Essentials of Economics in Context, Second Edition

Notes on Differences from the First Edition

All data and figures in the Second Edition have been thoroughly revised to reflect the most up-to-date information. Several boxes have been deleted that are no longer timely and several new boxes have been added. We’ve added hundreds of new references to incorporate up-to-date research on topics such as behavioral economics, economic inequality, macroeconomic policy, labor economics, national accounting, and environmental quality. We have also made the book more international, with greater emphasis on topics outside of the United States. Other major revisions include:

* The First Edition, published in 2021, only briefly mentioned the COVID-19 pandemic and its economic impacts. This edition discusses the pandemic’s effects on numerous issues including labor markets, inflation, and inequality.
* The text includes a new chapter devoted entirely to economic inequality (Chapter14). Inequality was covered in the First Edition in two separate chapters: one in relation to financial instability and another in relation to economic development. We believe the current format offers a better focus on issues of inequality.
* The topic of financial instability, previously covered in Chapter 13, is now discussed in Part 3 of the text, in Chapters 9 and 11. Detailed discussion of the 2007-2009 crisis has been moved to an online appendix, though key aspects of the crisis are discussed in the macroeconomics part of the book.
* The discussion on monetary policy in Chapter 11 has been revised to introduce students to the Federal Reserve’s new monetary policy tools under the ample reserves framework.
* The detailed discussion of past macroeconomic developments presented in the First Edition (Chapter 12) has been moved to an online appendix. We still emphasize the major insights gained from these earlier macroeconomic episodes, but recognize that they occurred long before most current students were born.
* Sections 5 and 6 in Chapter 16 have been reversed from the First Edition. We feel that ending the text with a broad discussion of long-term environmental sustainability appropriately follows the more specific analysis of climate change.