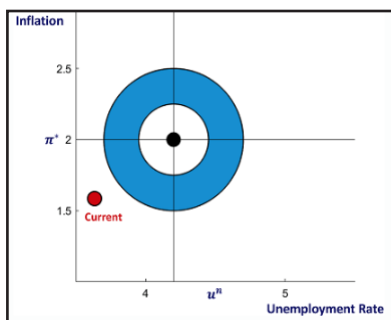
### More Current, Relatable, Real-Life Examples

- Hundreds of new and current examples and discussions
- 26 new Consider This and Last Word boxed pieces
- 3 new Global Perspectives
- 10 new Key Graphs

### More Current Topic Presentation

Based on market feedback and SmartBook student usage data, content was updated and refined for clarity throughout. Additionally, the following content was restructured:

- The financial crisis and the subsequent slow recovery increased both student and faculty demand for explaining directly and intuitively why markets and governments fail in delivering optimal social outcomes. To satisfy that demand, **our presentation of market failures, government failure, and public choice theory has been significantly restructured** in Chapters 4 and 5 to allow students to quickly absorb the key lessons regarding externalities, public goods provision, voting paradoxes, the special interest effect, and other problems that hinder either markets or governments from achieving optimal social outcomes.



- **Monetary policy** is challenging for students, so we've completely revised our presentation to focus on the **"dual mandate"** of low inflation and high employment that Congress gave the Federal Reserve. As it turns out, those goals are often contradictory. Chapter 36 explains this in a **visual and intuitive** way by incorporating the Fed's **innovative new "bullseye chart"** that allows students to see with their own eyes what the Fed is trying to do and how difficult it can be to achieve it. The new presentation also helps students understand why **inflationary expectations** matter so much as the Fed navigates between expansionary and contractionary monetary policy.

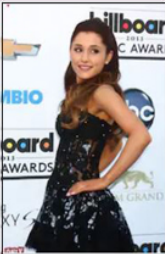
• **Current Events** – Our new EconEveryday blog saves instructors time bringing current, student-centered content into their course all semester long. Short articles tagged by topic and area of student interest help you work smarter, not harder to bring currency into your course. Visit [www.econeveryday.com](http://www.econeveryday.com) and sign-up today.

**CONSIDER THIS . . .**

**Did Zuckerberg, Seacrest, and Grande Make Bad Choices?**

Opportunity costs come into play in decisions well beyond simple buying decisions. Consider the different choices people make with respect to college. The average salaries earned by college graduates are nearly twice as high as those earned by persons with just high school diplomas. For most capable students, "Go to college, stay in college, and earn a degree" is very sound advice.

Yet Facebook founder Mark Zuckerberg and media personality Ryan Seacrest both dropped out of college, while pop singer Ariana Grande never even bothered to start classes. What were they thinking? Unlike most students, Zuckerberg faced enormous opportunity



S. Bukley/Shutterstock

costs for staying in college. He had a vision for his company, and dropping out helped to ensure Facebook's success. Similarly, Seacrest landed a professional DJ job at his local radio station when he was in high school before moving to Hollywood and eventually becoming America's top radio and TV personality. Finishing his college degree might have interrupted the string of successes that made his career possible. And Grande knew that staying on top in the world of pop takes unceasing work. So after her first album became a massive hit, it made sense for her to skip college in order to relentlessly pursue continuing success.

So Zuckerberg, Seacrest, and Grande understood opportunity costs and made their choices accordingly. The size of opportunity costs matters greatly in making individual decisions.



## More teachable & improved outcomes

**Faculty time is precious.** To preserve as much of it as possible for the faculty adopting McConnell Economics, we updated the resources with the help of active author and instructor Sean Flynn, and seasoned teaching faculty from around the country. With the new auto-graded assignments across Bloom's Taxonomy, revised instructor's guide with Guided Peer Instruction, better data-driven reports, and training and support at every step, you'll have more time to do more of what you love. Whether you are teaching online, hybrid or face-to-face, McConnell gives you the support you need to work smarter, not harder.

	SmartBook 2.0	Math Preparedness	Videos	Exercises	Interactive Graphs	Application-Based Activities	Auto-graded Writing (Coming in 2020)
Higher Order Thinking Skills							
CREATE							✓
EVALUATE						✓	✓
ANALYZE				✓	✓	✓	✓
APPLY		✓	✓	✓	✓	✓	✓
UNDERSTAND	✓	✓	✓	✓	✓	✓	✓
Lower Order Thinking Skills							
REMEMBER	✓	✓	✓	✓	✓	✓	✓

## Chapter 3

### Supply, Demand, and Equilibrium

#### TEACHING GUIDE CONTENTS

[CHAPTER 3 CONNECT CONTENT MATRIX](#)  
[WHAT'S NEW IN CHAPTER 3](#)  
[SUGGESTIONS FOR IMPLEMENTATION](#)  
[LEARNING OBJECTIVES](#)  
[OVERVIEW OF THE CHAPTER](#)  
[COMMENTS AND TEACHING SUGGESTIONS](#)  
[STUDENT STUMBLING BLOCKS](#)  
[LECTURE OUTLINE](#)  
[QUIZ](#)  
[GUIDED PEER INSTRUCTION EXERCISES](#)

**Support at Every Step** – We all know faculty support is critically important to the success of the implementation and usage of any digital courseware. That's why we interviewed hundreds of faculty to determine major pain points. Then, teamed up with faculty to design and create a website to provide above and beyond support. From initial training to implementing new tools and digging into the data, we're here to help. If you're looking for a prebuilt course, a tool to help you design your own course or just want to talk to another McConnell user, we're here to support you. Visit [www.supportateverystep.com](http://www.supportateverystep.com) to see how McGraw-Hill can partner with you at every step.

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## Chapter by Chapter Changes

**Chapter 1: Limits, Alternatives, and Choices** features a new Consider This titled, “Is Facebook Free?” a new Last Word about “The Marginal Starbucks,” and a new Global Perspective comparing investment levels in selected nations.

**Chapter 2: The Market System and the Circular Flow** contains three new Consider These pieces—on Bitcoin mining, the Korean peninsula at night, and flood insurance subsidies—as well as a new Last Word about the economic collapse of Venezuela.

**Chapter 3: Demand, Supply, and Market Equilibrium** includes a new Consider This on market equilibrium as well as a new Global Perspective on the price of a loaf of bread in various countries.

**Chapter 4: Market Failures Caused by Externalities and Asymmetric Information** is a new chapter that features substantial new content, including a Consider This on congestion pricing, a Global Perspective on pollution abatement, a Key Graph on externalities, and a Last Word on how markets for pollution credits overcome information asymmetries between polluting firms and the government.

**Chapter 5: Public Goods, Public Choice, and Government Failure** is another new chapter that also features substantial new content, including innovative material on quadratic voting and a Last Word discussing the ineffectiveness of corporate relocation subsidies.

**Chapter 6: Elasticity** contains a new Consider This on “The Southwest Effect” as well as revised examples, wording improvements, and two new Global Perspectives, the first giving cross-price elasticities between food prices and education spending in various countries and the second reporting on the income elasticities of the demand for gasoline in selected countries.

**Chapter 7: Utility Maximization** contains several new examples and rewrites for clarity and concision.

**Chapter 8: Behavioral Economics** benefits from new applications and a significantly streamlined presentation.

**Chapter 9: Businesses and the Costs of Production** includes a new Global Perspective on international differences in manufacturing costs as well substantial rewrites for clarity in the opening section on economic costs.

**Chapter 10: Pure Competition in the Short Run** features new examples plus a new Last Word on the damage that results when corrupt politicians divert fixed-cost depreciation funds into their own pockets.

**Chapter 11: Pure Competition in the Long Run** contains updated examples as well as a new Last Word discussing whether entrepreneur Elon Musk's profits (at SpaceX, Tesla, etc) are defensible in the long run.

**Chapter 12: Pure Monopoly** has a new Consider This about France's long history of government salt monopolies as well as two new Key Graphs on, respectively, the inefficiency of pure monopoly and the different strategies for rate regulation.

**Chapter 13: Monopolistic Competition** contains new examples, edits for brevity, and a new Global Perspective on restaurants per 100,000 residents in various cities around the world.

**Chapter 14: Oligopoly and Strategic Behavior** has a more intuitive introduction to the Prisoner's Dilemma as well as a significantly streamlined presentation made possible by, among other things, the removal of the much praised but rarely assigned material on sequential games.

**Chapter 15: Invention and Innovation (Technology, R&D, and Efficiency)** contains edits for brevity, revised examples, and a relocated Last Word on why patents may be a net hinderance to innovation in the tech sector.

**Chapter 16: The Demand for Resources** features a new Global Perspective on the Top Ten oil importing nations as well as revised examples and edits for brevity and clarity.

**Chapter 17: Wage Determination** has a new Quick Review as well as student-friendly rewrites utilizing bullet points and additional headlines.

**Chapter 18: Rent, Interest, and Profit** incorporates wording improvements, data updates, and a greater focus on core content, made possible by consolidating or discarding the previous edition's coverage of the single tax on land and usury laws.

**Chapter 19: Natural Resource and Energy Economics** contains extensive data updates, substantial new material on energy costs and alternatives, a streamlined discussion of the user cost model, and a new Consider This piece on the famous bet between Julian Simon and Paul Ehrlich over resource prices and resource constraints.

**Chapter 20: Public Finance: Expenditures and Taxes** benefits from consolidations and revisions that enhance brevity and clarity as well as a new Key Graph on the deadweight losses caused by excise taxes.

**Chapter 21: Antitrust Policy and Regulation** features a new Global Perspective on the annual number of corporate mergers taking place in selected countries as well as extensive updates to the chapter's examples of court cases and regulatory actions.



**Chapter 22: Agriculture: Economics and Policy** delivers numerous data updates, a heavily updated discussion of recent farm bills, including the Agricultural Act of 2018, and a new Last Word on the U.S. Department of Agriculture's Conservation Reserve Program that created a glut of timber while attempting to prevent a glut of crops.

**Chapter 23: Income Inequality, Poverty, and Discrimination** presents a new Last Word on the debate over Universal Basic Income as well clarifying revisions to our discussion of the Lorenz curve and the Gini ratio, including a new Key Graph that tests students on their understanding of those concepts.

**Chapter 24: Health Care** incorporates extensive data updates as well as significant revisions to our discussion of the Affordable Care Act, including references to the court decision that repealed the individual mandate.

**Chapter 25: Immigration** contains several data updates as well as a new Last Word that considers whether the Australian and Canadian immigration might be considered as reform models for the U.S. immigration system.

**Chapter 26: An Introduction to Macroeconomics** has a new Last Word on the behavioral economics of sticky prices as well as a new Key Graph on the effects of demand shocks under fixed and flexible prices.

**Chapter 27: Measuring Domestic Output and National Income** benefits from extensive data updates, a heavily revised introductory section on GDP accounting, a new Last Word on the

**Chapter 28: Economic Growth** contains extensive data updates, a more intuitive explanation of network effects, a more concise discussion of catch-up growth, a new Last Word on the growth-boosting effects of the surges in female labor force participation and educational attainment that have taken place over the last few decades.

**Chapter 29: Business Cycles, Unemployment, and Inflation** benefits from a streamlined presentation, several data updates, a more intuitive presentation of Okun's Law, and a new Last Word on the shortage of skilled workers ten years after the Great Recession ended. difficulties that the digital economy has created for national income and product accounting, and the revision of how gross private domestic investment is defined to include (as the BEA now does) not only expenditures on physical capital, residential construction, and inventories but also expenditures on R&D and money spent on the creation of new works of art, music, writing, film, and software.

**Chapter 30: Basic Macroeconomic Relationships** features data updates, a new Key Graph on the multiplier process, and a streamlined presentation.

**Chapter 31: The Aggregate Expenditures Model** contains a handful of data updates but is otherwise unchanged save for an additional Quick Review and some minor wording improvements.

**Chapter 32: Aggregate Demand and Aggregate Supply** contains a new Global Perspective on the size of various countries' GDP gaps, a new Key Graph on the effect of a negative demand shock when the price level is inflexible, and a decrease in page count thanks to the elimination of the section on downward price rigidity (which was made redundant by the new Ch 26 Last Word on the behavioral economics of sticky prices).

**Chapter 33: Fiscal Policy, Deficits, and Debt** incorporates several data updates, an additional Quick Review, and a new Key Graph on expansionary fiscal policy when the price level is downwardly inflexible.

**Chapter 34: Money, Banking, and Financial Institutions** is significantly more concise thanks to a shortened discussion of securitization, a streamlined history of the financial crisis, and the elimination of the section on the structure of the post-crisis financial services industry.

**Chapter 35: Money Creation** includes a shorter and more intuitive discussion of the monetary multiplier as well as a new Global Perspective on required reserve ratios.

**Chapter 36: Interest Rates and Monetary Policy** features a more intuitive explanation of repos and reverse repos plus a totally new presentation of monetary policy that utilizes the Chicago Fed's "bullseye chart" to explain the Fed's dual mandate, the usefulness and design of monetary policy rules, and why the Fed should be concerned about its management of inflationary expectations.

**Chapter 37: Financial Economics** contains several new examples, updated data, and edits throughout for simplicity and clarity.

**Chapter 38: Extending the Analysis of Aggregate Supply** delivers a streamlined presentation of supply-side economics as well as significant edits for clarity and concision, especially with regard to the analytical transition from the short-run Phillips curve to the long-run Phillips curve.

**Chapter 39: Current Issues in Macro Theory and Policy** includes a clarified explanation of the monetarist view, a heavy rewrite of the rational expectations section, and a new Global Perspective that reports on the target rates of inflation set by various national and regional central banks.

**Chapter 40: International Trade** contains extensive data updates, a streamlined presentation of the arguments in favor of protectionism, a new Key Graph on the economic effects of tariffs and import quotas, and an updated and consolidated discussion of multilateral trade pacts, including the USMCA revisions to NAFTA.

**Chapter 41: The Balance of Payments, Exchange Rates, and Trade Deficits** offers significantly streamlined coverage of fixed exchange rates, extensive data updates, and various edits for concision and clarity.

**Chapter 42: The Economics of Developing Countries** includes new examples, data updates, and a new Consider This about the fraction of the world's population living in extreme poverty falling from 36 percent in 1990 to just 10 percent in 2015.

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