Essentials of Economics
Seventh Edition
For Constance, Raph, and Will
—— Glenn Hubbard

For Cindy, Matthew, Andrew, and Daniel
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Our approach in this new edition remains what it was in the first edition: to provide students and instructors with a text that delivers complete coverage of economic topics using many real-world examples. Our goal from the beginning has been to teach economics in a “widget-free” way by using real-world business and policy examples.

Much has happened in the U.S. and world economies since we prepared the previous edition, including the longest economic expansion in the history of the U.S. economy, the first significant international trade war since the 1930s, and record peacetime federal budget deficits. We have incorporated many of these developments in the new real-world examples and policy discussions in this edition and also in the extensive digital resources, which include:

- More than 80 author-created application videos of the chapter openers and Apply the Concept features
- More than 165 figure animation videos
- More than 15 Solved Problem whiteboard videos

New to This Edition

Here is an overview of the revisions, followed by a more detailed description of the changes in each chapter.

Overview of Changes

- All the chapter openers feature either new companies or have updated information.
- 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.
- There are 21 new Apply the Concept features and videos to help students tie economic concepts to current events and policy issues. The Apply the Concept features and videos that were retained from the previous edition have been updated.
- There are 7 new Solved Problems, and many of those retained from the previous edition have been updated. The Solved Problem feature uses real-world products, events, and policies to help students break down and answer economic problems step by step. New to this edition are whiteboard videos of select Solved Problems that bring these real-world problems to life with audio, background photos, and step-by-step construction of graphs and tables.
- All the figures and tables and their animations have been updated with the latest data available.
- Many of the end-of-chapter Problems and Applications have been updated or replaced. 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 have updated some of those exercises.
- Two online appendices appear within MyLab Economics for instructors and students who wish to use them: Present Value and Income Statement and Balance Sheets.
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 how the Trump administration’s tariff policy may affect Apple and other firms. An Inside Look at the end of the chapter presents a news article and analysis of whether those tariffs are bringing manufacturing jobs back home or primarily raising prices for U.S. consumers. New Solved Problem 1.1 analyzes the marginal benefit and marginal cost of the U.S. Postal Service delivering packages for Amazon. A new Apply the Concept discusses whether a congressional bill aimed at increasing the pay of low-wage workers could backfire.

Chapter 2, “Trade-offs, Comparative Advantage, and the Market System,” opens with an updated discussion of the resource allocation decisions Elon Musk and managers at Tesla Motors face. An Inside Look at the end of the chapter discusses the plans of Porsche’s parent company, Volkswagen, to create a full line of electric automobiles. A new Apply the Concept discusses the recent debates about socialism.

Chapter 3, “Where Prices Come From: The Interaction of Demand and Supply,” opens with a new discussion of Nike and the highly competitive market for athletic shoes. We use that market to develop the demand and supply model. An Inside Look at the end of the chapter examines plans by BASF and Reebok to release 3D printed shoes. There are three new Apply the Concepts: “Forecasting the Demand for Athletic Shoes,” “Fracking, the U.S. Oil Boom, and Expected Oil Prices,” and “Higher Demand for Cobalt—But Lower Prices?” New Solved Problem 3.4 examines how we can predict changes in the price and quantity of merino wool.

Chapter 4, “Market Efficiency and Market Failure,” opens with an updated 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 why Uber is suing New York City over its limit on the number of cars ride-hailing companies are allowed. A new Apply the Concept discusses whether the United States needs a Green New Deal. New Solved Problem 4.5 examines the role of congestion fees in addressing traffic problems in Manhattan.

Chapter 5, “The Economics of Health Care,” opens with a new discussion of whether private insurance companies such as Blue Cross and Blue Shield should be eliminated in favor of a single-payer government health system. New Table 5.2 summarizes and compares the essential aspects of the health care systems in Canada, Japan, and the United Kingdom. A new Apply the Concept discusses the debate over “Medicare for All.”

Chapter 6, “Firms, the Stock Market, and Corporate Governance,” opens with a new discussion of Lyft’s initial public offering. A new Apply the Concept explores why someone would want to buy Lyft stock, given the company’s financial losses. New Table 6.1 summarizes the historical long-run returns from investing in different assets. Coverage of recent issues in corporate governance policy, formerly in Section 6.4, has been streamlined and merged into Section 6.3. Two online appendices support this chapter and can be found within MyLab Economics: present value and income statements and balance sheets.

Chapter 7, “Consumer Choice and Elasticity,” opens with a discussion of the problems that led Sears to file for bankruptcy and close all of its stores. There are three new Apply the Concepts: “Taylor Swift Tries to Please Fans and Make Money”; “Sunk Costs and Sports Teams”; and “Amazon and Netflix Test the Price Elasticity of Demand for Their Services.” A new Don’t Let This Happen to You covers the potential confusion between the income effect of a price change and the effect of an increase in money income. New Solved Problem 7.7 examines why price and revenue don’t always move in the same direction.
Chapter 8, “Technology, Production, and Costs,” opens with a new discussion of fracking and its effect on the world market for oil. A new Apply the Concept examines the use of robots and drones in the oil industry. New Solved Problem 8.6 examines the long-run average cost curves for fracking companies. The appendix, “Using Isoquants and Isocost Lines to Understand Production and Cost,” now appears as an online appendix.

Chapter 9, “Firms in Perfectly Competitive Markets,” opens with an updated discussion of the difficulty farmers have making an economic profit selling cage-free eggs. There are two new Apply the Concepts: “What Does ‘Break Even’ Mean in the Oil Fields?” and “The Winding Path to Long-Run Equilibrium in the Egg Market.”

Chapter 10, “Monopoly and Antitrust Policy,” opens with a new discussion of the U.S. Postal Service (USPS) and why Congress gave it a monopoly on delivery of first-class mail. A new Apply the Concept discusses how package delivery competitors such as FedEx and UPS compete with the USPS. Another new Apply the Concept considers whether the Justice Department should break up Google, Amazon, and Facebook. New Table 10.1 summarizes how airlines maximize profit by charging different ticket prices to business travelers and leisure travelers.

Chapter 11, “Monopolistic Competition and Oligopoly,” opens with a new discussion of the rise of third wave coffeehouses. There are two new Apply the Concepts: “Can Third Wave Coffeehouses Remain Profitable?” and “Are Unlicensed Yoga Instructors a Menace to Public Health?” New Solved Problem 11.3 analyzes the long-run effects of Amazon Go’s “Just Walk Out” technology.

Chapter 12, “GDP: Measuring Total Production and Income,” opens with a new discussion of how General Motors and other car companies deal with the business cycle. A new Apply the Concept discusses whether gross domestic income is a more reliable measure of total production than gross domestic product.


Chapter 14, “Economic Growth, the Financial System, and Business Cycles,” begins with a new opener that discusses how millennials (people born between 1981 and 1996) have experienced both technological change and the effects of the business cycle. New Figure 14.9 and surrounding text also cover this topic.

Chapter 15, “Aggregate Demand and Aggregate Supply Analysis,” opens with a new discussion of the effect of the business cycle on General Motors and other auto manufacturers. A new Apply the Concept discusses whether there really is a business cycle.

Chapter 16, “Money, Banks, and the Federal Reserve System,” opens with a new discussion of the Venmo app, which allows people to send money to friends using their smartphones.


Chapter 18, “Fiscal Policy,” opens with a new discussion of the effects of fiscal policy on the growth rate of real GDP. A new Apply the Concept discusses modern monetary theory (MMT) and whether policymakers should worry about the national debt. New Solved Problem 18.6 explores how the Italian government confronts its budget deficit.

To make room for new content, we cut 20 Apply the Concepts and 6 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. As noted earlier, as a result of market feedback and analysis of instructor assignments we moved three appendices to appear within MyLab Economics, cut one chapter, and streamlined and merged two chapters.

**Solving Teaching and Learning Challenges**

Many students who take a principles of economics course have difficulty seeing the relevance of key concepts such as 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, engaging pedagogy, and an extensive selection of digital assets.

**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 understand what they see 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.

**Microeconomics**

We are convinced that students learn to apply economic principles best if they are taught in a familiar context. Whether they become artists, social workers, business managers, engineers, bankers, or government employees, students benefit from understanding economics. We therefore use many diverse real-world business and policy examples to illustrate economic concepts. Here are a few highlights of our approach to microeconomics:

- **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, “Market Efficiency and Market Failure,” we use the concepts of consumer surplus and producer surplus to measure the economic effects of price ceilings and price floors as they relate to the familiar examples of rental properties and the minimum wage. (We revisit consumer surplus and producer surplus in Chapter 10, “Monopoly and Antitrust Policy,” where we analyze price discrimination and the effect of market power on economic efficiency, and in Chapter 19, “Comparative Advantage, International Trade, and Exchange Rates,” where we analyze government policies that affect trade, including the trade war that began in 2018.) In Chapter 6, “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 and tariffs in Chapter 1, “Economics: Foundations and Models”; rent control and the minimum wage in Chapter 4, “Market Efficiency and Market Failure”; and health care policy in Chapter 5, “The Economics of Health Care.”
• **Complete coverage of trade.** We devote a full chapter to international trade and the debate over trade policy in Chapter 19, “Comparative Advantage, International Trade, and Exchange Rates.”

**Macroeconomics**

Students come to study macroeconomics with a strong interest in understanding events and developments in the economy. We capture that interest and develop students' economic intuition and understanding by presenting macroeconomics in a way that is modern and based in the real world of business and economic policy. And we believe we achieve this presentation without making the analysis more difficult. We avoid the recent trend of using simplified versions of intermediate models, which are often more detailed and complex than what students need to understand the basic macroeconomic issues. Instead, we use a more realistic version of the familiar aggregate demand and aggregate supply model to analyze short-run fluctuations and monetary and fiscal policy. We also avoid the “dueling schools of thought” approach often used to teach macroeconomics at the principles level. We emphasize the many areas of macroeconomics where most economists agree. And we present throughout real business and policy situations to develop students' intuition. Here are a few highlights of our approach to macroeconomics:

• **A careful discussion of macro statistics.** Many students pay some attention to the financial news and know that the release of statistics by federal agencies can cause movements in stock and bond prices. A background in macroeconomic statistics helps clarify some of the policy issues encountered in later chapters. In Chapter 12, “GDP: Measuring Total Production and Income,” and Chapter 13, “Unemployment and Inflation,” we provide students with an understanding of the uses and potential shortcomings of the key macroeconomic statistics, without getting bogged down in the minutiae of how the statistics are constructed. For instance, we discuss the important differences between the payroll survey and the household survey for understanding conditions in the labor market. We explain why financial markets react more strongly to news from the payroll survey. We provide a discussion of the employment–population ratio, which is not covered in some other texts but which many economists regard as a key measure of labor market performance.

• **Early coverage of long-run topics.** We place key macroeconomic issues in their long-run context in Chapter 14, “Economic Growth, the Financial System, and Business Cycles.” This chapter puts the business cycle in the context of underlying long-run growth and discusses what actually happens during the phases of the business cycle. We believe this material is important if students are to have the understanding of business cycles they will need to interpret economic events; this material is often discussed only briefly or omitted entirely in other books.

• **A dynamic model of aggregate demand and aggregate supply.** We take a fresh approach to the standard aggregate demand and aggregate supply (AD–AS) model in Chapter 15, “Aggregate Demand and Aggregate Supply Analysis.” We realize there is no good, simple alternative to using the AD–AS model when explaining movements in the price level and in real GDP. But we know that more instructors are dissatisfied with the AD–AS model than with any other aspect of the macro principles course. The key problem, of course, is that AD–AS is a static model that attempts to account for dynamic changes in real GDP and the price level. Our approach retains the basics of the AD–AS model but makes it more accurate and useful by making it more dynamic. We emphasize two points:

1. Changes in the position of the short-run (upward-sloping) aggregate supply curve depend mainly on the state of expectations of the inflation rate.

2. The existence of growth in the economy means that the long-run (vertical) aggregate supply curve shifts to the right every year.
This “dynamic” AD–AS model provides students with a more accurate understanding of the causes and consequences of fluctuations in real GDP and the price level. We introduce this model in Chapter 15 and use it to discuss monetary policy in Chapter 17, “Monetary Policy,” and fiscal policy in Chapter 18, “Fiscal Policy.” The material on dynamic AD–AS is presented in self-contained sections in Chapters 15, 17, and 18, so instructors may safely omit the sections on the dynamic AD–AS model without any loss in continuity to the discussion of macroeconomic theory and policy.

- **Coverage of both the demand-side and supply-side effects of fiscal policy.** Our discussion of fiscal policy in Chapter 18, “Fiscal Policy,” carefully distinguishes between automatic stabilizers and discretionary fiscal policy. We also provide significant coverage of the supply-side effects of fiscal policy. A new section discusses the requirements for the Trump administration to hit its goal of restoring the long-run annual growth rate of real GDP to 3 percent.

**Pedagogy That Emphasizes Real-World Examples, Applications, and Practice**

A number of pedagogical features illustrate the relevance of economics to students’ everyday lives, help students focus on key concepts, and help them prepare for exams.

**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 company is integrated in the narrative, graphs, and pedagogical features of the chapter. Some of the chapter openers focus on the role of entrepreneurs in developing new products and bringing them to market. For example, Chapter 2 features Elon Musk of Tesla Motors; Chapter 11 features Emily Mange and Doug Zell, who helped launch “third wave coffee” when they opened Intelligentsia; and Chapter 16 features Venmo app founders Andrew Kortina and Iqram Magdon-Ismail.

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An Inside Look presents an excerpt from an article, analysis of the article, a graph(s), and critical thinking questions.

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 for 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.

New to this edition are whiteboard videos of select Solved Problems that bring these real-world problems to life with audio, background photos, and step-by-step construction of graphs and tables.
Apply the Concept

Each chapter includes two to four Apply the Concept features that provide real-world reinforcement of key concepts and help students learn how to interpret what they read on the Web and in newspapers. Most of the 69 Apply the Concept features use relevant, stimulating, and provocative news stories focused on businesses and policy issues. One-third of them are new to this edition, and most others have been updated. Several discuss health care and trade, which have been at the forefront of recent policy discussions. Each Apply the Concept has at least one supporting end-of-chapter problem to allow students to test their understanding of the topic discussed.

Apply the Concept

5.00, the quantity demanded is 10. At a price of $125, firms will supply 11 million pairs per week. At a higher price, firms will supply more because it increases profit. Many large firms have manufacturing schedules at least a month ahead of time. The market for athletic shoes is highly competitive, with many firms offering similar products. The demand side of the market is also very competitive, with many firms offering similar products.

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.

Concept Checks

For each learning objective section, we provide a Concept Check that is accessible in the corresponding section within the MyLab Economics page. Each Concept Check 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.

### Apply the Concept

#### 5.00, the quantity demanded is 10. At a price of $125, firms will supply 11 million pairs per week. At a higher price, firms will supply more because it increases profit. Many large firms have manufacturing schedules at least a month ahead of time. The market for athletic shoes is highly competitive, with many firms offering similar products. The demand side of the market is also very competitive, with many firms offering similar products.

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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. Video animations of the figures appear within the book’s MyLab Economics page. 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

---

**Figure 3.3**

**A Change in Demand versus a Change in Quantity Demanded**

If the price of athletic shoes falls from $150 to $125, the result will be a movement along the demand curve from point A to point B—an increase in quantity demanded from 8 million pairs of shoes per week to 9 million pairs. If consumers’ incomes increase, or if another factor changes that makes consumers want more of the product at every price, the demand curve will shift to the right—causing the quantity demanded to increase from 8 million pairs at point A to 10 million pairs at point C.

---

**Table 3.1**

**Variables That Shift Market Demand Curves**

<table>
<thead>
<tr>
<th>Variable(s)</th>
<th>Movement along the demand curve</th>
<th>Shifts the demand curve because...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and the good is a normal good</td>
<td>Demand increases</td>
<td>Consumers spend more of their income on this good.</td>
</tr>
<tr>
<td>Income and the good is an inferior good</td>
<td>Demand decreases</td>
<td>Consumers spend less of their income on this good.</td>
</tr>
<tr>
<td>The price of a substitute good</td>
<td>Movement along the demand curve</td>
<td>Consumers buy less of the substitute good and more of this good.</td>
</tr>
<tr>
<td>The price of a complementary good</td>
<td>Movement along the demand curve</td>
<td>Consumers buy more of the complementary good and less of this good.</td>
</tr>
<tr>
<td>Taste for the good</td>
<td>Movement along the demand curve</td>
<td>Consumers are willing to buy a higher quantity of the good at every price.</td>
</tr>
<tr>
<td>Population</td>
<td>Movement along the demand curve</td>
<td>Additional consumers make it a greater quantity demanded at every price.</td>
</tr>
<tr>
<td>Expected future prices</td>
<td>Movement along the demand curve</td>
<td>Consumers buy more of the good today by paying the higher price in the future.</td>
</tr>
</tbody>
</table>
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 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. 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 chapter-opening business vignette, Solved Problem, Apply the Concept, Economics in Your Life & Career, 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 questions that pertain to these special features.

Critical Thinking Exercises

Each chapter includes two or more Critical Thinking Exercises that help students build 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.

Real-Time Data Exercises

We end select chapters with at least two Real-Time Data Exercises that help students become familiar with a key data source, learn how to locate data, and develop skills in interpreting data. Select Real-Time Data Analysis Exercises allow students and instructors to use the very latest data from the Federal Reserve Economic Data (FRED) website.
Developing Career Skills
It is important for students to learn key economic terms, concepts, and models. But for a course to be successful, students need to develop the skills and confidence to apply what they've learned outside the classroom.

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.

Economics in Your Life & Career
Can You Forecast the Future Demand for Athletic Shoes?
Firms face many challenges in responding to changes in consumer demand. For example, firms selling athletic shoes need to forecast future demand in order to determine how much production capacity they will need. If you were a manager for a firm that sells athletic shoes, such as Nike, Adidas, or Allbirds, 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 answer against the one we provide 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 Athletic Shoes?
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 athletic shoes. 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 in the same section, we discussed the future demand for athletic shoes.
In forecasting demand for athletic shoes, you should take into account factors such as changing demographics, as millennials and members of generation Z become larger fractions of prime-age consumers, and the extent to which changing consumer tastes may help or hurt demand. You may also need to consider whether increased advertising of athletic shoes by large firms such as Adidas and Nike in developing countries with rising incomes will raise consumer awareness of the product in those countries and increase demand for athletic shoes being sold by other firms as well.

The factors discussed in this chapter provide you with the basic information needed to forecast demand for athletic shoes, although arriving at numerical forecasts requires using statistical analysis that you can learn in more advanced courses.

Chapter 1, “Economics: Foundations and Models,” includes a 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 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. End-of-chapter Critical Thinking Exercises help build student skills to analyze and interpret information and apply reasoning and logic to new or unfamiliar ideas and situations.
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>
<tbody>
<tr>
<td><strong>Instructor’s Manuals</strong>  &lt;br&gt; Authored by Edward Seahill of the University of Scranton and Eva Dziadula of the University of Notre Dame</td>
<td>• Chapter-by-chapter summaries organized by learning objectives  &lt;br&gt; • Extended examples and class exercises  &lt;br&gt; • Teaching outlines incorporating key terms and definitions, teaching tips, and topics for class discussion  &lt;br&gt; • New <em>Solved Problems</em>  &lt;br&gt; • New <em>Apply the Concept</em> features  &lt;br&gt; • Solutions to all review questions, problems, and <em>Real-Time Data Exercises</em> in the book</td>
</tr>
<tr>
<td><strong>Test Bank</strong>  &lt;br&gt; Authored by Randy Methenitis of Richland College</td>
<td>• 4,000 multiple-choice, true/false, short-answer, and graphing questions.  &lt;br&gt; • Test questions are annotated with the following categories:  &lt;br&gt; <strong>Difficulty</strong>—1 for straight recall, 2 for some analysis, and 3 for complex analysis  &lt;br&gt; <strong>Type</strong>—multiple-choice, true/false, short-answer, essay  &lt;br&gt; <strong>Topic</strong>—the term or concept the question supports  &lt;br&gt; <strong>Learning outcome</strong>  &lt;br&gt; <strong>Page number</strong> in the main book  &lt;br&gt; <strong>Special feature</strong> in the main book  &lt;br&gt; <strong>The Association to Advance Collegiate Schools of Business (AACSB) Guidelines</strong>, which propose 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</td>
</tr>
<tr>
<td><strong>Computerized TestGen</strong></td>
<td>• Allows instructors to customize, save, and generate classroom tests.  &lt;br&gt; • Instructors can edit, add, or delete questions from the Test Banks; analyze test results; and organize a database of tests and student results.  &lt;br&gt; • Many options are available for organizing and displaying tests, along with search and sort features.  &lt;br&gt; • The software and the Test Banks can be downloaded from <a href="http://www.pearsonhighered.com">www.pearsonhighered.com</a>.</td>
</tr>
<tr>
<td><strong>PowerPoint Lecture Presentations</strong>  &lt;br&gt; Authored by Paul Holmes of Ashland University</td>
<td>• 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.  &lt;br&gt; • 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.</td>
</tr>
</tbody>
</table>
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