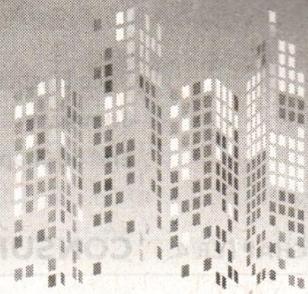


CONTENTS



Preface	vii
Acknowledgment	ix
CHAPTER 1: THE ECONOMIC WAY OF THINKING	1
Is Economics a Science?	2
How Do Economics Allocate Resources?	3
What Is Scarcity?	3
The Economic Way of Thinking	4
Rational Behavior	7
Marginal Analysis	7
Branches of Economics	9
Methodologies of Economics	9
Basic Circular Flow	10
Summary	11
End of Chapter Assessment: The Economic Way of Thinking	13
CHAPTER 2: DEMAND AND SUPPLY	15
What Is a Market?	16
What Is Demand?	16
What Is Supply?	20
Market Equilibrium	24
Movement and Shifting of the Supply and Demand Curve	26
Summary	30
End of Chapter Assessment: Demand and Supply	31
CHAPTER 3: ELASTICITY AND ITS APPLICATIONS	33
What Is Elasticity?	34
Price Elasticity of Demand	35
Income Elasticity of Demand	40
Cross-Price Elasticity of Demand	43

	Price Elasticity of Supply	47
	Summary	50
	End of Chapter Assessment: Elasticity and Its Application	51
CHAPTER 4:	CONSUMER BEHAVIOR	53
	Consumer Behavior	54
	Measuring Utility	55
	Indifference Map	59
	The Budget Line	59
	Consumer's Choice	62
	Summary	66
	End of Chapter Assessment: Consumer Behavior	67
CHAPTER 5:	REVENUE AND THE COST OF PRODUCTION	69
	Definitions	70
	Is Opportunity Cost a Cost?	71
	Accounting Profit vs. Economic Profit	71
	Price and Production	72
	Summary	80
	End of Chapter Assessment: Revenue and the Cost of Production	81
CHAPTER 6:	MARKET STRUCTURES	83
	What Is a Market Structure?	84
	Perfect Competition	85
	Monopolistic Competition	87
	Oligopoly	89
	Monopoly	90
	Summary	92
	End of Chapter Assessment: Market Structures	93
CHAPTER 7:	MEASURING NATIONAL INCOME	95
	Gross Domestic Product: A Measure of the Nation's Output	96
	Final Goods and Services	97
	The Expenditure Method in Measuring GDP	100
	GDP and the Incomes of Capital and Labor	103
	Nominal GDP vs. Real GDP	103

	GDP as a Country's Report Card: A Measure of Economic Well-being	105
	GDP Does Not Capture It All	107
	Summary	109
	End of Chapter Assessment: Measuring National Income	111
<hr/>		
CHAPTER 8:	MONEY AND MONETARY POLICY	113
	Meaning and Use	114
	Importance of Money	115
	Concept of Banking	115
	Types of Bank	117
	Central Banking in the Philippines	118
	Monetary Policy	119
	Money Creation	120
	Summary	121
	End of Chapter Assessment: Money and Monetary Policy	123
<hr/>		
CHAPTER 9:	BASIC FINANCE	125
	The Power of Compounding	126
	Investing vs. Saving	127
	Financial Markets and the Economy	128
	Real and Financial Assets	129
	Are Properties Investments, Too?	130
	Key Considerations in Investments	131
	Financial Intermediaries	131
	Summary	132
	End of Chapter Assessment: Basic Finance	133
<hr/>		
CHAPTER 10:	FISCAL POLICY AND PUBLIC EXPENDITURE	135
	Keynesian Theory of Macroeconomics	136
	Fiscal Policy as a Stabilization Tool	136
	Monetary Policy vs. Fiscal Policy	137
	Taxation in the Philippines	139
	Economics of Tax	139
	Equality and Equity in Tax	142
	Other Benefits of Fiscal Policy	143

Can the Government Do It All: <i>Case in the Philippines</i>	144
Privatization	144
Public–Private Partnership (PPP)	145
Summary	146
End of Chapter Assessment: Fiscal Policy and Public Expenditure	147
CHAPTER 11: ECONOMIC ISSUES	149
Business Cycles in the Economy.....	150
Inflation.....	151
Price Index.....	152
Purchasing Power of Peso.....	154
Regulating Inflation.....	155
Zimbabwe’s Case: A Victim of Hyperinflation in the 21st Century Modern Economy.....	158
Wages and Employment	160
Labor Force and Unemployment	160
The Economic, Psychological, and Social Costs of Unemployment.....	161
Types of Unemployment: Causes and Effects.....	162
The Connection of Agrarian Reform in the Economy	164
The Role of Agrarian Reform in Economic Development	165
Agrarian Reform in the Philippine Context.....	165
Summary	167
End of Chapter Assessment: Economic Issues	169
CHAPTER 12: TRADE, GLOBALIZATION, AND THE INTERNATIONAL ECONOMY	171
International Trade.....	172
Production, Consumption, and Trade	173
Absolute Advantage and Implicit Cause	174
Globalization	175
Roles of Trade Liberalization Organizations.....	175
Summary	177
End of Chapter Assessment: Trade, Globalization, and the International Economy	179
Bibliography	181
Index	189