

Preface

What an unforgettable start we are off to in the 2020s: A severe public health crisis and the ensuing economic uncertainty, a contentious presidential election, and the fastest inflation the US has seen in 40 years have all made it a time unlike any other that today's college students are likely to have experienced. Questions of equity, inclusion, and economic justice are on the minds of students as well as educators. The seventh edition of *Introduction to Macroeconomics* from BVT Publishing attempts to facilitate these conversations, both explicitly and implicitly. This edition brings in new and differing points of view on these issues as well as alternative and heterodox perspectives from the vast and expanding field of economics. In a particular way, this edition attempts to address the need for more diversity in the field of economics. It does this by highlighting people from diverse backgrounds, both in small ways (such as in photographs and in-text examples) and in more obvious ways (such as by spotlighting the work of women economists and economists of color).

Today, both students and instructors rely on the internet as their primary source of information about current economic events. They still need a good textbook to provide a framework for organizing all the information that is available, but that textbook needs to mesh with the material available from online news sources, blogs, and social media.

Both authors have experience writing blogs and for other online sources. They have worked hard to make the language more active with shorter sentences, shorter paragraphs, and shorter chapters. The result is that this latest edition of the book reads less like a series of journal articles and more like something students might actually want to read.

In addition to a more inviting presentation, much of the content is new, including new case studies and examples throughout the book. Topics range from cryptocurrencies (are they money?) to modern monetary theory to COVID-19 and the fiscal policy response to it.

Finally, this edition recognizes the fact that instructors no longer rely solely on blackboards and photocopied handouts as teaching aids. Most instructors now regularly use slideshows, smartboards, and videos in class along with course websites to help students with their studying between classes.

One important aid to e-teaching and e-learning is a complete set of PowerPoint slides, which include all of the graphs and tables from each chapter, plus other relevant material that is available as a supplement to *Introduction to Macroeconomics* from BVT.

New to This Edition

The seventh edition has been thoroughly updated. All data are the latest numbers available at the time of writing, and most of the tables and figures have been tweaked for clarity and precision. In addition to those revisions, new content has been added to the chapters themselves in an effort to modernize the material.

In **Chapter 1**, influential women Millicent Fawcett and Harriet Martineau are now discussed alongside David Ricardo and Adam Smith, respectively, in the *Who Said It? Who Did It?* vignettes. In addition, a discussion of biases in economics has been added, and new examples have been added throughout, including a reference to the devastating winter storm that hit Texas in February 2021.

New examples have been added to **Chapter 2** as well, including a discussion of changing demand during the COVID pandemic, a new *Economics in the News* feature about the 2020–21 automobile microchip shortage, and a new *Case for Discussion* about NFTs. Extra advice to students for learning about supply has been added as well. Finally, Mary Paley Marshall joins her husband Alfred Marshall in the *Who Said It? Who Did It?* vignette in the chapter.

Chapter 3 has been updated throughout, just as the other chapters have been, and some additional tips for calculating and interpreting elasticities are now included.

Chapter 4 has been retitled “What Do We Want from the Economy?” and includes more discussion of the financial crisis, the climate crisis, and the COVID-19 public health crisis. In addition, Kate Raworth joins John Stuart Mill in a *Who Said It? Who Did It?* box on the future of economic growth. The chapter introduces the increase in inflation that began in 2021, which is discussed more thoroughly later in the text. And of course, all the data has been updated throughout.

In addition to updated data, **Chapter 5** also includes updated figures. In particular the circular flow diagrams have been visually simplified to make them easier for students to understand. Modern monetary theory (MMT), which is discussed later in the text, is introduced in Chapter 5. The *Who Said It? Who Did It?* feature on John Maynard Keynes now also discusses heterodox economist Mariana Mazzucato in the context of Keynes’s warning about being a slave to defunct economic ideas.

All of the data in **Chapter 6**, “Measuring Economic Activity,” has of course been thoroughly updated. The chapter now covers the rapid rise in consumption spending on goods, as opposed to services, during the COVID pandemic and its effect on inflation in the aftermath.

Chapter 7 includes updated data and a new brief discussion of the current state of the financial system and whether it is safer now than it was before the financial crisis. The most significant update to this chapter, however, is the new *Case for Discussion* that focuses on the problems associated with providing banking services to marijuana-related businesses (MRBs).

Since the 6th edition of the textbook, the definition of the M1 money supply has changed to include savings deposits, and **Chapter 8** has been rewritten, with updated data, to reflect this. A new *Case for Discussion* at the end of the chapter asks a question that might be on students’ minds: Is cryptocurrency money?

Chapter 9 has been simplified, with several small sections removed to improve the flow of the material. In addition, the section on Chinese currency manipulation has been removed. The data have been updated throughout. In contrast, **Chapter 10** remains largely intact, with updated data throughout. It also contains several timely references to the COVID pandemic and its impact on aggregate demand and aggregate supply.

The data in **Chapter 11** have been updated, and a new *Applying Economic Ideas* vignette that uses the game of pool as a metaphor to explain how monetary policy works has been added. The *Who Said It? Who Did It?* feature on Milton Friedman and monetarism is more thorough and inclusive, thanks to the addition of Anna Schwartz. Some of the material has been tightened up to improve readability, and the 2021 inflation is now discussed as well.

The COVID-19 pandemic figures significantly in the updates to **Chapter 12**, in the form of a discussion of the fiscal policy response. That discussion is supported by a new *Applying Economic Ideas* vignette on the Paycheck Protection Program (PPP). To make room for this additional material, and to sharpen the focus of the chapter, some material related to the nuances of the budget process and material related to tax expenditures has been removed. The discussion of the evaluation of the fiscal policy stance has been updated to include a comparison of 2019 (prepandemic) and 2020 (pandemic). All data have been updated as necessary.

In **Chapter 13**, the *Applying Economic Ideas* vignette on rebalancing the Chinese economy has been removed to make room for a new *AEI* vignette discussing the suggestion that the US government should sell assets to pay down its debt. The discussion of long-run fiscal sustainability has been thoroughly updated based on recent data. The chapter now ends with a summary of the guidelines that should inform any policies that aim to promote fiscal sustainability.

Finally, **Chapter 14** has been updated with current data and clearer diagrams. More significantly, however, the chapter now dedicates significant attention to modern monetary theory (MMT), including a new *Who Said It? Who Did It?* feature on Stephanie Kelton. The *Who Said It? Who Did It?* feature on A. W. H. Phillips has been removed in order to make room, although the discussion of the Phillips curve remains. The section on inflation now ends with a substantial discussion of the 2021–2022 inflation in the US.

We think that these updates, in addition to many new examples, new perspectives, and stylistic tweaks—make this textbook one of the most modern and forward-thinking principles of macroeconomics textbooks on the market today. We hope that the students and teachers who use the book will benefit from these revisions.

Acknowledgments

As always, we thank the entire publishing and editorial staff of BVT Publishing for their highly professional support. They are a pleasure to work with, and we hope that all students and instructors who use this book benefit as much as we have from their unique and innovative approach to textbook publishing. Enjoy your teaching and learning!

Supplements & Resources

Instructor Supplements

A complete teaching package is available for instructors who adopt this book. This package includes an **online lab**, **instructor's manual**, **exam bank**, **PowerPoint™ slides**, **LMS Integration**, and **LMS exam bank files**.

Online Lab	BVT's online lab is available for this textbook on two different platforms—BVT <i>Lab</i> (at www.BVTLab.com), and LABBOOK™ (at www.BVTLabBook.com). These are described in more detail in the corresponding sections below. Both platforms allow instructors to set up graded homework, quizzes, and exams.
Instructor's Manual	The Instructor's Manual helps first-time instructors develop the course, while also offering seasoned instructors a new perspective on the materials. Each section of the Instructor's Manual coincides with a chapter in the textbook. The user-friendly format begins by providing a chapter summary, learning objectives, and detailed outlines for each chapter. Then, the manual presents lecture discussions, key terms, class activities, and sample answers to the end-of-chapter review questions. Lastly, additional resources—books, articles, websites, and videos—are listed to help instructors review the materials covered in each chapter.
Exam Bank	An extensive exam bank is available to instructors in both hard-copy and electronic form. Each chapter has approximately twenty-five multiple-choice and twenty-five true/false questions ranked by difficulty and style. Each question is referenced to the appropriate section of the text to make test creation quick and easy.
PowerPoint Slides	A set of PowerPoint slides includes about forty slides per chapter, including a chapter overview, learning objectives, slides covering all key topics, key figures and charts, and summary and conclusion slides.
LMS Integration	BVT offers basic integration with Learning Management Systems (LMSs), providing single-sign-on links (often called LTI links) from Blackboard, Canvas, Moodle (or any other LMS) directly into BVT <i>Lab</i> , eBookPlus or the LABBOOK platform. Gradebooks from BVT <i>Lab</i> and the LABBOOK can be imported into most LMSs.
LMS Exam Bank Files	Exam banks are available as Blackboard files, QTI files (for Canvas), and Respondus files (for other LMSs) so they can easily be imported into a wide variety of course management systems.

Student Resources

Student resources are available for this textbook on both the BVT*Lab* platform and the LABBOOK platform, as described below. These resources are geared toward students needing additional assistance, as well as those seeking complete mastery of the content. The following resources are available:

Practice Questions	Students can work through hundreds of practice questions online. Questions are multiple choice or true/false in format and are graded instantly for immediate feedback.
Flashcards	BVT <i>Lab</i> includes sets of flashcards that reinforce the key terms and concepts from each chapter.
PowerPoint Slides	For a study recap, students can view all of the instructor PowerPoint slides online.
Additional LAB BOOK Resources	On the LABBOOK platform, comprehension questions are sprinkled throughout each chapter of the eBook, and detailed section summaries are included in the lab. Study tools such as text highlighting and margin notes are also available. These resources are not available in BVT <i>Lab</i> .

LABBOOK

LABBOOK is a web-based eBook platform with an integrated lab providing comprehension tools and interactive student resources. Instructors can build homework and quizzes right into the eBook. LABBOOK is either included with eBook^{Plus} or offered as a stand-alone product.

Course Setup	LABBOOK uses the <i>BVTLab</i> interface to allow instructors to set up their courses and grade books and to replicate them from section to section and semester to semester.
Grade Book	Using an assigned passcode, students register into their section's grade book, which automatically grades and records all homework, quizzes, and tests.
Advanced eBook	LABBOOK is a mobile-friendly, web-based eBook platform designed for PCs, MACs, tablets and smartphones. LABBOOK allows highlighting, margin notes, and a host of other study tools.
Student Resources	All student resources for this textbook are available in the LABBOOK, as described in the Student Resources section above.
Online Classes	A host of instructor resources and tools to support digital learning environments.

BVTLab

BVTLab is an affordable online lab for instructors and their students. It includes an online classroom with grade book and class forum, a homework grading system, extensive test banks for quizzes and exams, and a host of student study resources.

Course Setup	<i>BVTLab</i> has an easy-to-use, intuitive interface that allows instructors to quickly set up their courses and grade books and to replicate them from section to section and semester to semester.
Grade Book	Using an assigned passcode, students register into their section's grade book, which automatically grades and records all homework, quizzes, and tests.
Class Forum	Instructors can post discussion threads to a class forum and then monitor and moderate student replies.
Student Resources	All student resources for this textbook are available in digital form within <i>BVTLab</i> . Even if a class is not taught in the lab, students who have purchased lab access can still use the student resources in the lab.
eBook	<i>BVTLab</i> includes both a webBook [™] and a downloadable eBook (on the VitalSource [®] platform). For some product bundles, BVT's LABBOOK can also be accessed from within <i>BVTLab</i> , offering enhanced eBook features and study tools for students, as described below.

Customization

BVT's Custom Publishing Division can help you modify this book's content to satisfy your specific instructional needs. The following are examples of customization:

- Rearrangement of chapters to follow the order of your syllabus
- Deletion of chapters not covered in your course
- Addition of paragraphs, sections, or chapters you or your colleagues have written for this course
- Editing of the existing content, down to the word level
- Customization of the accompanying student resources and online lab
- Addition of handouts, lecture notes, syllabus, and so forth
- Incorporation of student worksheets into the textbook

All of these customizations will be professionally typeset to produce a seamless textbook of the highest quality, with an updated table of contents and index to reflect the customized content.