

GLOBAL
EDITION



Foundations of Macroeconomics

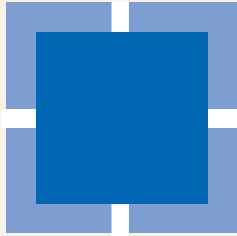
SEVENTH EDITION

Robin Bade • Michael Parkin



ALWAYS LEARNING

PEARSON



FOUNDATIONS OF MACROECONOMICS

delivers a complete, hands-on learning system designed around active learning.

A Learning-by-Doing Approach

The **Checklist** that begins each chapter highlights the key topics covered and the chapter is divided into sections that directly correlate to the Checklist.

The **Checkpoint** that ends each section provides a full page of practice problems to encourage students to review the material while it is fresh in their minds.

Each chapter opens with a question about a central issue that sets the stage for the material.



Why does tuition keep rising?

Demand and Supply

4

CHAPTER CHECKLIST

When you have completed your study of this chapter, you will be able to

- 1 Distinguish between quantity demanded and demand, and explain what determines demand.
- 2 Distinguish between quantity supplied and supply, and explain what determines supply.
- 3 Explain how demand and supply determine price and quantity in a market, and explain the effects of changes in demand and supply.

MyEconLab Big picture

CHECKPOINT 4.1

Distinguish between quantity demanded and demand, and explain what determines demand.

Practice Problems

The following events occur one at a time in the market for cell phones:

- The price of a cell phone falls.
 - Producers announce that cell-phone prices will fall next month.
 - The price of a call made from a cell phone falls.
 - The price of a call made from a land-line phone increases.
 - The introduction of camera phones makes cell phones more popular.
1. Explain the effect of each event on the demand for cell phones.
 2. Use a graph to illustrate the effect of each event.
 3. Does any event (or events) illustrate the law of demand?

MyEconLab Study Plan 4.1
Key Terms Quiz
Solutions



EYE on TUITION

Why Does Tuition Keep Rising?

Tuition has increased every year since 1980 and at the same time, enrollment has steadily climbed. Figure 1 shows these facts. The points tell us the levels of enrollment (x-axis) and tuition (y-axis, measured in 2010 dollars) in 1981, 1991, and each year from 2001 to 2010. We can interpret the data using the demand and supply model

In a given year, other things remain the same, but from one year to the next, some things change. The population has grown, incomes have increased, jobs that require more than a high-school diploma have expanded while jobs for high-school graduates have shrunk, and government subsidized student loans programs have expanded.

described. In 2001, demand was D_{01} and supply was S . The market was in equilibrium with 16 million students enrolled paying an average tuition of \$15,000. By 2010, demand had increased to D_{10} . At the tuition of 2001, there would be a severe shortage of college places, so tuition rises. In 2010, the market was in equilibrium

Eye On boxes apply theory to important issues and problems that shape our global society and individual decisions.

Confidence-Building Graphs

use color to show the direction of shifts and detailed, numbered captions guide students step-by-step through the action.

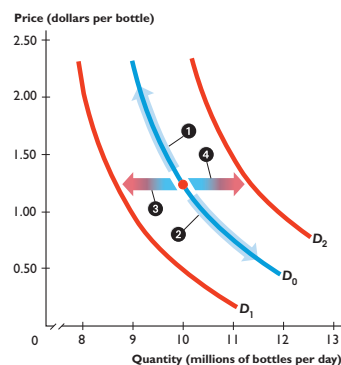
100% of the figures are animated in MyEconLab, with step-by-step audio narration.

FIGURE 4.2

Change in Quantity Demanded Versus Change in Demand

MyEconLab Animation

- 1 **A decrease in the quantity demanded**
The quantity demanded decreases and there is a movement up along the demand curve D_0 if the price of the good rises and other things remain the same.
- 2 **A decrease in demand**
Demand decreases and the demand curve shifts leftward (from D_0 to D_1) if
 - The price of a substitute falls or the price of a complement rises.
 - The price of the good is expected to fall.
 - Income decreases.*
 - Expected future income or credit decreases.
 - The number of buyers decreases.
- 3 **An increase in the quantity demanded**
The quantity demanded increases and there is a movement down along the demand curve D_0 if the price of the good falls and other things remain the same.
- 4 **An increase in demand**
Demand increases and the demand curve shifts rightward (from D_0 to D_2) if
 - The price of a substitute rises or the price of a complement falls.
 - The price of the good is expected to rise.
 - Income increases.
 - Expected future income or credit increases.
 - The number of buyers increases.



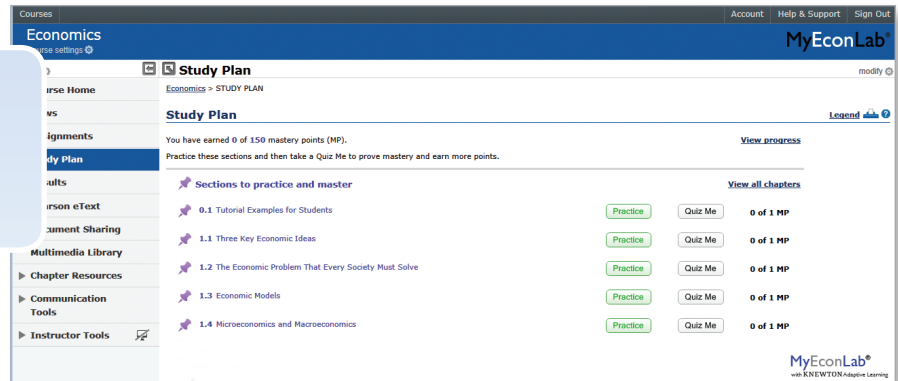
* Bottled water is a normal good.

MyEconLab[®] Provides the Power of Practice

Optimize your study time with **MyEconLab**, the online assessment and tutorial system. When you take a sample test online, **MyEconLab** gives you targeted feedback and a personalized Study Plan to identify the topics you need to review.

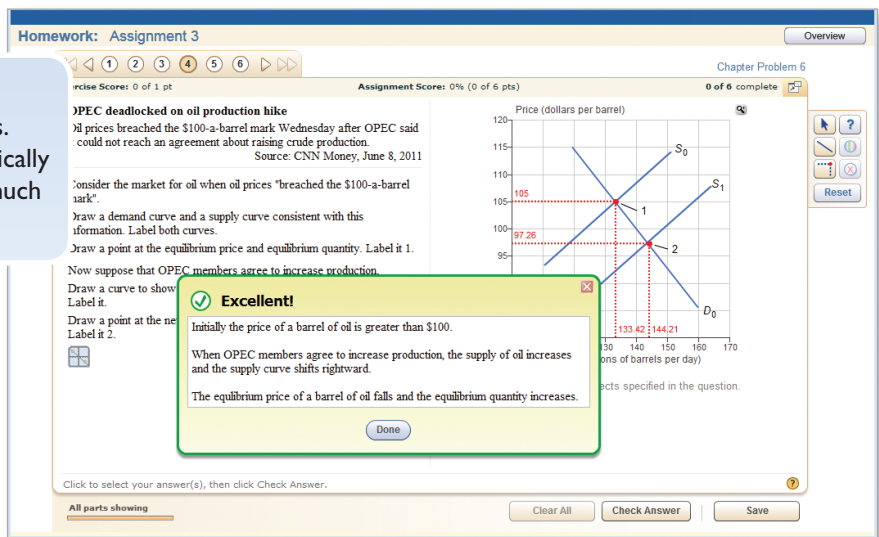
Study Plan

The Study Plan shows you the sections you should study next, gives easy access to practice problems, and provides you with an automatically generated quiz to prove mastery of the course material.



Unlimited Practice

As you work each exercise, instant feedback helps you understand and apply the concepts. Many Study Plan exercises contain algorithmically generated values to ensure that you get as much practice as you need.



Learning Resources

Study Plan problems link to learning resources that further reinforce concepts you need to master.

- **Help Me Solve This** learning aids help you break down a problem much the same way as an instructor would do during office hours. Help Me Solve This is available for select problems.
- **eText links** are specific to the problem at hand so that related concepts are easy to review just when they are needed.
- A **graphing tool** enables you to build and manipulate graphs to better understand how concepts, numbers, and graphs connect.

MyEconLab[®]

Find out more at www.myeconlab.com

Current News Exercises

Posted weekly, we find the latest microeconomic and macroeconomic news stories, post them, and write multi-part exercises that illustrate the economic way of thinking about the news.

Economics in the News
September 30, 2013
Read the news article, [China to launch mysterious free trade zone in Shanghai](#), and then answer the following questions.

2. Why is free trade beneficial? Who wins? Does anyone lose? Free trade is beneficial because it _____ win and _____ from free trade.

- A lowers the world price; Producers; consumers lose
- B generates a tariff revenue; Consumers; governments lose
- C increases exports; Both consumers and producers; governments lose
- D does not create a deadweight loss; Both consumers and producers win; nobody loses

3. Graphical Analysis.
The launch of the free trade zone in Shanghai could be a game changer for China's economy
Considering that France exports wine into China:
Click a line or point to select it.

2 parts remaining

Clear All Check Answer Save

Interactive Homework Exercises

Participate in a fun and engaging activity that helps promote active learning and mastery of important economic concepts. Pearson's experiments program is flexible and easy for instructors and students to use. For a complete list of available experiments, visit www.myeconlab.com.

Market for Cranberries

1 of 4

Free Market

Play to start this round.

WTP: \$12.00 You are a Buyer

Bid: \$

Round 1
Your WTP: \$12.00
Transaction Price: \$11.50
Average Transaction Price: \$11.75
Total Transactions: 8

CURRENT BIDS AND ASKS

Your Bid: \$11.50 Highest Bid: \$ Lowest Ask: \$

Round	Role	WTP	Cost	Bid	Ask	Price	Gain
1	Buyer	\$12.00		\$11.50		\$11.50	\$0.50

Total Gain: \$0.50

Legend: Lowest Ask Highest Bid Sellers Buyers Transaction Your Transaction

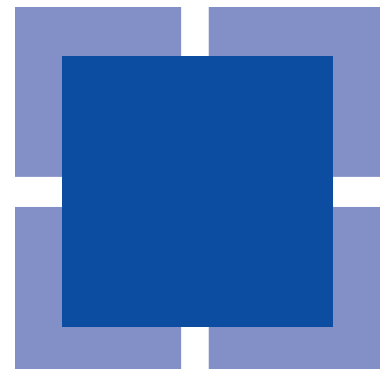
Foundations of

MACROECONOMICS

Robin Bade

Michael Parkin

University of Western Ontario



SEVENTH EDITION

Global Edition

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Authorized adaptation from the United States edition, entitled Foundations of Macroeconomics 7th edition, ISBN 978-0-133-46062-9, by Robin Bade and Michael Parkin, published by Pearson Education © 2015.

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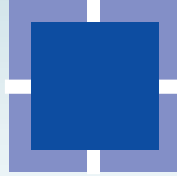
ISBN 10: 1-292-01837-2
ISBN 13: 978-1-292-01837-9

British Library Cataloguing-in-Publication Data
A catalogue record for this book is available from the British Library

10 9 8 7 6 5 4 3 2 1
14 13 12 11

Typeset in 10/12, Palatino-Roman by Integra Software Services

Printed and bound in China at CTPSC/10



To Erin, Tessa, Jack, Abby, and Sophie

About the Authors



Robin Bade was an undergraduate at the University of Queensland, Australia, where she earned degrees in mathematics and economics. After a spell teaching high school math and physics, she enrolled in the Ph.D. program at the Australian National University, from which she graduated in 1970. She has held faculty appointments at the University of Edinburgh in Scotland, at Bond University in Australia, and at the Universities of Manitoba, Toronto, and Western Ontario in Canada. Her research on international capital flows appears in the *International Economic Review* and the *Economic Record*.

Robin first taught the principles of economics course in 1970 and has taught it (alongside intermediate macroeconomics and international trade and finance) most years since then. She developed many of the ideas found in this text while conducting tutorials with her students at the University of Western Ontario.



Michael Parkin studied economics in England and began his university teaching career immediately after graduating with a B.A. from the University of Leicester. He learned the subject on the job at the University of Essex, England's most exciting new university of the 1960s, and at the age of 30 became one of the youngest full professors. He is a past president of the Canadian Economics Association and has served on the editorial boards of the *American Economic Review* and the *Journal of Monetary Economics*. His research on macroeconomics, monetary economics, and international economics has resulted in more than 160 publications in journals and edited volumes, including the *American Economic Review*, the *Journal of Political Economy*, the *Review of Economic Studies*, the *Journal of Monetary Economics*, and the *Journal of Money, Credit, and Banking*. He is author of the best-selling textbook, *Economics* (Addison-Wesley), now in its Eleventh Edition.

Robin and Michael are a wife-and-husband team. Their most notable joint research created the Bade-Parkin Index of central bank independence and spawned a vast amount of research on that topic. They don't claim credit for the independence of the new European Central Bank, but its constitution and the movement toward greater independence of central banks around the world were aided by their pioneering work. Their joint textbooks include *Macroeconomics* (Prentice-Hall), *Modern Macroeconomics* (Pearson Education Canada), and *Economics: Canada in the Global Environment*, the Canadian adaptation of Parkin, *Economics* (Addison-Wesley). They are dedicated to the challenge of explaining economics ever more clearly to a growing body of students.

Music, the theater, art, walking on the beach, and five grandchildren provides their relaxation and fun.

MACROECONOMICS

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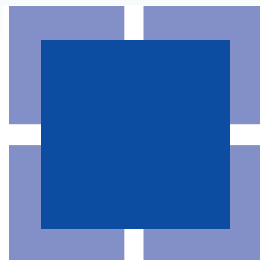
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Preface



Students know that throughout their lives they will make economic decisions and be influenced by economic forces. They want to understand the economic principles that can help them navigate these forces and guide their decisions. *Foundations of Macroeconomics* is our attempt to satisfy this want.

The response to our earlier editions from hundreds of colleagues across the United States and throughout the world tells us that most of you agree with our view that the principles course must do four things well. It must

- Motivate with compelling issues and questions
- Focus on core ideas
- Steer a path between an overload of detail and too much left unsaid
- Encourage and aid learning by doing

The Foundations icon with its four blocks (on the cover and throughout the book) symbolizes this four-point approach that has guided all our choices in writing this text and creating its comprehensive teaching and learning supplements.

WHAT'S NEW IN THE SEVENTH EDITION

Two big stories dominate this Seventh Edition revision: A careful fine-tuning of the heavily revised and successful Sixth Edition content, and a massive investment in enhanced electronic features to bring the text to life and provide an exciting interactive experience for the student on all platforms and devices.

■ Fine-Tuning the Content

The content of this revision is driven by the drama of the extraordinary period of economic history in which we are living and its rich display of events and forces through which students can be motivated to discover the economic way of thinking. Persistent unemployment and slow growth; headwinds from Europe's unresolved debt crisis; ongoing tensions arising from offshore outsourcing; a slowing pace of China's expansion; enhanced concern about climate change; falling U.S. energy imports as fracking boosts domestic production; relentless pressure on the federal budget from the demands of an aging population and a sometimes dysfunctional Congress; the dilemma posed by slow

recovery and rising government debt; the question of when and how fast to exit an era of extreme monetary stimulus; and a fluctuating dollar are just a few of these interest-arousing events. All of them feature at the appropriate points in our new edition.

Every chapter contains many small changes, all designed to enhance clarity and currency, and the text and examples are all thoroughly updated to reflect the most recently available data and events. We have also made a few carefully selected larger changes that we describe below.

■ Enhanced eText and New Interactive Electronic Features

The new enhanced Pearson eText extends the functionality of the current eText to integrate it with MyEconLab's Study Plan, now powered by Knewton Adaptive Learning, and with MyEconLab's Gradebook. The new eText also takes full advantage of available technologies to bring the student an enriched set of tools that aid comprehension and bring those moments of discovery that stick in the memory. These tools are

- A "Big Picture" video that motivates and summarizes each chapter and provides an outline answer to the chapter's motivating question.
- A series of "Snapshot" videos that illustrate and explain the key ideas in each section of a chapter. The Snapshots also contain animations and explanations of each figure, which can be played separately.
- A series of "Solutions" videos that walk the student through the solutions to the Practice Problems and In the News exercises in each Checkpoint.
- "Study Plan" links that provide opportunities for more practice with problems similar to those in the text that give targeted feedback to guide the student in answering the exercises.
- "Key Terms Quiz" links that provide opportunities for students to check their knowledge of the definitions and uses of the key terms.
- Automatic real-time updating from the St. Louis Federal Reserve data base, FRED, of all time-series figures.

■ Notable Content Changes

Because the previous edition revision was so extensive and well-received, we have limited our interventions and changes in this Seventh Edition to addressing the small number of issues raised by our reviewers and users, to ensuring that we are thoroughly up-to-date, and to focusing on the new electronic tools that we've just described. Nonetheless, some changes that we now summarize are worth noting.

We have reorganized the section in Chapter 1 on "The Economic Way of Thinking" to provide a clearer sequencing of the key ideas.

In Chapter 2, The U.S. and Global Economies, we use the new example of the complex production of the Dreamliner to motivate and illustrate what, how, and for whom in the U.S. and global economies. A new *Eye on the Past* looks at the dramatic changes in manufacturing in the U.S. economy through the example of the domestic production of shoes. Also a new photo essay highlights global differences in how goods and services are produced and the section on government has been compressed and simplified.

In Chapter 3, The Economic Problem, we illustrate economic growth and the expansion of production possibilities with the dramatic example of hydraulic

fracturing—fracking—in the United States and its effects on the production and opportunity cost of energy.

Chapter 4, Demand and Supply, has a new motivating issue: “Why does tuition keep rising?” Not only is the question a deeply personal one for students but it is also a good example of how the demand-supply model enables us to isolate increasing demand as the source of a rising price. Events in the increasingly important market for solar panels provide a contrasting example of the effects of an increase in supply. We have revised the section on changes in both demand and supply to better explain the unambiguous and ambiguous cases and leave the student to pull all possible cases together.

We have added a new section to Chapter 4 on price rigidities: price floors, price ceilings, and sticky prices. The purpose of this section is to explain the features of markets that have implications for the aggregate economy. All sources of price rigidity bring an outcome that is “off” either the demand curve or the supply curve and that gives rise to search activity. Understanding persistent unemployment and the output gap is facilitated by teaching this extension of the standard demand-supply model.

In Chapter 9, Economic Growth, we have simplified the explanation of the contributions to productivity growth of capital accumulation and technological change to the fluctuating pace of productivity growth.

Topical policy issues pervade the macro chapters. These include the persistence of high unemployment in the United States, Eurozone’s extreme unemployment problem, and the falling U.S. labor force participation rate in Chapter 6; the ever-widening Lucas wedge, now greater than \$400,000 per person, and the persistence of U.S./E.U. productivity differences in Chapter 8; QE3 and the explosion of monetary base, the rise in bank reserves, and the collapse of the money multiplier in Chapter 11; the decrease in the demand for M1 in Chapter 12; the persistent recessionary gap in Chapter 13; the persistent federal budget deficit and rising debt to GDP ratio, and the ongoing structural deficit in Chapter 16; and the ongoing near-zero federal funds rate, an update of the contrast between monetary policy today and during the Great Depression, and nominal GDP targeting in Chapter 17.

THE FOUNDATIONS VISION

■ Focus on Core Concepts

Each chapter of *Foundations* concentrates on a manageable number of main ideas (most commonly three or four) and reinforces each idea several times throughout the chapter. This patient, confidence-building approach guides students through unfamiliar terrain and helps them to focus their efforts on the most important tools and concepts of our discipline.

■ Many Learning Tools for Many Learning Styles

Foundations’ integrated print and electronic package builds on the basic fact that students have a variety of learning styles. Students have powerful tools at their fingertips: With links from eText, they can get an immediate sense of the content of a chapter by playing the Big Picture video; learn the key ideas by playing the Snapshot videos, and get a quick walkthrough of the Checkpoint Practice Problems and In the News exercises with the Solutions videos.

In MyEconLab, students can complete all Checkpoint problems and In the News exercises online and get instant feedback, work with interactive graphs and real-time data graphs, assess their skills by taking Practice Tests, receive a personalized Study Plan, and step-by-step help through the feature called “Help Me Solve This.”

■ Diagrams That Tell the Whole Story

We developed the style of our diagrams with extensive feedback from faculty focus-group participants and student reviewers. All of our figures make consistent use of color to show the direction of shifts and contain detailed, numbered captions designed to direct students’ attention step-by-step through the action.

Because beginning students of economics are often apprehensive about working with graphs, we have made a special effort to present material in as many as three ways—with graphs, words, and tables—in the same figure. In an innovation that seems necessary, but is to our knowledge unmatched, nearly all of the information supporting a figure appears on the same page as the figure itself. No more flipping pages back and forth!

■ Real-World Connections That Bring Theory to Life

Students learn best when they can see the purpose of what they are studying, apply it to illuminate the world around them, and use it in their lives.

Eye on boxes offer fresh new examples to help students see that economics is everywhere. Current and recent events appear in *Eye on the U.S. Economy* boxes; we place current U.S. economic events in global and historical perspectives in our *Eye on the Global Economy* and *Eye on the Past* boxes; and we show how students can use economics in day-to-day decisions in *Eye on Your Life* boxes.

The *Eye On* boxes that build off of the chapter-opening question help students see the economics behind key issues facing our world and highlight a major aspect of the chapter’s story.

ORGANIZATION

We have organized the sequence of material and chapters in what we think is the most natural order in which to cover the material. But we recognize that there are alternative views on the best order. We have kept this fact and the need for flexibility firmly in mind throughout the text. Many alternative sequences work, and the Flexibility Chart on p. 33 explains the alternative pathways through the chapters. In using the flexibility information, keep in mind that the best sequence is the one in which we present the material. And even chapters that the flexibility chart identifies as strictly optional are better covered than omitted.

MYECONLAB

MyEconLab

MyEconLab has been designed and refined with a single purpose in mind: to create those moments of understanding that transform the difficult into the clear and obvious. With comprehensive homework, quiz, test, activity, and tutorial options, instructors can manage all their assessment needs in one program.

- All of the Checkpoint and Chapter Checkpoint Problems and Applications are assignable and can be graded in MyEconLab.
- Extra problems and applications, including algorithmic, draw-graph, and numerical exercises are available for student practice or instructor assignment.
- Problems and applications that use real-time data continuously update.
- Test Item File questions are available for assignment as homework.
- Custom Exercise Builder gives instructors the flexibility of creating their own problems for assignment.
- Gradebook records each student’s performance and time spent on the Tests and Study Plan and generates reports by student or by chapter.

New for the Seventh Edition is an enhanced Pearson eText that extends the functionality of the current eText with its embedded assessments that feed directly into MyEconLab’s Study Plan, now powered by Knewton Adaptive Learning. The enhanced eText includes video, animations, and problem-solving tools designed for student success.

The enhanced Pearson eText is available within the online course materials and offline via an iPad app. It also allows instructors and students to highlight, bookmark, and take notes.

■ Features of the Enhanced eText

Big Picture Videos Big Picture videos, tied to the Chapter Checklist, set the stage for the main concept that will be introduced throughout the chapter. Students can use these videos to prepare for today’s lecture or to help them focus on main chapter ideas.

Snapshot Videos Snapshot videos accompany every major section of each chapter and are designed to briefly present the major concepts and graphical tools covered within key sections. Using text, audio, and animation, Snapshot videos enable students with different learning styles to efficiently study and review key concepts of the chapter.

DEMAND and SUPPLY: THE BIG PICTURE

Buyers like a low price, and the lower the price, the greater is the quantity they plan to buy—the **law of demand**.

Sellers like a high price, and the higher the price, the greater is the quantity they plan to sell—the **law of supply**.

Too high a price brings a surplus, and too low a price brings a shortage.

When there is a surplus, the price falls; and when there is a shortage, the price rises—the **law of market forces**.

4.1 DEMAND: SNAPSHOT

■ Law of Demand

The law of demand tells us about the relationship between the price of a good and its quantity demanded.

Other things remaining the same,

- If the price of a good rises, the quantity demanded of that good decreases; and
- If the price of a good falls, the quantity demanded of that good increases.

Animations Every textbook figure includes a step-by-step animation, with audio, to help students learn the intuition behind reading and interpreting graphs. These animations may be used for review, or as an instructional aid in the classroom. Figures labeled *MyEconLab Real-Time Data* update using the most recent data available from the Federal Reserve Bank of St. Louis’s FRED site.

Embedded MyEconLab Assessment Every Checkpoint Practice Problem, every In the News problem, and every Study Plan Problem and Application in the enhanced eText can be worked by the student directly from the eText page on which it occurs. These problems feed into the MyEconLab’s Study Plan, which is now powered by Knewton Adaptive Learning and where students receive recommendations based upon their performance.

Aqua Springs makes the following four statements about bottled spring water. Which statement best describes the firm's **quantity supplied** in the bottled water market?

- A. We would sell more water if the demand for it were greater.
- B. At a price of \$1 gallon, we plan to sell 2,000 gallons per day.
- C. We'll switch from plain water to flavored water if flavored is more profitable.
- D. If we could get a higher price, we'd bottle more water.

Fantastic!

The quantity supplied is the amount of any good, service, or resource that people are willing and able to sell during a specified period at a specified price. So when Aqua Springs says "At a price of \$1 gallon, we plan to sell 2,000 gallons per day," the firm is describing a quantity supplied.

Done

Key Terms Quiz The Key Terms Quiz, accessible from each Checkpoint, allows students to check their understanding of key chapter concepts before moving onto the next section. The Interactive Glossary that supports the enhanced eText provides the key term definition, an example, and related terms.

CHECKPOINT 4.2

Problem 2
Use a graph to illustrate the effect of each event.

Solution
A movement along the supply curve S_0 illustrates the effect of a rise in the price of timber beams on the quantity of timber beams supplied.

An *increase* in the supply of timber beams shifts the supply curve rightward from S_0 to S_1 .

A *decrease* in the supply of timber beams shifts the supply curve leftward from S_0 to S_2 .

Solutions Videos Every Checkpoint Practice problem and In the News Problem is supported by a solutions video that provides a step-by-step review of the problem and its solution, including graphical analysis. Text, audio, and animation ensure that a student understands how to set-up and solve each of the problems.

MyEconLab also includes:

Economics in the News Economics in the News is a turn-key solution to bringing daily news into the classroom. Updated daily during the academic year, we upload a relevant article and provide questions that may be assigned for homework or for classroom discussion.

Current News Each week during the academic year, we upload multi-part exercises, with links to relevant articles, into the MyEconLab assignment manager. These enable instructors to bring current issues and events into the course with easy to assign and exercises.

Real-Time Data Analysis Exercises (FRED) Easy to assign, Real-Time Data Analysis exercises communicate directly with the Federal Reserve Bank of St. Louis's FRED site, so every time FRED posts new data, students see new data. As a result, Real-Time Data Analysis exercises offer a no-fuss solution for instructors who want to make the most recent data a central part of their macro course. End-of-chapter exercises accompanied by the Real-Time Data Analysis icon (📡) include Real-Time Data versions in MyEconLab. Select in-text figures, labeled Real-time data, update in the eText using FRED data.

Experiments in MyEconLab Experiments are a fun and engaging way to promote active learning and mastery of important economic concepts. Pearson's Experiments program is flexible and easy for instructors to assign and students to use.

- Single-player experiments, available to assign, allow your students to play against virtual players from anywhere at anytime so long as they have an internet connection.
- Pre and post-questions for each experiment are available for assignment in MyEconLab.
- Experiments are auto-graded using algorithms that objectively evaluate a student's economic gain and performance during the experiment.

For a complete list of available experiments, visit www.myeconlab.com.

AACSB and Learning Outcomes All end-of-chapter and Test Item File questions are tagged in two ways: to AACSB standards and to discipline-specific Learning Outcomes. These two separate tagging systems allow professors to build assessments around desired departmental and course outcomes and track results in MyEconLab's gradebook.

■ MyEconLab and Adaptive Learning

Adaptive Study Plan MyEconLab's Study Plan is now powered by a sophisticated adaptive learning engine that tailors learning material to meet the unique needs of each student. MyEconLab's new Adaptive Learning Study Plan monitors students' performance on homework, quizzes, and tests and continuously makes recommendations based on that performance.

If a student is struggling with a concept such as supply and demand, or having trouble calculating a price elasticity of demand, the Study Plan provides customized remediation activities—a pathway based on personal proficiencies, number of attempts, or difficulty of questions—to get the student back on track. Students will also receive recommendations for additional practice in the form of rich multi-media learning aids such as videos, an interactive eText, Help Me Solve This tutorials, and graphing tools.

The Study Plan can extrapolate a student's future trouble spots and provide learning material and practice to avoid pitfalls. In addition, students who are showing a high degree of success with the assessment material are offered a chance to work on future topics based on the professor's course coverage preferences. This personalized and adaptive feedback and support ensures that your

students are optimizing their current and future course work and mastering the concepts, rather than just memorizing and guessing answers.

Dynamic Study Modules Dynamic Study Modules, which focus on key topic areas and are available from within MyEconLab, are an additional way for students to obtain tailored help. These modules work by continuously assessing student performance and activity on discrete topics and provide personalized content in real time to reinforce concepts that target each student’s particular strengths and weaknesses.

Each Dynamic Study Module, accessed by computer, smartphone, or tablet, promotes fast learning and long-term retention. Because MyEconLab and Dynamic Study Modules help students stay on track and achieve a higher level of subject-matter mastery, more class time is available for interaction, discussion, collaboration, and exploring applications to current news and events.

Instructors can register, create, and access all of their MyEconLab courses at www.pearsonmylab.com.

SUPPORT MATERIALS FOR INSTRUCTORS AND STUDENTS

Foundations of Macroeconomics is accompanied by the most comprehensive set of teaching and learning tools ever assembled. Each component of our package is organized by Checkpoint topic for a tight, seamless integration with both the textbook and the other components. In addition to authoring the MyEconLab and PowerPoint content, we have helped in the reviewing and revising of the Study Guide, Solutions Manual, Instructor’s Manual, and Test Item Files to ensure that every element of the package achieves the consistency that students and teachers need.

■ PowerPoint Resources

We have created the PowerPoint resources based on our 20 years of experience using this tool in our own classrooms. We have created five sets of PowerPoint presentations for instructors.

They are:

- Lecture notes with full-color, animated figures, and tables from the textbook
- Figures and tables from the textbook, animated with step-by-step walk-through for instructors to use in their own personal slides
- *Eye On* features
- Checkpoint Practice Problems and solutions

A student version of the lecture notes is also available on MyEconLab.

■ Instructor’s Manual

The Instructor’s Manual, written by Luke Armstrong and reviewed by Mark Rush, contains chapter outlines and road maps, additional exercises with solutions, a comprehensive Chapter Lecture resource, and a virtual encyclopedia of suggestions on how to enrich class presentation and use class time efficiently. The Instructor’s Manual has been updated to reflect changes in the main text as

well as infused with a fresh and intuitive approach to teaching this course. The Instructor's Manual is available for download in Word and PDF formats.

■ Solutions Manual

The Solutions Manual, written by Mark Rush and checked for accuracy by Jeannie Gillmore, contains the solutions to all Checkpoint Practice Problems, In the News exercises, and Chapter Checkpoint Problems and Applications. The Solutions Manual is available for download in Word and PDF formats.

■ Three Test Item Files and TestGen

More than 5,000 multiple-choice, numerical, fill-in-the-blank, short answer, essay, and integrative questions make up the three Test Item Files that support *Foundations of Macroeconomics*. Mark Rush reviewed and edited questions from three dedicated principles instructors to form one of the most comprehensive testing systems on the market. Our authors are Gregory E. Givens (University of Alabama), Buffie Schmidt (Augusta State University), and Rolando Sanchez (Northwest Vista College). The entire set of questions is available for download in Word, PDF, and TestGen formats.

All three Test Item Files are available in test generator software (TestGen with QuizMaster). TestGen's graphical interface enables instructors to view, edit, and add questions; transfer questions to tests; and print different forms of tests. Instructors also have the option to reformat tests with varying fonts and styles, margins, and headers and footers, as in any word-processing document. Search and sort features let the instructor quickly locate questions and arrange them in a preferred order. QuizMaster, working with your school's computer network, automatically grades the exams, stores the results on disk, and allows the instructor to view and print a variety of reports.

■ Study Guide for Students

Mark Rush of the University of Florida has prepared the Study Guide, which is available in both print and electronic formats in MyEconLab. It provides an expanded Chapter Checklist that enables the student to break the learning tasks down into smaller, bite-sized pieces; self-test materials; and additional practice problems. The Study Guide has been carefully coordinated with the text, MyEconLab, and the Test Item Files.

ACKNOWLEDGMENTS

Working on a project such as this one generates many debts that can never be repaid. But they can be acknowledged, and it is a special pleasure to be able to do so here and to express our heartfelt thanks to each and every one of the following long list, without whose contributions we could not have produced *Foundations*.

Mark Rush again coordinated, managed, and contributed to our Study Guide, Solutions Manual, Instructor's Manual, and Test Item Files. He assembled, polished, wrote, and rewrote these materials to ensure their close consistency with the text. He and we were in constant contact as all the elements of our text and package came together. Mark also made many valuable suggestions for

improving the text and the Checkpoint Problems. His contribution went well beyond that of a reviewer, and his effervescent sense of humor kept us all in good spirits along the way.

Working closely with Mark, Luke Armstrong wrote content for the Instructor's Manual. Buffie Schmidt, Greg Givens, and Rolando Sanchez authored new questions for the Test Item Files.

Michelle Sheran (University of North Carolina, Greensboro) and Carol Dole (Jacksonville University) recorded the narrations that accompany the Big Picture, Snapshot, and Solutions videos in the eText. The engaging style and clarity of these outstanding teachers makes these videos a powerful learning tool. Fred Bounds (Georgia Perimeter College), Carol Dole, Trevor Collier (University of Dayton), and Paul Lande (Loyola University Maryland) provided outstanding reviews of the Study Plan and Assessment problems in MyEconLab and helped us to make these exercises and their feedback messages as effective as possible.

The ideas from which *Foundations* grew began to form over dinner at the Andover Inn in Andover, Massachusetts, with Denise Clinton and Sylvia Mallory. We gratefully acknowledge Sylvia's role not only at the birth of this project but also in managing its initial development team. Denise has been an ongoing inspiration for 15 years, and we are privileged to have the benefit of her enormous experience.

The success of *Foundations* owes much to its outstanding Executive Acquisitions Editor, Adrienne D'Ambrosio. Adrienne's acute intelligence and sensitive understanding of the market have helped sharpen our vision of this text and package. Her value-added on this project is huge. It has been, and we hope it will for many future editions remain, a joy to work with her.

Sarah Dumouchelle, Editorial Project Manager, ensured that we were provided with outstanding and timely reviews and managed the photo research and our supplements. Elissa Senra-Sargent, Editorial Assistant, helped us in many ways, particularly in envisioning the new cover design.

Jonathan Boylan created the new impressive cover design and converted the raw ideas of our brainstorming into an outstandingly designed text.

Susan Schoenberg, Media Director, Denise Clinton, Media Publisher, Melissa Honig, Senior Media Producer, and Noel Lotz, Content Product Manager have set a new standard for online learning and teaching resources. Building on the pioneering work of Michelle Neil, Susan worked creatively to improve our technology systems. Melissa managed the building of MyEconLab, and Noel managed reviews of the content. They have all been sources of high energy, good sense, and level-headed advice and quickly found creative solutions to all our technology problems.

Nancy Freihofer, our outstanding, ever calm, Senior Production Project Manager, worked with a talented team at Integra, Project Editor, Heather Johnson, and designer, art coordinator, and typesetter. Our copy editor, Catherine Baum, gave our work a thorough review and helpful polish, and our proofreader ensured the most error-free text we have yet produced.

Our Executive Marketing Manager, Lori DeShazo, has been a constant source of good judgment and sound advice on content and design issues, ranging over the entire package from text to print and electronic supplements.

Richard Parkin, our technical illustrator, created the figures in the text, the dynamic figures in the eText, the animated figures in the PowerPoint presentations, created the animations for and assembled the enhanced eText videos, and contributed many ideas to improving the clarity of our illustrations in all media.