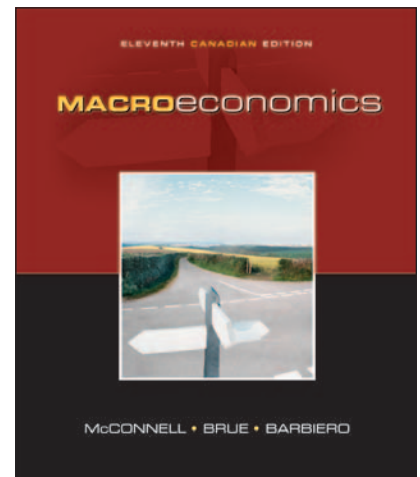


Preface

Welcome to the Eleventh Canadian Edition of *Macroeconomics*. Thousands of Canadian students have studied economics from the Canadian editions of *Macroeconomics* and *Microeconomics*. An estimated 13 million students worldwide have now used a version of the McConnell textbooks, making them the world's best-selling economic principles textbooks.

A Note About the Cover

Every day of our lives, each of us makes often unnoticed economic choices. But these choices influence the world around us. As is depicted in the image on the cover, road signs help us make choices when we are travelling. This textbook, along with your economic principles course, will help you to become more aware of the economic decisions you make and so point the way to helping make better and more informed decisions. Economics is about choice.



Fundamental Objectives

We have three main goals for *Macroeconomics*, which are to:

- Help the beginning student master the principles essential for understanding economic problems, specific economic issues, and the policy alternatives.
- Help the student understand and apply the economic perspective and reason accurately and objectively about economic matters.
- Promote a lasting student interest in economics and the economy.

What's New and Improved?

One of the benefits of writing a successful text is the opportunity to revise—to delete the outdated and install the new, to rewrite misleading or ambiguous statements, to introduce more relevant illustrations, to improve the organizational structure, and to enhance the learning aids.

Consolidated Chapters

With the overwhelming support of reviewers, we have consolidated the first two chapters of the prior edition into a single chapter, “Limits, Alternatives, and Choices” (Chapter 1). This new chapter quickly and directly moves the student into the subject matter of economics, demonstrating its methodology. This consolidation has the additional benefit of reducing Part I (the common chapters in *Macroeconomics*, and *Microeconomics*) from four chapters to three.

We also combined the prior edition's separate chapters on fiscal policy and the public debt into single chapter, “Fiscal Policy, Deficits, Surpluses, and Debt” (Chapter 9). The topics are closely related, and our consolidation integrates them into a smooth flow.

New Analysis of Monetary Policy

We have revised the discussion of monetary policy to help the student understand the Bank of Canada's focus on the overnight lending rate, and how a change in that rate affects other interest rates and the overall economy. In "The Bank of Canada, Interest Rates and Monetary Policy" (Chapter 12), we demonstrate how the Bank of Canada targets a specific overnight lending rate and then uses open-market operations to drive the rate to that level and hold it there (see Figure 12-3 in the text). This new analysis will help students interpret the news as it relates to Bank of Canada announcements about the overnight lending rate.

Integration of Resources

We continue to integrate the book and our Web site by including icons in the text margin that direct readers to additional content. **Worked problems** are now available at the McConnell Web site and provide students with a step-by-step illustration of how to solve a problem. These pieces consist of side-by-side computational questions and the computational procedures used to derive the answers. In essence, they extend the textbook's explanations involving computations—for example, of real GDP, real GDP per capita, the unemployment rate, the inflation rate, per-unit production costs, and more. At relevant points in the text, the "worked problem" icon directs the student to the Web site for this additional support.



For those students who want to explore the mathematical details of the theoretical concepts covered in the text, "See the Math?" icons direct the students to the McConnell Web site.



Also on the Web site are "Origin of the Idea" articles. These brief histories examine the origins of 70 major ideas identified in the book. Students will find it interesting to learn about economists who first developed such ideas as opportunity cost, equilibrium price, the multiplier, and comparative advantage and elasticity. The "Origin of the Idea" icon directs students to the McConnell Web site for this extension material.



For selected Key Graphs, **interactive graphs** are available on the McConnell-Brue-Barbiero Web site (www.mcgrawhill.ca/olc/mcconnell). Developed under the supervision of Norris Peterson of Pacific Lutheran University, this interactive feature depicts major graphs and instructs students to shift the curves, observe the outcomes, and derive relevant generalizations.

New Web Chapter

A new bonus Web chapter, along with two existing web chapters, is available in PDF format for easy download at www.mcgrawhill.ca/olc/mcconnell. "Financial Economics" (Chapter 12W), examines ideas such as compound interest, present value, arbitrage, risk, diversification, and the risk-return relationship.

The second Web chapter is 13W, "Disputes over Macro Theory and Policy." The third Web chapter, "The Economics of Developing Countries" (Chapter 14W), is updated and available for instructors and students who have a special interest in that topic. These economies are often in the news and many college and university students have a keen interest in them.

"Consider This" and "Last Word" Boxes

Our "Consider This" boxes are used to provide analogies, examples, or stories that help drive home central economic ideas in a student-oriented, real-world manner. For instance, a new Consider This box (Chapter 2) tries to bring across the idea of consumer sovereignty by describing a list of McDonald's "McHits" and "McMisses." These brief vignettes illustrate key points in a lively, colourful, and easy-to-remember way.

New Consider This boxes include such disparate topics as fast food lines (Chapter 1), women and the production possibilities (Chapter 1), buying Canadian (Chapter 2), ticket scalping (Chapter 3), salsa and coffee beans (Chapter 3), high European unemployment rates (Chapter 5), the Bank of Canada as a sponge (Chapter 12), the Kyoto Protocol and economic growth in Canada (Chapter 14), offshoring (Chapter 16), and returns on ethical investing (Chapter 12 Web).

Our “Last Word” pieces are lengthier applications and case studies located at the end of chapters. New or updated Last Words include those on pitfalls to sound economic reasoning (Chapter 1), a market for human organs (Chapter 3), squaring the economic circle (Chapter 6), the diminishing impact of oil prices on the overall economy (Chapter 8), the Canadian version of inflation targeting (Chapter 12), a supply-side anecdote exploring tax cuts (Chapter 13), economic growth in China (Chapter 14), and the relative performance of index funds versus actively managed funds (Chapter 12W).

Contemporary Discussions and Examples

The Eleventh Canadian Edition references and discusses many current topics. Examples include China’s rapid growth rate, the Doha Round, recent Bank of Canada monetary policy, the debate over inflation targeting, productivity acceleration, offshoring of Canadian jobs, and many more.

Distinguishing Features

- **Comprehensive Explanations at an Appropriate Level** *Macroeconomics* is comprehensive, analytical, and challenging, yet fully accessible to a wide range of students. Its thoroughness and accessibility enable instructors to select topics for special classroom emphasis with confidence that students can independently read and comprehend other assigned material in the book. Where needed, an extra sentence of explanation is provided. Brevity at the expense of clarity is false economy.
- **Fundamentals of the Market System** Many economies throughout the world are making difficult transitions from planning systems to market systems. Our detailed description of the institutions and operation of the market system in Chapter 2 is even more relevant than before. We pay particular attention to property rights, entrepreneurship, freedom of enterprise and choice, competition, and the role of profits because these concepts are often misunderstood by beginning students.
- **Step-by-Step, Two-Path Macro** Stated bluntly, we believe that it is a mistake to yank the student back and forth between various macro models. So we systematically present macroeconomics by
 - examining national income accounting and previewing economic growth, unemployment, and inflation.
 - discussing three key macro relationships.
 - presenting the aggregate expenditures model (AE model) in a single chapter.
 - developing the aggregate demand–aggregate supply model (AD-AS model).
 - using the AD-AS model to discuss fiscal policy.
 - introducing monetary considerations into the AD-AS model.
 - using the AD-AS model to discuss monetary policy.
 - extending the AD-AS model to include both short-run and long-run aggregate supply.
 - applying the “long-run AD-AS model” to macroeconomic instability, economic growth, and disagreements on macro theory and policy.

We have organized Chapters 7, 8, and 9 to provide two alternative paths through *Macroeconomics*. We know that nearly all instructors like to cover (somewhere in their Macro course) the basic relationships between income and consumption, the real interest rate and investment, and changes in spending and changes in output (the multiplier, conceptually presented). All these topics are found in newly formulated Chapter 6, “The Basic Macroeconomic Relationship.” The instructor can proceed from Chapter 6 directly to Chapter 7 “The Aggregate Expenditures Model” or to Chapter 8, “Aggregate Demand and Aggregate Supply.” This organization allows those instructors who prefer not to teach the equilibrium AE model to skip it without loss of continuity. As before, the remainder of *Macroeconomics* is AD-AS based.

- **Emphasis on Technological Change and Economic Growth** This edition continues to emphasize economic growth. Chapter 1 uses the production possibilities curve to show the basic ingredients of growth. Chapter 5 explains how growth is measured and presents the facts of growth. Chapter 14 discusses the causes of growth, looks at productivity growth, and addresses some controversies surrounding economic growth. The Last Word in that chapter examines the rapid economic growth in China. Chapter 14W focuses on developing countries and the growth obstacles they confront.
- **Integrated Text and Web Site** *Macroeconomics* and its Web site are highly integrated through in-text Web icons, bonus Web chapters, Web newspaper articles, Web math notes, and other features. Our Web site is part and parcel of our student learning package, customized to the book.

Organizational Alternatives

Although instructors generally agree as to the content of principles of economics courses, they sometimes differ as to how to arrange the material. *Macroeconomics* includes six parts, and that provides considerable organizational flexibility. For example, the two-path macro enables covering the full aggregate expenditures model or advancing directly from the basic macro relationships chapter to the AD-AS model. Also, the section of Chapter 13 that discusses the intricacies of the relationship between short-run and long-run aggregate supply can easily be appended to Chapter 8 on AD and AS.


Pedagogical Aids

Macroeconomics has always been student oriented. Economics is concerned with efficiency—accomplishing goals using the best methods. Therefore, we offer the student some brief introductory comments on how to improve their efficiency and hence their grades.

CHAPTER 3

IN THIS CHAPTER YOU WILL LEARN:	
What demand is and what affects it.	3.1
What supply is and what affects it.	3.2
How demand and supply together determine market equilibrium.	3.3
What government-set prices are and how they can cause surpluses and shortages.	3.4

DEMAND, SUPPLY, AND MARKET EQUILIBRIUM



Origin 3.1
Demand and Supply

According to an old joke, if you teach a parrot to say “demand and supply,” you have an economist.

There is much truth in this quip. The tools of demand and supply can take us far in understanding both specific economic issues and how individual markets work.

With our circular flow model in Chapter 2, we identified the participants in the product market and factor market. We asserted that prices are determined by the “interaction” between buyers and sellers

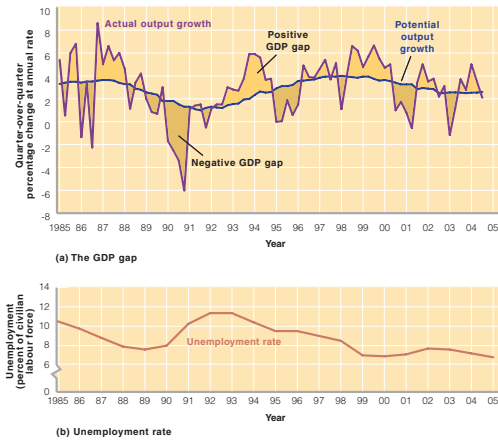
- **In This Chapter You Will Learn** We set out the learning objectives at the start of each chapter so the chapter’s main concepts can be easily recognized. We have also tied the learning objectives to each of the numbered sections in each chapter. In addition, the chapter summaries are organized by number.
- **Terminology** A significant portion of any introductory course is terminology. Key terms are highlighted in bold type the first time they appear in the text. Key terms are defined in the margin and a comprehensive list appears at the end of each chapter. A glossary of definitions can also be found at the end of the book and on the Web site.
- **Ten Key Concepts** Ten Key Concepts have been identified to help students organize the main principles. The Ten Key Concepts are introduced in Chapter 1 and each one is reinforced throughout the textbook by its individual icon.



CONCEPT 1 (“Facing Tradeoffs”): Scarcity in relation to wants means you face **tradeoffs**; therefore you have to make choices.

CONCEPT 2 (“Opportunity Costs”): The cost of the choice you make is what you give up for it, or the **opportunity cost**.

FIGURE 5-3 Actual and Potential GDP and the Unemployment Rate



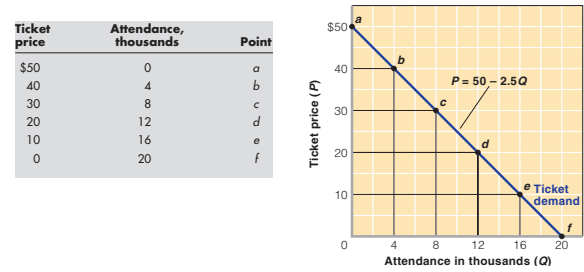
Sources: (a) Bank of Canada, Monetary Policy Report, October 2005; (b) Statistics Canada.

(a) The difference between actual and potential GDP is the GDP gap. A negative GDP gap measures the output the economy sacrifices when actual GDP falls short of potential GDP. A positive GDP gap indicates that actual GDP is above potential GDP. (b) A high unemployment rate means a large GDP gap (negative), and a low unemployment rate means a small or even positive GDP gap.

• **Data Updates** Data updates for selected graphs and tables can be found on the McConnell-Brue-Barbiero Web site www.mcgrawhill.ca/olc/mcconnell.

• **Graphics with Supporting Data** Where possible we have tried to provide data to support our graphs. In such cases a data table now appears in the same figure with the graph.

FIGURE M1-2 The Relationship between Ticket Prices and Attendance

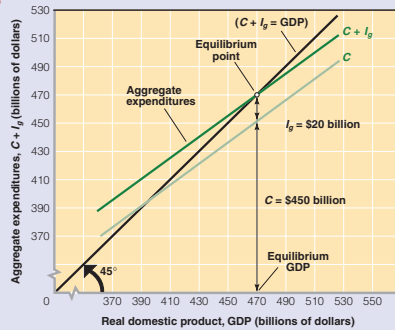


Two sets of data that are negatively or inversely related, such as ticket price and the attendance at basketball games, graph as a downward-sloping line.

KEY GRAPH

FIGURE 7-2 Equilibrium GDP

The aggregate expenditures schedule, $C + I_p$, is determined by adding the investment schedule I_p to the upward-sloping consumption schedule C . Since investment is assumed to be the same at each level of GDP, the vertical distances between C and $C + I_p$ do not change. Equilibrium GDP is determined where the aggregate expenditures schedule intersects the 45-degree line.



Quick Quiz

- In this figure, the slope of the aggregate expenditures schedule $C + I_p$:
 - increases as real GDP increases.
 - decreases as real GDP increases.
 - is constant and equals the MPC.
 - is constant and equals the MPS.

• **Key Graphs** We have labelled graphs having special relevance as Key Graphs. There is a quick quiz of four questions related to each Key Graph, with answers provided at the bottom of the graph.

• **Reviewing the Chapter** Important things should be said more than once. You will find a Chapter Summary at the conclusion of every chapter as well as two or three Quick Reviews within each chapter. The summary at the end of each chapter is presented by numbered chapter section. These review statements will help the student to focus on the essential ideas of each chapter and also to study for exams.

QUICK REVIEW

- Gross domestic product (GDP) measures the total market value of all final goods and services produced within a nation in a specific year.
- When net investment is positive, the economy's production capacity increases; when net investment is negative, the economy's production capacity decreases.
- The expenditures approach to GDP sums total spending on final goods and services: $GDP = C + I_p + G + X_n$.
- The income approach to GDP sums the total income earned by a nation's resource suppliers, then adds in indirect taxes and capital consumption allowance.

• **Global Perspective Boxes** Each nation increasingly functions in a global economy. To help the student gain appreciation of this wider economic environment, we provide Global Perspective features, which compare Canada to other nations.

GLOBAL PERSPECTIVE 16.2



Exchange rates: foreign currency per Canadian dollar

\$1 Will Buy

- 0.48 British pounds
- 0.90 U.S. dollars
- 9.9 Mexican pesos
- 0.71 Euros
- 101 Japanese yen
- 7.24 Chinese renminbi
- 40.5 Indian rupees

The amount of foreign currency that a dollar will buy varies greatly from nation to nation. These amounts are for May 2006 and fluctuate in response to supply and demand changes in the foreign exchange market.

CONSIDER THIS



Ratchet Effect



A ratchet analogy is a good way to think about effects of changes in aggregate demand on the price level. A ratchet is a tool or mechanism such as a winch, car jack, or socket wrench that cranks a wheel forward but does not allow it to go backward. Properly set, each allows the operator to move an object (boat, car, or nut) in one direction while preventing it from moving in the opposite direction.

Product prices, wage rates, and per-unit production costs are highly flexible upward when aggregate demand increases along the aggregate supply curve. In Canada, the price level has increased in 54 of the 55 years since 1950.

But when aggregate demand decreases, product prices, wage rates, and per-unit production costs are inflexible downward. The price level has declined in only a single year (1953) since 1950, even though aggregate demand and real output have declined in a number of years, such as 1946, 1954, 1982, and 1991.

In terms of our analogy, increases in aggregate demand ratchet the Canadian price level upward. Once in place, the higher price level remains until it is ratcheted up again. The higher price level tends to remain even with declines in aggregate demand.

QUESTION: Why are wages inflexible in a downward direction in the short run?

Appendix on Graphs Being comfortable with graphical analysis and a few related quantitative concepts will be a big advantage to students in understanding the principles of economics. The appendix to Chapter 1, which reviews graphing, line slopes, and linear equations, should not be skipped.

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PART 1 • AN INTRODUCTION TO ECONOMICS AND THE ECONOMY

Appendix to Chapter 1

A1.1 Graphs and Their Meaning

If you glance quickly through this text, you will find many graphs. Some seem simple, others more complicated. All are included to help you visualize and understand economic relationships. Physicists and chemists sometimes illustrate their theories by building arrangements of multicoloured wooden balls, representing protons, neutrons, and electrons, which are held in proper relation to one another by wires or sticks. Economists use graphs to illustrate their models. By understanding these “pictures,” you can more readily make sense of economic relationships. Most of our principles or models explain relationships between just two sets of economic facts, which can be conveniently represented with two-dimensional graphs.

Construction of a Graph

A graph is a visual representation of the relationship between two variables. Figure A1-1 is a hypothetical illustration showing the relationship between income and consumption for the

Study Questions A comprehensive list of questions is located at the end of each chapter. The old cliché that you “learn by doing” is very relevant to economics. Use of these questions will enhance your understanding. We designate several of them as “Key Questions” and answer them in the Study Guide.

STUDY QUESTIONS

1. Why is economic growth important? Why could the difference between a 2.5 percent and a 3.0 percent annual growth rate be of great significance over several decades?
 2. **KEY QUESTION** Suppose an economy's real GDP is \$30,000 in year 1 and \$31,200 in year 2. What is the growth rate of its real GDP? Assume that the population is 100 in year 1 and 102 in year 2. What is the growth rate of GDP per capita?
 3. Briefly describe the growth record of Canada. Compare the rates of growth of real GDP and real GDP per capita, explaining any differences. Compare the economic growth rate of Japan and Canada between 1995 and 2005. To what extent might growth rates understate or overstate economic well-being?
- percentage-point terms. If the nominal GDP is \$500 billion in that year, how much output is being forgone because of cyclical unemployment?
9. Explain how an increase in your nominal income and a decrease in your real income might occur simultaneously. Who loses from inflation? Who loses from unemployment? If you had to choose between (a) full employment with a 6 percent annual rate of inflation and (b) price stability with an 8 percent unemployment rate, which would you choose? Why?
 10. What is the Consumer Price Index (CPI) and how is it determined each month? How does Statistics Canada calculate the rate of inflation from one year to the next? What effect does inflation have on the purchasing power of a dollar? On the gap, if any, between nomi-

Consider This Boxes Consider This boxes are used to provide analogies, examples, or stories that help drive home central economic ideas in a student-oriented, real-world manner. These brief vignettes illustrate key points in a lively, colourful, and easy-to-remember way. See the list of Consider This boxes inside the front cover of the text.

The Last Word The Last Word features are lengthier applications and case studies located toward the end of each chapter. In this edition, we have included photos to pique student interest. See list of Last Word features inside the front cover of the text.

The LAST WORD

Tax Cuts for Whom? A Supply-Side Anecdote *

Critics point out that the tax cuts advocated by supply-side economists usually provide the greatest tax relief to high-income individuals and households. An anonymous supply-side economist responds with an anecdote, circulated on the Internet.

Suppose that every day 10 people go out for breakfast together. The bill for all 10 comes to \$100. If they paid their bill the way we pay our income taxes in Canada, it would go something like this: The first four people (the poorest) would pay nothing; the fifth would pay \$1; the sixth would pay \$3; the seventh would pay \$7; the eighth would pay \$12; the ninth would pay \$18; and the tenth (the richest) would pay \$59.

That is what they decided to do. The ten people ate breakfast in the restaurant every day and seemed quite happy with the arrangement until the owner threw them a curve (in tax language, a tax cut). “Since you are all such good customers,” the owner said, “I’m going to reduce the cost of your daily meal by \$20.” So now breakfast for the ten people only cost \$80. This group still wanted to pay their bill the way Canadian pay their income taxes. So the first four people were unaffected. They would still eat breakfast for free. But what about the other six—the paying customers? How would they divvy up the \$20 windfall so that everyone would get their fair share?

The six people realized that \$20 divided by six is \$3.33. But if they subtracted that from the share of the six who were paying the bill, then the fifth

and sixth individuals would end up being paid to eat their breakfast! The restaurant owner suggested that it would be fairer to reduce each person’s meal by roughly the same share as their previous portion of the total bill. Thus the fifth person would now pay nothing; the sixth would pay \$1; the seventh would pay \$5; the eighth would pay \$9; the ninth would pay \$12; and the tenth person would pay \$52 instead of the original \$59. Each of the six people was better off than before and the first four continued to eat free.

But once outside the restaurant, the people began to compare their savings. “I only received \$1 out of the \$20,” de-



clared the sixth person. “But the tenth man saved \$7!” “Yeah, that’s right!” exclaimed the fifth person, “I saved only \$1, too. It is unfair that he received seven times as much as me.” “That’s true!” shouted the seventh person. “Why should he get \$7 back when I got only \$2. The wealthy get all the breaks!” “Wait a minute!” yelled the first four people in unison. “We didn’t get anything at all. The system exploits the poor!”

The nine people angrily confronted the tenth and said, “This is not fair to us, and we are not going to put up with it.” The next morning, the tenth man did not show up for breakfast, so the other nine sat down and ate without him. But when it came time to pay the bill, they discovered what was very important. They were \$52 short of paying the bill.

Morals of this supply-side story:

- The people who pay the highest taxes get the most benefit from a tax reduction.
- Redistributing tax reductions at the expense of those paying the highest taxes may produce unintended consequences.

*Anonymous author.

QUESTION: Suppose that a tax cut involves two alternative schemes: (1) a \$2 tax cut or tax rebate for each of the 10 people in the breakfast club, or (2) a tax savings for each of the 10 in proportion to their previous bill. If the two schemes were put to a majority vote, which do you think would win? According to supply-side economists, why might that voting outcome be short-sighted? Why might this tax anecdote be more relevant to an individual province than to the federal government?

INTERNET APPLICATION QUESTIONS

1. **The Multiplier—Calculate a Change in GDP.** Use the links on the McConnell-Brue-Barbiero Web site (Chapter 7) to access Statistics Canada’s Web site. Find the most current values for $GDP = C + I + G + (X - M)$. Assume an MPC of 0.75, and that for each of the following, the values of the initial variables are those you just discovered. What would be the new value of GDP if (a) investment increased by 5 percent? (b) imports increased by 5 percent and exports increased by 5 percent? (c) consumption increased by 5 percent? (d) government spending increased by 5 percent? Which 5 percent increase caused GDP to change the most in absolute dollars?
2. **Net Exports—What Is the Current Economic Impact?** Use the links on the McConnell-Brue-Barbiero Web site (Chapter 7) to access Statistics Canada’s Web site. Positive net exports have an expansionary effect on domestic GDP; negative net exports have a contractionary effect. Check the latest figures at Statistics Canada for exports and imports of goods and services. Assume a multiplier of 4. Compared to the previous period, how much is GDP increased or decreased by a change in (a) net exports of goods, (b) net exports of services, and (c) net exports of goods and services? Which has the greatest impact? Should services be included or excluded from net exports?

Internet Application Questions Students are presented with questions to explore on the Internet relevant to the topic discussed in the chapter. From the McConnell-Brue-Barbiero Web site, www.mcgrawhill.ca/olc/mcconnell, students will find direct links to the Web sites included in these questions.

Comprehensive Learning and Teaching Package

The eleventh edition is also accompanied by a variety of high-quality supplements that help students master the subject and help instructors implement customized courses.

For the Students



Lyryx Assessment for Economics is a leading-edge online assessment system, designed to support both students and instructors. The assessment takes the form of a homework assignment called a Lab. The assessments are algorithmically generated and automatically graded so that students get instant grades and feedback. New Labs are randomly generated each time, providing the student with unlimited opportunities to try a type of question. After they submit a Lab for marking, students receive extensive feedback on their work, thus promoting their learning experience.

Lyryx for the student offers algorithmically generated and automatically graded assignments. Students get instant grades and instant feedback—no need to wait until the next class to find out how well they did! Grades are instantly recorded in a grade book that the student can view.

Students are motivated to do their labs for two reasons: first because it can be tied to assessment, and second, because they can try the Lab as many times as they wish prior to the due date with only their best grade being recorded.

Instructors know from experience that if students do their economics homework, they will be successful in the course. Recent research regarding the use of Lyryx has shown that when Labs are tied to assessment, even if worth only a small percentage of the total grade of the course, students WILL do their homework—and MORE THAN ONCE!

Please contact your *i*Learning Sales Specialist for additional information on the Lyryx Assessment Economics system.

Visit <http://lyryx.com>

- **Online Learning Centre** This electronic learning aid, located at www.mcgrawhill.ca/olc/mcconnell, offers materials including chapter highlights, key terms, the Origin of the Idea, and access to Σ -STAT and the CANSIM II database. Highly visible Web icons in the text margins alert students to points in the book where they can springboard to the site to learn more. There also are regular news updates, an interactive glossary—all specific to *Macroeconomics*. For the math-minded student, there is a “See the Math” section, where they can explore the mathematical details of the concepts in the text. There are also three optional bonus Web chapters.

MACROeconomics
ELEVENTH CANADIAN EDITION

Information Center

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Macroeconomics, 11/e

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Stanley L. Brue, Pacific Lutheran University
Thomas P. Barbiero, Ryerson University

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Welcome to the Online Learning Centre for eleventh Canadian edition of *Macroeconomics*. Use the navigation to the left to preview several key features of the text.

Students will find valuable interactive learning material in the Student Centre.

Instructors: Note that the Instructor Centre is password protected, intended for adopters. If you require a password, contact your McGraw-Hill Ryerson *i*-Learning Sales Specialist or [send a request](#) from this website.

To obtain an instructor login for this Online Learning Center, ask your [local sales representative](#). If you're an instructor thinking about adopting this textbook, [request a free copy](#) for review.

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- **iStudy** Open 24 hours a day so you can study when you want, how you want, and where you want.

Many students find study guide materials to be indispensable in helping to understand the course material being learned. **iStudy** (the interactive study guide) will help students meet their goals by testing their cumulative understanding of the material they are studying; this will help students assess their mastery of the concepts they are learning.

Each chapter in **iStudy** contains an introductory statement, a chapter outline keyed directly to the textbook chapter organization, headings and subheadings, a quick quiz, a list of important terms, fill-in questions, true-false and multiple-choice questions, problems and projects, objective questions, and discussion questions. The answers and grading are provided automatically when the student clicks the submit button. **iStudy** also contains Interactive Graphs, which depict major graphs and instruct students to shift the curves, observe the outcomes, and derive relevant generalizations.

iStudy comprises a superb “tutor” for students. To see a sample chapter, go to the Online Learning Centre at www.mcgrawhill.ca/olc/mcconnell. Full access can be purchased through the Online Learning Centre or by purchasing a PIN code card through the campus bookstore. Please contact your *i*Learning Sales Specialist for additional information regarding packaging access to **iStudy** with the student text and making **iStudy** part of your students’ success.

Σ-STAT

- **Σ-STAT** Σ-STAT is an educational resource designed by Statistics Canada and made available to Canadian educational institutions. Using 450,000 current CANSIM (Canadian Socio-economic Information Management System) time series and the most recent—as well as historical—census data, Σ-STAT lets you bring data to life in colourful graphs and maps. Access to Σ-STAT is made available to purchasers of this book, via the McConnell Online Learning Centre, by special agreement between McGraw-Hill Ryerson and Statistics Canada.

For the Instructor

- **The Instructor Online Learning Centre** The Instructor Online Learning Centre (www.mcgrawhill.ca/olc/mcconnell) includes a password-protected Web site for instructors. The site offers downloadable supplements and PageOut, the McGraw-Hill Ryerson course Web site development centre.
- **Instructor’s CD-ROM** This CD-ROM contains all the necessary Instructor Supplements including:
 - **Instructor’s Manual** The Instructor’s Manual is prepared by Thomas Barbiero, Ryerson University. Available again in this edition as a Microsoft® Office Word document, the Manual includes: Chapter Overview, What’s New, Instructional Objectives, Comments and Teaching Suggestions, Student Stumbling Blocks, Lecture Notes, Last Word, and answers to end-of-chapter questions.
 - **Microsoft® PowerPoint® Presentation Software** Prepared by Amy Peng, Ryerson University, this presentation system is found on the Instructor’s CD-ROM and on the Instructor’s Site of the Online Learning Centre. It offers visual presentations that may be edited and manipulated to fit a particular course format.
 - **Computerized Test Banks** Prepared by Nargess Kayhani, Mount St. Vincent University, the Computerized Test Bank I contains about 6000 multiple-choice and true-false questions as well as over 30 short-answer questions with suggested answers for each chapter. Also included is U.S. Test Bank II. This test bank contains around 6300 multiple choice and true-false questions. All questions are categorized according to level and difficulty.
- **Course Management** Visit www.mhhe.com/pageout to create a Web page for your course using our resources. PageOut is the McGraw-Hill Ryerson Web site development centre. This Web-page-generation software is free to adopters and is designed to help faculty create an online



course, complete with assignments, quizzes, links to relevant Web sites, and more—all in a matter of minutes.

In addition, content cartridges are available for the course management systems **WebCT** and **Blackboard**. These platforms provide instructors with user-friendly, flexible teaching tools. Please contact your local McGraw-Hill Ryerson *i*Learning Sales Specialist for details.

Superior Service

Integrated Learning



Your **Integrated Learning Sales Specialist** is a McGraw-Hill Ryerson representative who has the experience, product knowledge, training, and support to help you assess and integrate any of the above-noted products, technology, and services into your course for optimum teaching and learning performance. Whether it's using our test bank software, helping your students improve their grades, or putting your entire course online, your *i*Learning Sales Specialist is there to help you do it. Contact your local *i*Learning Sales Specialist today to learn how to maximize all of McGraw-Hill Ryerson's resources!

*i*Learning Services Program



McGraw-Hill Ryerson offers a unique *i*Services package designed for Canadian faculty. Our mission is to equip providers of higher education with superior tools and resources required for excellence in teaching. For additional information visit www.mcgrawhill.ca/highereducation/iservices.

Teaching, Technology, and Learning Conference Series



The educational environment has changed tremendously in recent years, and McGraw-Hill Ryerson continues to be committed to helping you acquire the skills you need to succeed in this new milieu. Our innovative Teaching, Technology, and Learning Conference Series brings together faculty from across Canada with winners of the 3M Teaching Excellence award to share teaching and learning best practices in a collaborative and stimulating environment. Pre-conference workshops on general topics, such as teaching large classes and technology integration, will also be offered. We will also work with you at your own institution to customize workshops that best suit the needs of your faculty.

Research Reports on Technology and Student Success in Higher Education

These landmark reports, undertaken in conjunction with academic and private sector advisory boards, are the result of research studies into the challenges professors face in helping students succeed and the opportunities that new technology presents to impact teaching and learning.