Detailed Table of Contents

Preface		xii		3.8	Free markets and price controls	45	
Guided tour			xvi		3.9	What, how and for whom	48
Technology to enhance learning and teaching			xviii			Summary	50
Acknowledgements for the ninth edition			xxi			Review questions	51
		author	xxii				
110	oui inc	uumor	AAII	PA	RT TW	O Positive microeconomics	
PA	RT ON	E Introduction		4		icities of demand and supply	55
1	Econ	omics and the economy	3		4.1	The price responsiveness of	
		Econonomic issues	4		4.0	demand	55
	1.2	Scarcity and the competing use	•		4.2	Price, quantity demanded and	60
		of resources	8		4.3	total expenditure	60
	1.3	The role of the market	9		4.3	Further applications of the price elasticity of demand	62
	1.4		12		4.4	Short run and long run	64
	1.5	Micro and macro	14		4.5	The cross-price elasticity of	04
		Summary	16		4.5	demand	64
		Review questions	17		4.6	The effect of income on demand	65
		1			4.7	Inflation and demand	68
2	Tools	s of economic analysis	18		4.8	Elasticity of supply	68
	2.1	Economic data	19		4.9	Who really pays the tax?	70
	2.2	Index numbers	20			Summary	72
	2.3	Nominal and real variables	22			Review questions	73
	2.4	Measuring changes in economic				1	
		variables	24	5	Cons	sumer choice and demand	
	2.5	Economic models	24		decis	ions	75
	2.6	Models and data	25		5.1	Demand by a single consumer	75
	2.7		26		5.2	Adjustment to income changes	83
	2.8	Another look at 'other things			5.3	Adjustment to price changes	84
		equal'	30		5.4	The market demand curve	90
		Theories and evidence	30		5.5	Complements and substitutes	91
	2.10	Some popular criticisms of			5.6	Transfers in kind	91
		economics and economists	31			Summary	93
		Summary	34			Review questions	94
		Review questions	35			Appendix: Consumer choice	
	D	1 1 14 17	2=			with measurable utility	95
3		and, supply and the market	37	_	<u>.</u>		
	3.1	The market	37	6		ducing supply decisions	98
	3.2	Demand, supply and equilibrium	38		6.1	Business organization	98
	3.3	Demand and supply curves	39 40		6.2	A firm's accounts	99
	3.4	Behind the demand curve Shifts in the demand curve	40		6.3	Firms and profit maximization	103
	3.5		42 43		6.4	Corporate finance and corporate control	104
	3.6 3.7	Behind the supply curve Shifts in the supply curve	45 45		6.5	The firm's supply decision	104 105
		STORES HE LIIC SULDDIV CULVE	+.)			THE HITTS SUDDIV BECISION	100





vii

	6.6	Marginal cost and marginal		9	Mark	et structure and imperfect	
		revenue	108		comp	etition	164
	6.7	Marginal cost and marginal			9.1	Why market structures differ	165
		revenue curves	112		9.2	Monopolistic competition	169
		Summary	116		9.3	Oligopoly and interdependence	170
		Review questions	116		9.4	Game theory and interdependent	
		•				decisions	173
7	Costs	s and supply	118		9.5	Reaction functions	176
	7.1	Input and output	118		9.6	Entry and potential competition	180
	7.2	Costs and the choice of technique	120		9.7	Strategic entry deterrence	181
	7.3	Long-run total, marginal and			9.8	Summing up	184
		average costs	121			Summary	185
	7.4	Returns to scale	122			Review questions	186
	7.5	Average cost and marginal cost	127	10	The L	abour market	188
	7.6	The firm's long-run output		10		The firm's demand for factors in	100
		decision	128		10.1	the long run	189
	7.7	Short-run costs and diminishing			102	The firm's demand for labour in	109
		marginal returns	128		10.2	the short run	191
	7.8	A firm's output decision in the			10.3	The industry demand curve for	171
		short run	134		10.5	labour	195
	7.9	Short-run and long-run costs	136		10 4	The supply of labour	196
		Summary	137			Industry labour market	170
		Review questions	138		10.5	equilibrium	201
		1			10.6	Transfer earnings and economic	201
3	Perfe	ct competition and pure			10.0	rents	202
		opoly	140		10.7	Do labour markets clear?	204
	8.1	Perfect competition	141			UK wages and employment	207
	8.2	A perfectly competitive firm's				Summary	208
		supply decision	142			Review questions	209
	8.3	Industry supply curves	145			Appendix: Isoquants and the	
	8.4	Comparative statics for a				choice of production technique	211
		competitive industry	148			•	
	8.5	Global competition	150	11		rent types of labour	214
	8.6	Pure monopoly: the opposite				Productivity differences	216
		limiting case	152			Discrimination	222
	8.7	Profit-maximizing output for a			11.3	Trade unions	225
		monopolist	153			Summary	231
	8.8	Output and price under monopoly				Review questions	232
	2	and competition	155	12	Facto	or markets and income	
	8.9	A monopoly has no supply curve	157	- 4		bution	233
		Monopoly and technical change	160			Physical capital	234
	2	Summary	162			Rentals, interest rates and asset	
		Review questions	163			prices	235
		110.10 questions	100			r	

	12.3	Saving, investment and the real	241	15.6 Environmental issues	30
	12 4	interest rate The demand for capital corvices	241	15.7 Other missing markets: time and	30
		The demand for capital services	242	risk	31
		The supply of capital services Equilibrium and adjustment	243	15.8 Quality, health and safety	31
	12.0	<u> </u>		Summary	31.
		in the market for capital services	245	Review questions	31.
	12.7		243	Postscript: Economics in action:	21
		The price of capital assets Land and rents	240	climate change	31
		Income distribution in the UK	248	16 Covernment spending and revenue	31
	12.7	Summary	251	16 Government spending and revenue16.1 Taxation and government	310
		Review questions	252	· ·	32
		Appendix: The simple algebra of	232	spending	32
		present values and discounting	254	16.2 The government in the market	32
		present values and discounting	234	economy	32.
13	Rick	and information	255	16.3 The principles of taxation	32.
10		Individual attitudes to risk	255	16.4 Taxation and supply-side economics	32
		Insurance and risk	258		
		Uncertainty and asset returns	260	16.5 Local government	33
		Portfolio selection	262	16.6 Economic sovereignty	33
		Efficient asset markets	267	16.7 Political economy: how	22
		More on risk	271	governments decide	33
	10.0	Summary	274	Summary	33
		Review questions	275	Review questions	33
		neview questions	273	17 Industrial policy and competition	
14	The in	nformation economy	276	policy	33
	14.1	E-products	276	17.1 Industrial policy	33
		Consuming information	278	17.2 Economic geography	34
	14.3	Distributors of information	282	17.3 The social cost of monopoly	
	14.4	Setting standards	286	power	34
		Recap	287	17.4 Competition policy	34
	14.6	Boom and bust of the dot.com		17.5 Mergers	35
		companies	287	Summary	35
		Summary	291	Review questions	35
		Review questions	292	•	
DA	T TIII	DEE WILL		18 Natural monopoly: public or private?	35
PAI	KI IHI	REE Welfare economics		18.1 Natural monopoly	35
15	Welfa	are economics	295	18.2 Nationalized industries	35
	15.1	Equity and efficiency	296	18.3 Public versus private	36
	15.2	Perfect competition and Pareto		18.4 Privatization in practice	36
		efficiency	297	18.5 Regulating private monopolies	36
	15.3	Distortions and the second best	300	18.6 The private finance initiative	36
	15.4	Market failure	302	Summary	37
	15.5	Externalities	303	Review questions	37
				<u> </u>	





ix

PAI	RT FOUR Macroeconomics			22.4 The monetary base and the money	
		000		1	000
19	Introduction to macroeconomics	000		,	000
	19.1 The big issues	000		1	000
	19.2 The facts	000		•	000
	19.3 An overview	000		•	000
	19.4 National income accounting	000		Review questions	000
	19.5 What GNP measures	000			
	Summary	000		Interest rates and monetary	
	Review questions	000			000
00		000		O	000
20	Output and aggregate demand	000		, 11 ,	000
	20.1 Components of aggregate	000			000
	demand	000		23.4 Equilibrium in financial	
	20.2 Aggregate demand	000			000
	20.3 Equilibrium output	000		•	000
	20.4 Another approach: planned			23.6 Targets and instruments of	
	saving equals planned investment			, 1	000
	20.5 A fall in aggregate demand	000			000
	20.6 The multiplier	000		•	000
	20.7 The paradox of thrift	000		Review questions	000
	Summary	000			
	Review questions	000			000
				24.1 Monetary policy rules	000
21	Fiscal policy and foreign trade	000		24.2 The IS-LM model	000
	21.1 Government and the circular			24.3 The IS-LM model in action	000
	flow	000		24.4 Shocks to money demand	000
	21.2 The government and aggregate			24.5 The policy mix	000
	demand	000		24.6 The effect of future taxes	000
	21.3 The government budget	000		24.7 Demand management revisited	000
	21.4 Deficits and the fiscal stance	000		Summary	000
	21.5 Automatic stabilizers and			Review questions	000
	discretionary fiscal policy	000			
	21.6 The national debt and the		25	Aggregate supply, prices and	
	deficit	000		adjustments to shocks	000
	21.7 Foreign trade and income			25.1 Inflation and aggregate demand	000
	determination	000		25.2 Aggregate supply	000
	Summary	000		25.3 Equilibrium inflation	000
	Review questions	000		25.4 The labour market and wage	
				behaviour	000
22	Money and banking	000		25.5 Short-run aggregate supply	000
	22.1 Money and its functions	000			000
	22.2 Modern banking	000			000
	22.3 How banks create money	000		25.8 Trade-offs in monetary objectives	000

		Summary	000		29.3	Devaluation	000
		Review questions	000		29.4	Floating exchange rates	000
		•				Monetary and fiscal policy under	
26		tion, expectations and credibility	000			floating exchange rates	000
		Money and inflation	000		29.6	The pound since 1980	000
		Inflation and interest rates	000			Summary	000
		Inflation, money and deficits	000			Review questions	000
	26.4	Inflation, unemployment and					
		output	000	30		omic growth	000
		The costs of inflation	000			Economic growth	000
		Defeating inflation	000		30.2	Growth: an overview	000
	26.7	The Monetary Policy Committee	000		30.3	Technical knowledge	000
		Summary	000		30.4	Growth and accumulation	000
		Review questions	000		30.5	Growth through technical progress	000
27	T I a a a		000		30.6	Growth in the OECD	000
Z /		nployment	000			Endogenous growth	000
		The labour market	000		30.8	The costs of growth	000
		Analysing unemployment	000			Summary	000
	27.3	Explaining changes in	000			Review questions	000
	27 /	unemployment Cyclical fluctuations in	000				
	27.4	Cyclical fluctuations in unemployment	000	31		ness cycles	000
	27.5	The cost of unemployment	000		31.1	Trend and cycle: statistics or	
	27.5	Summary	000			economics?	000
		Review questions	000			Theories of the business cycle	000
		neview questions	000			Real business cycles	000
28	Exch	ange rates and the balance of				An international business cycle?	000
	paym		000			UK recovery after 1992	000
	_	The foreign exchange market	000		31.6	Post-2001	000
		Exchange rate regimes	000			Summary	000
		The balance of payments	000			Review questions	000
		The real exchange rate	000	00			000
		Determinants of the current		32		oeconomics: taking stock	000
		account	000			Areas of disagreement	000
	28.6	The financial account	000			New Classical macroeconomics	000
	28.7	Internal and external balance	000			Gradualist monetarists	000
		The long-run equilibrium real				Moderate Keynesians	000
		exchange rate	000			Extreme Keynesians	000
		Summary	000		32.0	Summing up	000
		Review questions	000			Summary	000
		1				Review questions	000
29	Open	economy macroeconomics	000				
		Fixed exchange rates	000				
	29.2	Macroeconomic policy under					
		fixed exchange rates	000				

xi

PAF	RT FIV	E The world economy		35 European integration	000
		national trade	000	35.1 The Single Market	000
၁၁				35.2 Benefits of the Single Market	000
		Trade patterns	000	35.3 From EMS to EMU	000
		Comparative advantage	000	35.4 The economics of EMU	000
		Intra-industry trade	000	35.5 Central and Eastern Europe	000
		Gainers and losers	000	Summary	000
		The economics of tariffs	000	Review questions	000
	33.6	Good and bad arguments for		•	
		tariffs	000	36 Poverty, development and	
		Tariff levels: not so bad?	000	globalization	000
	33.8	Other trade policies	000	36.1 World income distribution	000
		Summary	000	36.2 Obstacles to development	000
		Review questions	000	36.3 Development through trade in	
				primary products	000
34		ange rate regimes	000	36.4 Industrialization	000
		The gold standard	000	36.5 Borrowing to grow	000
		An adjustable peg	000	36.6 Aid	000
		Floating exchange rates	000	36.7 Globalization	000
	34.4	Speculative attacks on pegged		Summary	000
		exchange rates	000	Review questions	000
	34.5	Fixed versus floating	000	Tion questions	000
	34.6	International policy co-ordination	000	Appendix: Answers to review questions	000
	34.7	The European Monetary System	000	Glossary	000
		Summary	000	Index	000
		Davious questions	000	11 WCN	000



xii

