

ECONOMICS:

INSTITUTIONS AND ANALYSIS

Fourth Edition

Gerson Antell / Walter Harris



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AUTHORS:

Gerson Antell, Curriculum Consultant, Junior Achievement, and former Assistant Principal for Social Studies, Hillcrest High School, New York City, is coauthor of *Economics for Everybody* and *Current Issues in American Democracy* (both Amsco).

Walter Harris, Former Principal at Sheepshead Bay High School, New York City, and Former Director of Education, The Kolburne School, New Marlboro, MA, is coauthor of *Economics for Everybody* and *Current Issues in American Democracy*.

Consultants:

Dominick J. Camastro, Lead Teacher, Social Studies, Erasmus Campus, High School for Business and Technology, Brooklyn, New York.

Arthur D. Grazzo, Jr., Former Social Studies Teacher, Williamsville East High School, East Amherst, New York.

Edward R. Waite, Social Studies Chair, Port Chester High School, Port Chester, New York.

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PREFACE

Economics: Institutions and Analysis, Fourth Edition, provides an introduction to the study of the U.S. economic system. The function of an economic system is to produce the things that people need and want. None has been so successful in this effort than ours. How our economic system “does its thing,” some of the controversies generated by the system, and its role in the global economy is the subject matter of economics, and of this book.

Some of you may be thinking that a course in economics sounds like a journey to the far side of the moon. Unlike history, English, mathematics, and other subjects with which you are well acquainted, a course in economics may be a first-time experience. But as you read and learn more about the subject, you will find that economics is concerned with many things with which you are already familiar. For example, from the time you were born, you have been a user of goods and services. You also know something about where those goods and services come from. You have visited shops, ridden buses, gone to the movies, and in ever so many other ways seen people and places in the workaday world. You know, too, that in exchange for the work they do, the services they perform, or the goods they sell, people earn the money they need to purchase the goods and services they want. You also know from the services you have seen it perform and the taxes you have paid to it that government is a major player in our economy. The costs of government are shared by us all. Goods and services, banks, jobs, money, taxes, government policies, and business operations are all part and parcel of the study of economics.

Economic activities extend well beyond the community or region in which you live. While the goods that you and others consume may have had their origins in the town, state, or region of the country in which you live, most have been made in other sections of the United States, or in a foreign land. More than ever before, economic activities are global in their scope.

Economic topics and issues are discussed again and again on television, radio, and the Internet, as well as in books, magazines, and newspapers. As the complexity of the economy increases, what you need to know in order to cope with problems of everyday living increases as well. Whether you are a teenager, young adult, or senior citizen, the quality of the life you lead may well depend on how well you manage your income and spending.

You will also find that much of what economics is about has to do with the world of work. Whether you own a business or work for someone else, a knowledge of economics will help you in your future career.

Finally, as a citizen you will have the opportunity to vote on a variety of issues affecting the economy. The more you know about economics, the better able you will be to understand those issues and vote intelligently.

The textbook is divided into eight units of two to four chapters each. The first unit serves as an introduction to the fundamental economic questions societies must answer and the forces affecting their decisions. The next four units focus on the principal players in the U.S. economy: businesses, labor, consumers, and government. The chapter on consumers is called “Personal Economics” to reflect this chapter’s emphasis on economic skills you need to learn to participate in the economy. The sixth unit discusses the role of money and banks. The seventh unit serves an important function: showing how the government helps manage the economy and how it meets certain economic challenges. The eighth unit of the text focuses on the global economy and how the United States fits into that framework.

The book contains a number of features designed to make it easier to understand. Difficult words and phrases, many unique to the vocabulary of economics, are italicized and defined as they are introduced. They appear again in the Glossary, which may be found after the last chapter of the book. More than 200 illustrations in the form of photos, cartoons, graphs, diagrams, and tables have been strategically placed throughout the text as means of helping you to understand its contents. Many of the illustrations have captions that provide further information. Some captions have questions to challenge your understanding of the content of the illustrations.

All chapters have a matching exercise related to important vocabulary words found in the chapter. And all chapters have a multiple-choice exam on important concepts introduced in the chapter. This exam is followed by a set of critical thinking questions. Most chapters end with a major skills exercise and a list of suggested Internet sites on the subject of the chapter.

Economics: Institutions and Analysis, Fourth Edition, is a thoroughgoing revision of a well-proven economics text. We carefully scrutinized all aspects of our earlier editions—organization, content, illustrations and exercises—to determine whether they are still appropriate for today’s students. As a result of this review, some topics were dropped, while others were either lengthened, shortened, or added. Throughout this new edition, we have personalized the material with references to everyday experiences.

The authors invite your criticisms, questions, and comments. We hope that your study of this book will enrich your understanding of your own life, and of your role in the nation’s economy and the global economy. Finally, we hope that the book will help you to become a more intelligent participant in our democratic society.

GERSON ANTELL

WALTER HARRIS

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