

## Principles of Economics Second Edition

[www.harcourtcollege.com/econ/mankiw](http://www.harcourtcollege.com/econ/mankiw)

In writing this textbook, Mankiw tried to put himself in the position of someone seeing economics for the first time. His plan worked. Receiving such applause as “perhaps the best ever” textbook in economic principles, it’s no wonder Mankiw’s prize project has quickly become one of the most successful books ever to publish in the college marketplace. The author’s conversational writing style is superb for presenting the politics and science of economic theories to tomorrow’s decision-makers. Because Mankiw wrote it for the students, the book stands out among all other principles texts by intriguing students to apply an economic way of thinking in their daily lives.

### FEATURES

- Chapter 1 introduces students to the ten most important principles, which are then thoroughly incorporated in discussions throughout the book.
- Chapter 3 is an early and accessible introductory discussion of one of economics most powerful and universal insights: how people gain from trade. This coverage enables professors to include international applications at the beginning of the course.
- In Chapter 6, the tools of supply and demand are used to examine the effects of various government policies.
- Chapters 7, 8, and 9 discuss why the equilibrium of supply and demand is desirable for society as a whole. The concepts of consumer and producer surplus explain the efficiency of markets, the costs of taxation, and the benefits of international trade.
- Introducing Externalities in Chapter 10 and Public Goods and Common Resources in Chapter 11, allows discussion of why market outcomes are not always efficient, and looks at how governments can sometimes remedy market failure.
- Chapter 21 is optional, but does provide a rigorous analysis of indifference curves as a tool to examine consumer theory.
- Chapters 24 - 26 describe the forces that determine key real variables (including GDP, saving, investment, real interest rates, and unemployment) in the long run.
- The monetary system is discussed in Chapters 27 and 28. The monetary system is crucial in determining the long-run behavior of the price level, inflation rate and other nominal variables.
- Chapter 34 was one of Mankiw’s favorite chapters to write. He presents both sides of five major debates over economic policy. This is a great way to end the course.

Reviewers say that this chapter is the “perfect ending to a great novel.”

### NEW TO THIS EDITION

- Mankiw has refined the coverage and pedagogy of the second edition with the input of many users of the first edition. All changes that were made, and the many others that were considered, were evaluated in light of the benefits and brevity.
- Throughout the text design efforts improve comprehensibility of tables with clearer layouts and labeling.
- The discussion of circular flow has been clarified in Chapter 2. Reviewers find it to be less abstract and more concrete.
- New tables in Chapter 4 provide a heavier emphasis on these “special role of price” and the fact that a change in price results in a move along a given curve while a change in other variable result in a shift of the curve.
- New to Chapter 5 is the coverage of cross-price elasticity of demand. The discussions of the midpoint formula for elasticity and elasticity along a linear demand curve are now a part of the text coverage.
- In Chapter 13, the section on “rising marginal costs” now explicitly makes the connection between marginal product and marginal cost. Mankiw also expands the section on costs in the short run and long run.
- Chapter 18 includes new sections on “What Causes the Labor Demand Curve to Shift?” and “The Supply of Labor.”
- Chapter 19 now includes a section on “Above Equilibrium Wages: Minimum Wage Laws, Unions, and Efficiency Wages.”
- The terms “structural” and “frictional” unemployment are now introduced in Chapter 26. Compelling information on the effects the Internet on job searching and unemployment has been updated.
- Chapter 28 has an improved presentation of classical dichotomy.
- In Chapter 30, the section on capital flight has been expanded to include Asia and Russia.
- The most significant revision was given to short-run coverage in Chapters 31 and 32. Sections on why the aggregate-demand and aggregate-supply curves might shift are recast and expanded to more clearly identify sources of shifts. Sources for AD and AS shifts are also summarized in tables.

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