

micro

19e

McCONNELL
BRUE
FLYNN

microeconomics

U.S. Trade in Goods and Services with Selected Countries and Regions												
Country or Region	Year											
	1965	1967	1969	1971	1973	1975	1977	1979	1981	1983	1985	1986
Western Europe	492.2	575.4	694.6	751.1	1017.2	1065.2	1328.1	1741.8	2144.7	2114.3	2331.4	2220.9
Japan	46.5	47.8	58.1	52.9	81.4	79.9	115.1	154.2	158.6	133.1	137.0	129.3
Latin America	5.7	5.0	4.8	4.1	4.7	4.6	5.3	5.7	4.7	4.1	3.8	3.7
Asia (excl. Japan)	59.1	62.8	65.3	69.3	73.7	75.1	78.8	79.6	81.1	83.3	87.5	90.0
Other Europe	3.5	2.2	0.5	4.1	3.1	3.5	1.7	-0.1	2.1	3.6	2.3	2.9
Other Asia	20.6	21.9	22.9	21.6	23.4	21.3	23.0	25.0	24.1	22.1	23.6	23.3
Other Latin America	40.3	44.0	47.6	49.7	53.5	55.8	59.6	64.9	67.2	68.2	73.9	76.2
U.S. Exports	399.5	475.1	577.6	658.3	811.3	949.0	1180.4	1498.5	1819.6	2036.0	2412.0	2557.7
U.S. Imports	41.2	40.6	40.6	39.9	40.7	39.5	40.3	40.2	39.8	40.1	40.5	40.7
U.S. Trade Balance	2.63	2.85	3.22	3.63	4.14	4.73	5.44	6.34	7.44	8.20	8.74	8.93
U.S. Exports of Goods	101.52	108.02	120.75	133.58	152.77	170.28	195.30	225.70	261.89	286.18	305.03	309.87
U.S. Imports of Goods	1.25	1.40	1.60	1.60	1.60	2.10	2.30	2.90	3.35	3.35	3.35	3.35
U.S. Exports of Services	4.54	5.61	7.96	5.72	8.03	7.86	6.93	12.67	18.87	10.79	11.55	10.17
U.S. Imports of Services	4.28	5.07	6.67	6.16	6.85	7.99	7.42	9.43	13.92	11.10	10.62	7.67
U.S. Exports of Goods and Services	12.9	12.3	14.3	15.0	34.4	25.5	19.9	27.4	26.9	14.3	28.5	31.1
U.S. Imports of Goods and Services	—	—	—	—	—	73	73	94	100	98	91	87
U.S. Trade Balance in Goods and Services	—	—	—	—	—	47	53	66	82	86	86	85
U.S. Exports of Goods and Services as % of U.S. GDP	33.2	27.8	24.1	25.6	23.0	25.9	24.7	26.1	31.8	35.3	33.1	32.4
U.S. Imports of Goods and Services as % of U.S. GDP	17.3	14.2	12.1	12.5	11.1	12.3	11.6	11.7	14.0	15.2	14.0	13.6
U.S. Trade Balance as % of U.S. GDP	26.5	30.7	36.4	43.3	71.4	107.1	120.8	184.4	237.0	201.8	215.9	223.3
U.S. Exports of Goods and Services as % of U.S. GDP (excl. Japan)	21.5	26.9	35.8	45.6	70.5	98.2	151.9	212.0	265.1	288.9	338.1	368.4
U.S. Imports of Goods and Services as % of U.S. GDP (excl. Japan)	194.3	198.7	202.7	207.7	211.9	216.0	220.2	225.1	230.0	234.3	238.5	240.7
U.S. Trade Balance as % of U.S. GDP (excl. Japan)	297.0	362.0	358.8	370.5	398.5	385.4	458.8	394.2	595.0	550.1	568.1	600.0
U.S. Exports of Goods and Services as % of U.S. GDP (excl. Japan and Western Europe)	13.8	16.0	17.8	17.8	20.7	24.2	28.9	37.1	43.2	63.9	82.4	85.9
U.S. Imports of Goods and Services as % of U.S. GDP (excl. Japan and Western Europe)	2.86	2.92	3.09	3.39	3.89	7.67	8.57	12.64	31.77	26.19	24.09	12.51

(Continued in back of book)



connect™ ECONOMICS



STUDENTS...

Want to get **better grades**? *(Who doesn't?)*

Prefer to do your **homework online**? *(After all, you are online anyway...)*

Need a **better way to study** before the big test?

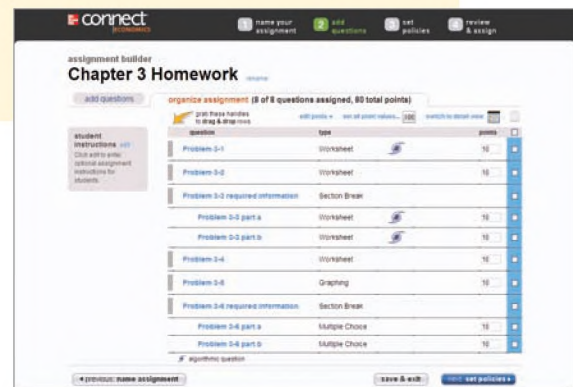
(A little peace of mind is a good thing...)

A:

With **McGraw-Hill's Connect™ Economics**,

YOU GET:

- **Easy online access** to homework, tests, and quizzes assigned by your instructor.
- **Immediate feedback** on how you're doing.
- **Quick access** to lectures, practice materials, an eBook, and more. All the material you need to be successful is right at your fingertips.
- A Self-Quiz and Study tool that **assesses your knowledge** and **recommends** specific readings, supplemental study materials, and additional practice work.



Digital learning resources.

- **LearnSmart**—intelligent flash cards that adapt to your specific needs and provide you with customized learning content based on your strengths and weaknesses.
- **Graphing tools** that enable you to draw graphs from the ground up and perform in-depth analysis of an existing graph.
- **Critical thinking activities** and **logic cases** that explore the key chapter concepts with helpful explanations along the way.
- **Video Cases**—a series of videos that illustrate key economic concepts. Created specifically for the Principles course by leading economic authority Michael Mandel.
- Current **news articles** pulled from live news sources and organized according to your book for easy access.

Chapter 1. Limits, Alternatives, and Choices

GLOBAL PERSPECTIVE 1.1

Average Income, National Product

Average income (GDP) is measured in terms of the number of goods and services produced and consumed in a country. The table below shows the average income (GDP) for various countries.

Country	Average Income (GDP)
United States	\$49,100
Japan	\$38,100
Germany	\$34,100
France	\$31,100
United Kingdom	\$28,100
Canada	\$26,100
Italy	\$24,100
Spain	\$22,100
Sweden	\$20,100
Denmark	\$18,100
Netherlands	\$16,100
Belgium	\$14,100
Australia	\$12,100
South Korea	\$10,100
China	\$8,100
India	\$6,100
Brazil	\$4,100
Argentina	\$2,100
South Africa	\$1,100

Source: World Bank, www.worldbank.org

Each good that is produced where marginal benefit (MB) equals marginal cost (MC) describes:

Do you know the answer? (Be honest.)

Easy! Think I've got it Unsure... No idea Skip

Live high score for this deck

Rank	Name	Score
22	Meg M	413
23	(Anonymous)	300
24	Alyssa O.	299
25	Noelle Fox	215
26	douglas reiner	195

< Home

Need assistance? Please visit the [Digital Products Support Center](#).



Want an online, **searchable version** of your textbook?

Wish your textbook could be **available online** while you're doing your assignments?

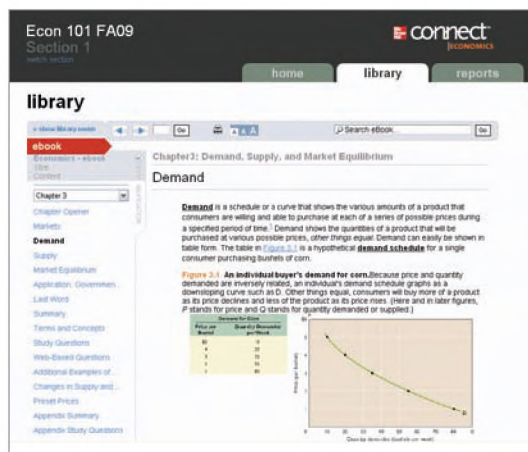


Connect™ Plus Economics eBook

If you choose to use *Connect™ Plus Economics*, you have an affordable and searchable online version of your book integrated with your other online tools.

Connect™ Plus Economics eBook offers features like:

- Topic search
- Direct links from assignments
- Adjustable text size
- Jump to page number
- Print by section



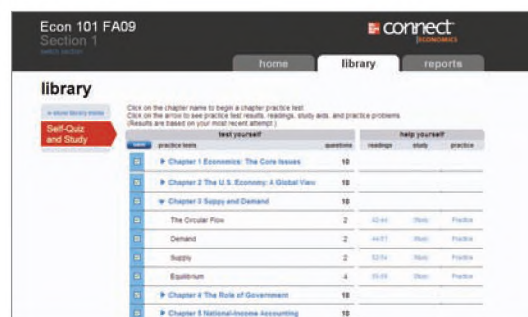
Want to get more **value** from your textbook purchase?

Think learning economics should be a bit more **interesting**?



Check out the STUDENT RESOURCES section under the Connect™ Library tab.

Here you'll find a wealth of resources designed to help you achieve your goals in the course. Every student has different needs, so explore the STUDENT RESOURCES to find the materials best suited to you.



Visit www.mcgraw-hillconnect.com to learn more.



Microeconomics

Principles, Problems, and Policies

Nineteenth Edition

The McGraw-Hill Series: Economics

ESSENTIALS OF ECONOMICS

Brue, McConnell, and Flynn
Essentials of Economics
Second Edition

Mandel
Economics: The Basics
First Edition

Schiller
Essentials of Economics
Eighth Edition

PRINCIPLES OF ECONOMICS

Colander
Economics, Microeconomics, Macroeconomics
Eighth Edition

Frank and Bernanke
Principles of Economics, Principles of Microeconomics, Principles of Macroeconomics
Fourth Edition

Frank and Bernanke
Brief Editions: Principles of Economics, Principles of Microeconomics, Principles of Macroeconomics
Second Edition

McConnell, Brue, and Flynn
Economics, Microeconomics, Macroeconomics
Nineteenth Edition

McConnell, Brue, and Flynn
Brief Editions: Microeconomics and Macroeconomics
First Edition

Miller
Principles of Microeconomics
First Edition

Samuelson and Nordhaus
Economics, Microeconomics, Macroeconomics
Nineteenth Edition

Schiller
The Economy Today, The Micro Economy Today, The Macro Economy Today
Twelfth Edition

Slavin
Economics, Microeconomics, Macroeconomics
Tenth Edition

ECONOMICS OF SOCIAL ISSUES

Guell
Issues in Economics Today
Fifth Edition

Sharp, Register, and Grimes
Economics of Social Issues
Nineteenth Edition

ECONOMETRICS

Gujarati and Porter
Basic Econometrics
Fifth Edition

Gujarati and Porter
Essentials of Econometrics
Fourth Edition

MANAGERIAL ECONOMICS

Baye
Managerial Economics and Business Strategy
Seventh Edition

Brickley, Smith, and Zimmerman
Managerial Economics and Organizational Architecture
Fifth Edition

Thomas and Maurice
Managerial Economics
Tenth Edition

INTERMEDIATE ECONOMICS

Bernheim and Whinston
Microeconomics
First Edition

Dornbusch, Fischer, and Startz
Macroeconomics
Eleventh Edition

Frank
Microeconomics and Behavior
Eighth Edition

ADVANCED ECONOMICS

Romer
Advanced Macroeconomics
Third Edition

MONEY AND BANKING

Cecchetti and Schoenholtz
Money, Banking, and Financial Markets
Third Edition

URBAN ECONOMICS

O'Sullivan
Urban Economics
Seventh Edition

LABOR ECONOMICS

Borjas
Labor Economics
Fifth Edition

McConnell, Brue, and Macpherson
Contemporary Labor Economics
Ninth Edition

PUBLIC FINANCE

Rosen and Gayer
Public Finance
Ninth Edition

Seidman
Public Finance
First Edition

ENVIRONMENTAL ECONOMICS

Field and Field
Environmental Economics: An Introduction
Fifth Edition

INTERNATIONAL ECONOMICS

Appleyard, Field, and Cobb
International Economics
Seventh Edition

King and King
International Economics, Globalization, and Policy: A Reader
Fifth Edition

Pugel
International Economics
Fourteenth Edition

The Six Versions of McConnell, Brue, Flynn

Chapter	Economics	Microeconomics	Microeconomics: Brief Edition	Macroeconomics	Macroeconomics: Brief Edition	Essentials of Economics
1. Limits, Alternatives, and Choices	x	x	x	x	x	x
2. The Market System and the Circular Flow	x	x	x	x	x	x
3. Demand, Supply, and Market Equilibrium	x	x	x	x	x	x
4. Elasticity	x	x	x	x		x
5. Market Failures: Public Goods and Externalities	x	x	x	x	x	x
6. Consumer Behavior	x	x				
7. Businesses and the Costs of Production	x	x	x			x
8. Pure Competition in the Short Run	x	x	x			x
9. Pure Competition in the Long Run	x	x	x			x
10. Pure Monopoly	x	x	x			x
11. Monopolistic Competition and Oligopoly	x	x	x			x
11W. Technology, R&D, and Efficiency (Web Chapter)	x	x				
12. The Demand for Resources	x	x				
13. Wage Determination	x	x	x			x
14. Rent, Interest, and Profit	x	x				
15. Natural Resource and Energy Economics	x	x				
16. Public Finance: Expenditures and Taxes	x	x	x			
17. Asymmetric Information, Voting, and Public Choice	x	x				
18. Antitrust Policy and Regulation	x	x				
19. Agriculture: Economics and Policy	x	x				
20. Income Inequality, Poverty, and Discrimination	x	x	x			x
21. Health Care	x	x				
22. Immigration	x	x				
23. An Introduction to Macroeconomics	x			x		
24. Measuring Domestic Output and National Income	x			x	x	x
25. Economic Growth	x			x	x	x
26. Business Cycles, Unemployment, and Inflation	x			x	x	x
27. Basic Macroeconomic Relationships	x			x		
28. The Aggregate Expenditures Model	x			x		
29. Aggregate Demand and Aggregate Supply	x			x	x	x
30. Fiscal Policy, Deficits, and Debt	x			x	x	x
31. Money, Banking, and Financial Institutions	x			x	x	x
32. Money Creation	x			x		
33. Interest Rates and Monetary Policy	x			x	x	x
34. Financial Economics	x			x		
35. Extending the Analysis of Aggregate Supply	x			x	x	
36. Current Issues in Macro Theory and Policy	x			x		
37. International Trade	x	x	x	x	x	x
38. The Balance of Payments, Exchange Rates, and Trade Deficits	x	x	x	x	x	x
39W. The Economics of Developing Countries (Web Chapter)	x			x		

*Chapter numbers refer to *Economics: Principles, Problems, and Policies*.

*A Red "X" indicates chapters that combine or consolidate content from two or more *Economics* chapters.

This page intentionally left blank

Microeconomics

Principles, Problems, and Policies

Campbell R. McConnell

University of Nebraska

Stanley L. Brue

Pacific Lutheran University

Sean M. Flynn

Scripps College



MICROECONOMICS: PRINCIPLES, PROBLEMS, AND POLICIES

Published by McGraw-Hill/Irwin, a business unit of The McGraw-Hill Companies, Inc., 1221 Avenue of the Americas, New York, NY, 10020. Copyright © 2012, 2009, 2008, 2005, 2002, 1999, 1996, 1993, 1990, 1987, 1984, 1981, 1978, 1975, 1972, 1969, 1966, 1963, 1960 by The McGraw-Hill Companies, Inc. All rights reserved. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of The McGraw-Hill Companies, Inc., including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 RJE/RJE 1 0 9 8 7 6 5 4 3 2 1

ISBN	978-0-07-733773-5 (student edition)
MHID	0-07-733773-5 (student edition)
ISBN	978-0-07-744162-3 (instructor edition)
MHID	0-07-744162-1 (instructor edition)

Vice president and editor-in-chief: *Brent Gordon*

Publisher: *Douglas Reiner*

Executive director of development: *Ann Torbert*

Development editor: *Noelle Fox Bathurst*

Vice president and director of marketing: *Robin J. Zwettler*

Senior marketing manager: *Jen Saxton*

Senior marketing manager: *Melissa Larmon*

Vice president of editing, design, and production: *Sesha Bolisetty*

Managing editor: *Lori Koettters*

Senior project manager: *Harvey Yep*

Senior buyer: *Michael R. McCormick*

Senior designer: *Mary Kazak Sander*

Senior photo research coordinator: *Keri Johnson*

Lead media project manager: *Kerry Bowler*

Media project manager: *Ron Nelms*

Cover image: *Peter Gridley*

Cover design: *Mary Kazak Sander*

Interior design: *Maureen McCutcheon*

Typeface: *10/12 Jansen*

Compositor: *Aptara®*, Inc.

Printer: *R. R. Donnelley*

Library of Congress Cataloging-in-Publication Data

McConnell, Campbell R.

Microeconomics : principles, problems, and policies / Campbell R. McConnell, Stanley

L. Brue, Sean M. Flynn. — 19th ed.

p. cm. — (The McGraw-Hill series economics)

Includes index.

ISBN-13: 978-0-07-733773-5 (student ed. : alk. paper)

ISBN-10: 0-07-733773-5 (student ed. : alk. paper)

ISBN-13: 978-0-07-744162-3 (instructor ed. : alk. paper)

ISBN-10: 0-07-744162-1 (instructor ed. : alk. paper)

1. Microeconomics. I. Brue, Stanley L., 1945- II. Flynn, Sean Masaki. III. Title.

HB172.M3925 2012

338.5—dc22

2010039573