

## HOW TO USE THIS TEXT

The feedback that we have received from instructors who have used the first edition of this text has been enthusiastic and gratifying. We have found that this book works in a variety of courses with a variety of approaches, and we would like to share some of these instructors' suggestions on tailoring this book to meet your own course needs.

On pages xxv–xxvii you will find several possible course plans based on different emphases (such as ecological, global, human development, and structural). We hope that this will help in planning the course that will best suit the needs of instructors and students.

## NOTE ON DIFFERENCES FROM THE FIRST EDITION

The first edition of this book was published in 2008; much has happened in the world since then—and many real-world events have been reflected in new ways of understanding and teaching about the macroeconomy. In addition to updating data in the text, tables, figures, and boxes, the second edition of *Macroeconomics in Context* has been extensively revised and refreshed in response to new macroeconomic developments.

While Part I is the part of the book that has changed least overall, it begins with the innovative data in Chapter 0. Chapter 1 contains the start of a narrative that will continue in various places throughout the book, regarding recent events in the macroeconomy: bubbles, failures of financial institutions, impacts on “Main Street,” and policy responses. The content of Chapters 2 and 4 remains largely unchanged. Chapter 3 adds emphasis and current data to the first edition's treatment of inequality and environmental challenges and introduces a broader “circular flow” diagram that locates the economy in the context of social and ecological systems.

In Chapter 5, discussion of measurement issues has been somewhat abbreviated and made easier to follow. Chapter 6 benefits from the fact that there has been much recent attention to alternatives to GDP for measuring the success of an economy: A number of these new approaches are introduced, along with those that were covered in the previous version, while some discussions from the first edition have been shortened.

The order of the next two chapters has been switched. Chapter 7 now directly follows issues of macroeconomic measurement with a portrait of the U.S. economy in the twenty-first century. The descriptions have been shortened, while also being linked more closely with current events, including a new section on Finance and Financialization, and a new appendix, Historical Trends and Global Comparisons. The chapter on labor is now Chapter 8. Its discussion of unemployment is related to the Great Recession, both in terms of extent and longevity of unemployment. Some discussions have been shortened, while the last two sections contain new material on how wages are set and on wage inequality.

Part III contains two entirely new chapters, while material from the previous edition has been extensively revised and updated to relate theory to recent experience. While the outline of Chapter 9 has not changed, it relates basic macro modeling and changes in aggregate demand to recent economic fluctuations. Chapter 10 introduces the role of government and taxation, but leaves discussion of international trade flows to the new Chapter 14 on The Global Economy and Policy. Chapter 11 now focuses on a more in-depth treatment of money and finance, leaving monetary policy issues for a new Chapter 12 on the Federal Reserve and Monetary Policy. Chapter 11 lays the groundwork for policy with a new section on Money and Finance, where students are given an opportunity to better understand some aspects of the financial crisis, including global linkages. The new Chapter 12 has been enlivened and clarified with many contemporary examples.

Chapter 13, Aggregate Supply, Aggregate Demand, and Inflation, which many users found to be the most difficult chapter to teach, uses an *AS/AD* model that is both simpler than the

model in the first edition and more realistic than *AS/AD* models explained in other books. As in the earlier edition, the model is applied to real-world experience, but the examples are drawn from more recent events. This chapter also includes new material on the European financial crisis and global linkages. Chapter 14 deals with issues of global trade, finance, and financial institutions, covering exchange rates, balance of payments, and open economy macroeconomics, including coverage of current issues regarding the Chinese yuan and the Eurozone..

Part IV starts with two more new chapters: Chapter 15, which gives an in-depth view of the financial crisis and the Great Recession; and Chapter 16, which delves more deeply into questions relating to fiscal deficits and the national debt, including a history of debt and deficits in the United States. It presents various analyses of the impact of deficits and debt, and proposals for long-term debt management. As in the first edition, the penultimate chapter (now Chapter 17) is on How Economies Grow and Develop; revisions include more material on understanding and measuring poverty and inequality and more emphasis on human development as opposed to growth. The final chapter, Growth and Sustainability in the Twenty-First Century, includes updated material on climate change and on policies for local, national, and global sustainability. It includes new treatments of “green Keynesian” and low or no-growth macroeconomic models to achieve goals of full-employment and carbon reduction.

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