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For Constance, Raph, and Will
—R. Glenn Hubbard

For Cindy, Matthew, Andrew, and Daniel
—Anthony Patrick O’Brien
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Our approach in this new edition remains what it was in the first edition, published nearly 15 years ago: to provide students and instructors an economics text that delivers complete economics coverage with many real-world business examples. Our goal has been to teach economics in a “widget-free” way by using real-world business and policy examples. We are gratified by the enthusiastic response from students and instructors who have used the first six editions of this book and who have made it a best-selling economics textbook.

Much has happened in the U.S. and world economies since we prepared the previous edition, including the election of a U.S. president with a distinctive approach to economic policy. We have incorporated many of these developments in the new real-world examples and policy discussions in this edition and also in the digital resources.

New to This Edition

We are grateful to the many instructors and students who made suggestions for improvements in the previous edition. We have done our best to incorporate as many of those suggestions as possible. Here is an overview of the revisions, followed by a more detailed description.

Overview of Changes

• All the chapter openers feature either new companies or have updated information. Students can visit MyLab Economics to watch a brief video that summarizes the key points of each chapter opener.
• Chapters 1–4, include new An Inside Look features to help students apply economic thinking to current events and policy debates as they are presented in news articles. Additional news articles and analyses appear weekly on MyLab Economics.
• There are 19 new Apply the Concept features (formerly titled Making the Connection) to help students tie economic concepts to current events and policy issues. The Apply the Concept features that were retained from the previous edition are updated. Students can visit MyLab Economics to watch more than 60 videos in which we summarize the key points in each feature. Related assessment accompanies each video, so students can test their understanding before moving on to a new section of the chapter.
• There are 5 new Solved Problems and 8 heavily revised Solved Problems. This feature helps students break down and answer economic problems step by step. There are additional Interactive Solved Problems on MyLab Economics, where students can receive feedback and tutorial help.
• There is a new category of end-of-chapter material titled Critical Thinking Exercises. We were motivated to add this new category of exercises because many instructors have told us that students need help building skills in the following areas: (1) analyzing and interpreting information; (2) applying reasoning and logic to new or unfamiliar ideas and situations; (3) examining ideas and concepts from multiple perspectives; and (4) clearly communicating their findings in a brief paper or class presentation. Students can complete these exercises on MyLab Economics and receive feedback and tutorial help.
• All the figures and tables are updated with the latest data available. Video animations of all the numbered figures and select tables are located on MyLab Economics. Graded practice exercises are included with these animations.
• We have replaced or updated many of the end-of-chapter Problems and Applications. In most chapters, one or two problems include graphs or tables for students to analyze. Select chapters have a category titled Real-Time Data Exercises, and we updated some of these exercises. Students can complete these exercises on MyLab Economics and receive feedback and tutorial help.

New Content and Features by Chapter

Here is a description of key changes by chapter.

Chapter 1, “Economics: Foundations and Models,” opens with a new discussion of why Ford Motor Company manufactures cars in both the United States and Mexico. An Inside Look at the end of the chapter presents a news article and analysis of how likely it is that significant numbers of manufacturing jobs will return to the United States from overseas. New Solved Problem 1.1 analyzes the marginal benefit and marginal cost of speed limits on highways. A new Apply the Concept examines why countries trade with each other and how economic concepts can help us evaluate policy debates about tariffs on imports. Taking a principles of economics class requires students to learn different terms, models, and a new way of analyzing real-world events. It can be challenging for students, especially non-majors, to appreciate how this course can help them in a career in business or government or in a nonprofit organization. We therefore decided to add to Chapter 1 a new section that describes economics as a career and highlights the key skills students of any major can gain from studying economics.

Chapter 2, “Trade-offs, Comparative Advantage, and the Market System,” opens with an updated discussion of the resource allocation decisions managers at Tesla Motors face. An Inside Look at the end of the chapter discusses Tesla’s decision to build a factory in Nevada to mass produce lithium-ion batteries for its electric cars. A new Apply the Concept illustrates how managers at the nonprofit organization Feeding America use the market mechanism to more efficiently allocate food based on the needs of food programs around the country.

Chapter 3, “Where Prices Come From: The Interaction of Demand and Supply,” opens with a new discussion of how Coca-Cola and Pepsi-Cola responded to a fall in demand for sodas by introducing premium bottled water, sometimes called smart water. We use the market for premium bottled water to develop the demand and supply model. An Inside Look at the end of the chapter examines how McDonald’s responded to shifts in consumer demand by serving breakfast all day and offering online ordering and home delivery. There are three new Apply the Concepts: “Virtual Reality Headsets: Will a Substitute Fail for a Lack of Complements?”; “Millennials Shake Up the Markets for Soda, Groceries, Big Macs, and Running Shoes”; and “Forecasting the Demand for Premium Bottled Water.”

Chapter 4, “Economic Efficiency, Government Price Setting, and Taxes,” opens with a new discussion about the economic link between food riots in Venezuela and the rise in popularity of Uber in the United States. At the end of the chapter, An Inside Look examines problems Uber has encountered in attempting to expand its services in the United Kingdom. There are two new Apply the Concepts: “The Consumer Surplus from Uber” and “Price Controls Lead to Economic Decline in Venezuela.”

Chapter 5, “Externalities, Environmental Policy, and Public Goods,” opens with a new discussion of ExxonMobil’s support of a carbon tax. Two Apply the Concepts in the chapter now incorporate the latest information about government policies toward air pollution and global warming.

Chapter 6, “Elasticity: The Responsiveness of Demand and Supply,” opens with a new discussion of how to evaluate the success of the soda tax enacted by several cities, including San Francisco and Philadelphia, in improving people’s health and increasing tax revenue.
Chapter 7, “The Economics of Health Care,” opens with a new discussion of how insurance companies are dealing with the effects of the Patient Protection and Affordable Care Act of 2010. There is also a discussion of the 2017 debate in Congress over whether that act should be extensively revised.

Chapter 8, “Firms, the Stock Market, and Corporate Governance,” opens with a new comparison of the initial public offerings of Snap, Twitter, and Facebook. A new Apply the Concept explores why investors are concerned about potential corporate governance issues at Snap and other social media firms.

Chapter 9, “Comparative Advantage and the Gains from International Trade,” opens with the decision by Mondelez to move production of Oreo cookies to Mexico to provide context for a new discussion of recent debates about the North American Free Trade Agreement (NAFTA) and the Trans-Pacific Partnership (TPP). A new Apply the Concept analyzes who gains and who loses from U.S. trade with China.

Chapter 10, “Consumer Choice and Behavioral Economics,” opens with an updated discussion of the problems plaguing the JCPenney department store chain. A new Apply the Concept discusses why ticket scalpers have made a larger profit from the hit Broadway musical Hamilton than have the show’s producers or stars. New Solved Problem 10.3 analyzes why Tesla doesn’t charge workers to park in the lot at its California factory even though the lot has a severe shortage of spaces.

Chapter 11, “Technology, Production, and Costs,” opens with an updated discussion of the effects of massive open online courses (MOOCs) on the costs of higher education. A new Apply the Concept examines how software company Segment.com rearranged work areas to increase employee output.

Chapter 12, “Firms in Perfectly Competitive Markets,” opens with an updated discussion of the difficulty farmers have making an economic profit selling cage-free eggs. A new Solved Problem analyzes why a wheat farmer decided to take 170 acres out of production and plant grass, and a new Apply the Concept discusses competition in the Asian restaurant market in New York City.

Chapter 13, “Monopolistic Competition: The Competitive Model in a More Realistic Setting,” opens with a new discussion of Panera Bread’s strategy of differentiating its restaurants by serving only “clean food.” A new Apply the Concept continues the discussion of that company’s strategy. Another new Apply the Concept discusses a new phenomenon in the restaurant industry: ghost restaurants that exist only online. New Solved Problem 13.3 analyzes why Red Robin abandoned its experiment in fast-casual restaurants.


Chapter 15, “Monopoly and Antitrust Policy,” includes a new Apply the Concept discussing the reasons for the high prices of some generic drugs.

Chapter 16, “Pricing Strategy,” opens with an updated discussion of how Disney uses big data to improve its theme park pricing. A new Apply the Concept discusses how firms ranging from airlines to zoos use big data and dynamic pricing to maximize profit.

Chapter 17, “The Markets for Labor and Other Factors of Production,” opens with an updated discussion of whether Rio Tinto’s extensive use of robots to mine ore in Australia is an indicator of future automation in other industries. Immigration has become a particularly contentious political issue, which led us to add the
new section “The Effect of Immigration on the U.S. Labor Market,” including new
Figure 17.6, which shows annual legal immigration into the United States as a per-
centage of the U.S. population.
Chapter 18, “Public Choice, Taxes, and the Distribution of Income,” opens with a
new discussion of proposals to dramatically change how the federal government
taxes businesses. We have updated the chapter’s discussion to highlight the key
points in this debate.

To make room for the new content described earlier, we have cut approximately 17 Apply
the Concepts and 4 Solved Problems from the previous edition and transferred some of them to
the book’s Instructor’s Manual, where they are available for instructors who wish to continue
using them.

Solving Teaching and Learning Challenges

Many students who take a principles of economics course have difficulty seeing the rele-
vance of the key concepts of opportunity cost, trade-offs, scarcity, and demand and supply
to their lives and their careers. This reduces the willingness of some students to prepare for
class and to be engaged during class. We address this challenge with contextual learning,
a modern organization of content, and an extensive selection of digital assets available on
MyLab Economics.

The Foundation:
Contextual Learning and Modern Organization

We believe a course is successful if students can apply what they have learned to both their
personal lives and their careers, and if they have developed the analytical skills to under-
stand what they read in the media. That’s why we explain economic concepts by using many
real-world business examples and applications in the chapter openers, graphs, Apply the
Concept features, An Inside Look features, and end-of-chapter problems. This approach helps
majors from all disciplines become educated consumers, voters, and citizens. In addition
to our widget-free approach, we have a modern organization and place interesting policy
topics early in the book to pique student interest. Here are a few highlights of our approach:

• A strong set of introductory chapters. The introductory chapters provide students
  with a solid foundation in the basics. We emphasize the key ideas of marginal analysis
  and economic efficiency. In Chapter 4, “Economic Efficiency, Government Price Setting,
  and Taxes,” we use the concepts of consumer and producer surplus to measure the eco-
nomic effects of price ceilings and price floors as they relate to the familiar examples of
rental properties and the minimum wage. (We revisit consumer and producer surplus
in Chapter 9, “Comparative Advantage and the Gains from International Trade,” where
we discuss outsourcing and analyze government policies that affect trade; in Chapter 15,
“Monopoly and Antitrust Policy,” where we examine the effect of market power on eco-
nomic efficiency; and in Chapter 16, “Pricing Strategy,” where we examine the effect of
firm pricing policy on economic efficiency.) In Chapter 8, “Firms, the Stock Market, and
Corporate Governance,” we provide students with a basic understanding of how firms are
organized, raise funds, and provide information to investors. We also illustrate how in a
market system entrepreneurs meet consumer wants and efficiently organize production.

• Early coverage of policy issues. To expose students to policy issues early in the
  course, we discuss trade policy in Chapter 1, “Economics: Foundations and Models”; rent
control and the minimum wage in Chapter 4, “Economic Efficiency, Government
Price Setting, and Taxes”; air pollution, global warming, and public goods in Chapter 5,
“Externalities, Environmental Policy, and Public Goods”; government policy toward
soda and other sweetened beverages in Chapter 6, “Elasticity: The Responsiveness of Demand and Supply”; and health care policy in Chapter 7, “The Economics of Health Care.”

- **Complete coverage of monopolistic competition.** We devote a full chapter, Chapter 13, “Monopolistic Competition: The Competitive Model in a More Realistic Setting,” to monopolistic competition prior to covering oligopoly and monopoly in Chapter 14, “Oligopoly: Firms in Less Competitive Markets,” and Chapter 15, “Monopoly and Antitrust Policy.” Although many instructors cover monopolistic competition very briefly or dispense with it entirely, we think it is an overlooked tool for reinforcing the basic message of how markets work in a context that is much more familiar to students than are the agricultural examples that dominate discussions of perfect competition. We use the monopolistic competition model to introduce the downward-sloping demand curve material usually introduced in a monopoly chapter. This approach helps students grasp the important point that nearly all firms—not just monopolies—face downward-sloping demand curves. Covering monopolistic competition directly after perfect competition also allows for early discussion of topics such as brand management and sources of competitive success. Nevertheless, we wrote the chapter so that instructors who prefer to cover monopoly (Chapter 15, “Monopoly and Antitrust Policy”) directly after perfect competition (Chapter 12, “Firms in Perfectly Competitive Markets”) can do so without loss of continuity.

- **Extensive, realistic game theory coverage.** In Chapter 14, “Oligopoly: Firms in Less Competitive Markets,” we use game theory to analyze competition among oligopolists. Game theory helps students understand how companies with market power make strategic decisions in many competitive situations. We use familiar companies such as Apple, Amazon, Dell, Spotify, and Walmart in our game theory applications.

- **Unique coverage of pricing strategy.** In Chapter 16, “Pricing Strategy,” we explore how firms use pricing strategies to increase profits. Students encounter pricing strategies everywhere—when they buy a movie ticket, book a flight for spring break, or research book prices online. We use these relevant, familiar examples to illustrate how companies use strategies such as price discrimination, cost-plus pricing, and two-part tariffs.

**MyLab Economics**

**OVERVIEW**

**Reach every student by pairing this text with MyLab Economics**

MyLab is the teaching and learning platform that empowers you to reach every student. By combining trusted author content with digital tools and a flexible platform, MyLab personalizes the learning experience and improves results for each student. Learn more about MyLab Economics at www.pearson.com/mylab/economics.

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FEATURES IN THE BOOK AND SUPPORTING RESOURCES ON MYLAB ECONOMICS
Students and instructors will find the following features in the seventh edition and supporting online resources on MyLab Economics.

Business Cases and An Inside Look News Articles
Each chapter-opening case provides a real-world context for learning, sparks students' interest in economics, and helps unify the chapter. The case describes an actual company facing a real situation. The company is integrated in the narrative, graphs, and pedagogical features of the chapter.

Students can visit MyLab Economics to watch a brief video we developed and filmed to summarize the key points of each chapter opener.
Solved Problems

Many students have great difficulty handling applied economics problems. We help students overcome this hurdle by including in each chapter two or three worked-out problems that analyze real-world economic issues they hear and read about in the news. Our goals are to keep students focused on the main ideas of each chapter and give them a model of how to solve an economic problem by breaking it down step by step. We tie additional exercises in the end-of-chapter Problems and Applications section to every Solved Problem. Additional Solved Problems appear in the Instructor’s Manuals. In addition, the Test Banks include problems tied to the Solved Problems in the main book. Each of the 36 Solved Problems in the printed text is accompanied by a similar Interactive Solved Problem on MyLab Economics, so students can have more practice and build their problem-solving skills. These interactive tutorials help students learn to think like economists and apply basic problem-solving skills to homework, quizzes, and exams. Each Solved Problem on MyLab Economics and in the digital eText also includes at least one additional graded practice exercise for students.
Apply the Concept

It's important for managers to forecast the demand for their products accurately because doing so helps them determine how much of a good to produce. Firms typically set manufacturing schedules at least a month ahead of time. Premium bottled water is a rapidly growing market, and firms need to carefully plan increases in productive capacity. Firms that fail to produce a large enough quantity to keep pace with increasing demand can lose out to competitors. But will the demand for premium bottled water continue to grow at such a rapid pace?

Richard Tedlow of the Harvard Business School has developed a theory of the “three phases of marketing” that can provide some insight into how the markets for many consumer products develop over time. The first phase often has a very large number of firms, each producing a relatively small volume of goods and charging high prices. This phase corresponds to the carbonated soft drink industry in the late nineteenth century, the automobile industry in the early twentieth century, and the personal computer industry in the late 1970s. In the second phase, the market consolidates, with one or a few brands attaining high market shares by selling a large number of units at lower prices. This phase corresponds to the soft drink industry during the middle of the twentieth century, the automobile industry during the 1920s, and the personal computer industry during the 1980s.

Managers at beverage firms will have to take into account a number of factors when estimating the future demand for premium bottled water. Factors that will tend to lead to higher demand for premium bottled water include the popularity of the product with millennials, the trend toward healthier eating habits that has led to declining consumption of carbonated beverages, the taxes on soda that cities have been imposing to both fight obesity and raise tax revenue, and the possibility of attracting consumers who now prefer energy drinks such as Red Bull and sports drinks such as Gatorade. But an obstacle to the rapid growth of demand for premium bottled water comes from doubts raised by some analysts about the benefits from the electrolytes and other ingredients it contains that are not in regular bottled water. If consumers come to believe that these ingredients serve no useful purpose, they may prefer to buy regular bottled water, which typically has a lower price.

As we saw in Chapter 1, economists can use formal models to forecast future values of economic variables. In this case, an economist forecasting the demand for premium bottled water would want to include the factors mentioned in the previous paragraphs as well as other data, including changes over time in demographics and projected income growth.


Your Turn: Test your understanding by doing related problem 1.17 on page 102 at the end of this chapter.
Don’t Let This Happen to You

We know from many years of teaching which concepts students find most difficult. We include in each chapter a box feature called Don’t Let This Happen to You that alerts students to the most common pitfalls in that chapter’s material. We follow up with a related question in the end-of-chapter Problems and Applications section. The questions are also available on MyLab Economics, where students can receive instant feedback and tutorial help.

Concept Checks

Each section of each learning objective concludes with a Concept Check on MyLab Economics that contains one or two multiple-choice, true/false, or fill-in questions. These checks act as “speed bumps” that encourage students to stop and check their understanding of fundamental terms and concepts before moving on to the next section. The goal of this digital resource is to help students assess their progress on a section-by-section basis so they can be better prepared for homework, quizzes, and exams.

Graphs and Summary Tables

Graphs are an indispensable part of a principles of economics course but are a major stumbling block for many students. Every chapter except Chapter 1 includes end-of-chapter problems that require students to draw, read, and interpret graphs. Interactive graphing exercises appear on the book’s supporting Web site. We use four devices to help students read and interpret graphs:

1. Detailed captions
2. Boxed notes
3. Color-coded curves
4. Summary tables with graphs (see pages 80 and 85 for examples)
An increase in ... shifts the demand curve ... because ...

<table>
<thead>
<tr>
<th>Variables That Shift Market Demand Curves</th>
</tr>
</thead>
<tbody>
<tr>
<td>income (and the good is normal)</td>
</tr>
<tr>
<td>consumers spend more of their higher incomes on the good.</td>
</tr>
<tr>
<td>income (and the good is inferior)</td>
</tr>
<tr>
<td>consumers spend less of their higher incomes on the good.</td>
</tr>
<tr>
<td>the price of a substitute good</td>
</tr>
<tr>
<td>consumers buy less of the substitute good and more of this good.</td>
</tr>
<tr>
<td>the price of a complementary good</td>
</tr>
<tr>
<td>consumers buy less of the complementary good and less of this good.</td>
</tr>
<tr>
<td>taste for the good</td>
</tr>
<tr>
<td>consumers are willing to buy a larger quantity of the good at every price.</td>
</tr>
<tr>
<td>population</td>
</tr>
<tr>
<td>additional consumers result in a greater quantity demanded at every price.</td>
</tr>
<tr>
<td>the expected price of the good in the future</td>
</tr>
<tr>
<td>consumers buy more of the good today to avoid the higher price in the future.</td>
</tr>
</tbody>
</table>

Each of the 157 numbered figures in the text has a supporting animated version on MyLab Economics. The goal of this digital resource is to help students understand shifts in curves, movements along curves, and changes in equilibrium values. Having an animated version of a graph helps students who have difficulty interpreting the static version in the printed text. We include graded practice exercises with the animations. In our experience, many students benefit from this type of online learning.
Approximately 35 graphs are continuously updated online with the latest available data from FRED (Federal Reserve Economic Data), which is a comprehensive, up-to-date data set maintained by the Federal Reserve Bank of St. Louis. Students can display a pop-up graph that shows new data. The goal of this digital feature is to help students understand how to work with data and understand how including new data affects graphs.

**Review Questions and Problems and Applications—Grouped by Learning Objective to Improve Assessment**

We group the main end-of-chapter material—Summary, Review Questions, and Problems and Applications—under learning objectives. The goals of this organization are to make it easier for instructors to assign problems based on learning objectives, both in the book and on MyLab Economics, and to help students efficiently review material that they find difficult. If students have difficulty with a particular learning objective, an instructor can easily identify which end-of-chapter questions and problems support that objective and assign them as homework or discuss them in class. Every exercise in a chapter’s Problems and Applications section is available on MyLab Economics. Using MyLab Economics, students can complete these and many other exercises online, get tutorial help, and receive instant feedback and assistance on exercises they answer incorrectly. Also, student learning will be enhanced by having the summary material and problems grouped together by learning objective, which allows them to focus on the parts of the chapter they find most challenging. Each major section of the chapter, paired with a learning objective, has at least two review questions and three problems.

As in the previous editions, we include one or more end-of-chapter problems that test students’ understanding of the content presented in the Solved Problem, Apply the Concept, and Don’t Let This Happen to You special features in the chapter. Instructors can cover a feature in class and assign the corresponding problem(s) for homework. The Test Bank Files also include test questions that pertain to these special features.
Developing Career Skills

Learning key economic terms, concepts, and models are all important. For a course to be successful, students need to develop the skills and confidence to apply what they’ve learned outside the classroom. Chapter 1, “Economics: Foundations and Models,” now includes a new section that describes economics as a career and the key skills students of any major can gain from studying economics. As described earlier, features such as chapter-opening business cases, Apply the Concepts, Solved Problems, and end-of-chapter problems provide a real-world context for learning that exposes students to economics as applied in a variety of large and small businesses, government agencies, and nonprofit organizations. Critical Thinking Exercises, a new end-of-chapter category in this edition, help build student skills to analyze and interpret information and apply reasoning and logic to new or unfamiliar ideas and situations.

Economics in Your Life & Career

After the chapter-opening real-world business case, we have a feature titled Economics in Your Life & Career that adds a personal dimension to the chapter opener by asking students to consider how economics affects their lives and careers. The feature piques the interest of students and emphasizes the connection between the material they are learning and their personal and career decisions.

At the end of the chapter, we use the chapter concepts to answer the questions asked at the beginning of the chapter.

Economics in Your Life & Career

Can You Forecast the Future Demand for Premium Bottled Water?

Firms face many challenges in responding to changes in consumer demand. Firms selling premium bottled water need to forecast future demand in order to determine how much production capacity they will need. If you were a manager for Coca-Cola, PepsiCo, Nestlé, Bai, or another firm selling premium bottled water, what factors would you take into account in forecasting future demand? As you read this chapter, try to answer this question. You can check your answers against those we provide on page 97 at the end of this chapter.

At the end of the chapter, we use the chapter concepts to answer the questions asked at the beginning of the chapter.

Economics in Your Life & Career

Can You Forecast the Future Demand for Premium Bottled Water?

At the beginning of this chapter, we asked what variables you would take into account in forecasting future demand if you were a manager for a firm selling premium bottled water. In Section 3.1, we discussed the factors that affect the demand for a product and provided a list of the most important variables. In the Apply the Concept on page 81, we discussed how economists often use formal models to forecast future demand for a product.

In forecasting demand for premium bottled water, you should take into account factors such as changing demographics, as millennials become a larger fraction of prime-age consumers, and the likelihood that the demand for competing goods, such as carbonated sodas, will decline as consumers turn toward buying healthier products and as more cities impose soda taxes. You may also need to consider whether increased advertising of premium bottled water by large firms such as Coca-Cola and PepsiCo will raise consumer awareness of the product and increase demand for the premium bottled water being sold by other firms as well.

The factors discussed in this chapter provide you with the basic information needed to forecast demand for premium bottled water, although arriving at numerical forecasts requires using statistical analysis that you can learn in more advanced courses.
## Instructor Teaching Resources

The authors and Pearson Education have worked together to integrate the text, print, and media resources to make teaching and learning easier.

<table>
<thead>
<tr>
<th>Supplements Available to Instructors for Download at <a href="http://www.pearsonhighered.com">www.pearsonhighered.com</a></th>
<th>Features of the Supplement</th>
</tr>
</thead>
</table>
| **Instructor's Manual**  
Authored by Edward Scahill of the University of Scranton | • Chapter-by-chapter summaries organized by learning objectives  
• Extended examples and class exercises  
• Teaching outlines incorporating key terms and definitions, teaching tips, topics for class discussion  
• New Solved Problems  
• New Apply the Concept features  
• Solutions to all review questions, problems, and real-time data exercises in the book |
| **Test Bank**  
Authored by Randy Methenitis of Richland College | • 4,000 multiple-choice, true/false, short-answer, and graphing questions.  
• Test questions are annotated with the following categories:  
  * Difficulty*—1 for straight recall; 2 for some analysis; and 3 for complex analysis  
  * Type*—multiple-choice, true/false, short-answer, essay  
  * Topic*—the term or concept the question supports  
  * Learning outcome*  
  * Page number* in the main book  
  * Special feature* in the main book  
  * The Association to Advance Collegiate Schools of Business (AACSB) Guidelines* (see description on the next page) |
| **Computerized TestGen** | • Allows instructors to customize, save, and generate classroom tests.  
• Instructors can edit, add, or delete questions from the Test Banks; analyze test results; and organize a database of tests and student results.  
• Many options are available for organizing and displaying tests, along with search and sort features.  
• The software and the Test Banks can be downloaded from www.pearsonhighered.com. |
| **Three Sets of PowerPoint Lecture Presentations**  
Authored by Paul Holmes of Ashland University | • A comprehensive set of PowerPoint slides can be used by instructors for class presentations or by students for lecture preview or review. These slides include all the graphs, tables, and equations in the textbook. Two versions are available—step-by-step mode, in which you can build graphs as you would on a blackboard, and automated mode, in which you use a single click per slide.  
• A comprehensive set of PowerPoint slides have Classroom Response Systems (CRS) questions built in so that instructors can incorporate CRS “clickers” into their classroom lectures.  
• Student versions of the PowerPoint slides are available as .pdf files. This version allows students to print the slides and bring them to class for note taking. |
What Is the AACSB?

The Association to Advance Collegiate Schools of Business (AACSB) is a not-for-profit corporation of educational institutions, corporations, and other organizations devoted to the promotion and improvement of higher education in business administration and accounting. A collegiate institution offering degrees in business administration or accounting may volunteer for AACSB accreditation review. The AACSB expects a curriculum to include learning experiences in the following categories of Assurance of Learning Standards: Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork, Diverse and Multicultural Work; Reflective Thinking; and Application of Knowledge. Test Bank questions that test skills relevant to these standards are tagged with the appropriate standard. For example, a question testing the moral questions associated with externalities would receive the Ethical Understanding and Reasoning tag.

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