ADOPTED AT OVER 100 SCHOOLS, INCLUDING

American University
Augustana College
Baruch College, CUNY
Belmont University
Brown University
California State University, Long Beach
California State University, Sacramento
Carleton College
Chicago State University
Clemson University
Colgate University
Colorado School of Mines
Columbia University
Cornell College
Eastern Kentucky University
Eastern Washington University
Fort Lewis College
George Washington University
Gettysburg College
Grinnell College
Hawaii Pacific University
Hofstra University
Hunter College
Indiana University, Purdue
Long Island University
McGill University
Merrimack College
Middlebury College
Minnesota State University
Montana State University, Bozeman
New School University
New York University
Ohio State University, Columbus
Oklahoma City University
Princeton University
Queens College
Quinnipiac University
Reed College
Rochester Institute of Technology
Rutgers University
Ryerson University
Saint Johns University
Salve Regina University
San Francisco State University
Stanford University
Temple University
Texas A&M University
Texas Tech University
Truman State University
Tufts University
Union College
University of Buffalo, SUNY
University of California, Berkeley
University of California, Davis
University of California, Santa Cruz
University of Central Florida
University of Chicago
University of Colorado, Boulder
University of Houston
University of Idaho
University of Iowa
University of Kansas, Lawrence
University of Maryland, Baltimore
University of Missouri, St. Louis
University of Montana, Bozeman
University of Nevada, Reno
University of North Carolina, Chapel Hill
University of North Carolina, Greensboro
University of North Dakota
University of Oklahoma
University of Pittsburgh
University of Rochester
University of San Diego
University of Scranton
University of Southern Illinois
University of Tampa
University of West Florida
University of Texas, Austin
University of Virginia
University of Wisconsin, Oshkosh
Vanderbilt University
West Virginia University
Westminster College
Williams College
Wright State University
Yale University

What instructors are saying

“Great textbook.”
—STEVE DAVIS, University of Chicago School of Business

“It is the best macroeconomics textbook on the market in my opinion and I use it in all the macroeconomics courses I teach. The part on the crisis is brilliant and my students love it.”
—IRASEMA ALONSO, Yale University

“The strength of this book is that it succinctly presents the major topics in a clear and sequentially congruent manner. It tells a streamlined story and fits all the major pieces into a coherent whole. . . . Prior to switching to Jones, the consistent feedback from students is that they found the Solow model to be the most difficult to grasp. I am pleased to say that it is no longer the case since I adopted Jones. . . . ISMP analysis is excellent. (I am not looking back).”
—VIC VARCARCEL, Texas Tech University

“Personally, I love the growth chapters.
As for the short-run chapters, I like setting up the simple ISMP diagram first and then adding nuance. Strengths of the text?—Simplicity without sacrificing content in dealing with cycles. A real appreciation of the importance of trend growth. . . . I will continue to use the Jones text. I think that the level is just right for my classes, and the basic structure makes it easy to “bolt on” new material that comes up.”
—DIETZ VOLLRATH, University of Houston
The most modern coverage of macroeconomics

**The Long Run**

*Macroeconomics* is the only text that presents modern growth theory as researchers in the last 25 years understand it, with complete, accessible coverage of the Romer model and more accurate and appropriate presentation of the Solow model.

---

**I appreciate the combination of rigor and clarity the text provides.**

I appreciate how Jones clearly develops the long-run models. He concisely shows how the production model is refined and extended into the Solow growth model and how the Solow growth model is refined and extended into the endogenous growth model (a very useful exercise for students of economics). In each case he has a number of useful numerical examples that utilize inter-country comparisons that get students thinking about the relative position of the U.S. He succinctly deduces a short-run model from the long-run model."

—Anthony Laramie, Boston College

---

**Chad Jones’s text is a wonderful modern treatment of macroeconomics.**

Its discussion of growth is by far the best around, with its theory-based yet data-intensive approach. Since students also seem to like it better than the other books—and I have tried the main competitors—I am all set!"

—Per Krusell, Princeton University

---

**The Short Run**

*Macroeconomics* uses a logical, straightforward short-run model that more accurately describes Fed behavior and is more intuitive for students: ISMP. New chapters on the ongoing economic crisis and the microfoundations of macroeconomics offer even more short-run coverage.

---

**The move to ISMP was not too bold.** Frankly, I had been waiting for years for somebody to do this at the intermediate level. . . ."

—Mark Siegler, California State, Sacramento

---

**A great strength of the presented short-run model is the explicit recognition of expectations formation in price setting (AS curve).** This greatly assists talk about dynamics and implications of credibility of policy. Working in inflation-output gap space is appealing."

—Bruce Preston, Columbia University
Contents

Part One—Preliminaries

CHAPTER 1: Introduction
CHAPTER 2: Measuring the Macroeconomy

Part Two—The Long Run

CHAPTER 3: An Overview of Long-Run Economic Growth
CHAPTER 4: A Model of Production
CHAPTER 5: The Solow Growth Model
CHAPTER 6: Growth and Ideas
CHAPTER 7: The Labor Market, Wages, and Unemployment
CHAPTER 8: Inflation

Part Three—The Short Run

CHAPTER 9: An Overview of the Short Run
CHAPTER 10: The Global Financial Crisis: Overview
CHAPTER 11: The IS Curve
CHAPTER 12: Monetary Policy and the Phillips Curve
CHAPTER 13: Stabilization Policy and the AS/AD Framework
CHAPTER 14: The Global Financial Crisis and the Short-Run Model

Part Four—Applications

NEW! CHAPTER 15: Consumption
NEW! CHAPTER 16: Investment
CHAPTER 17: The Government and the Macroeconomy
CHAPTER 18: International Trade
CHAPTER 19: Exchange Rates and International Finance
CHAPTER 20: Parting Thoughts

Up-to-date coverage of the economic crisis

The Great Recession is the most important economic event since the Great Depression. Macroeconomics treats it with the importance it deserves, with up-to-date examples throughout the text and two complete chapters on the crisis and its impact.

The economic crisis chapters are very helpful resources—I usually have 2–3 lectures solely devoted to current events. I am teaching intermediate macro for the fourth time using Jones’s textbook. It is great!”
—Nune Hovhannisyan, University of Colorado

Expanded coverage of the microfoundations of intermediate macroeconomics

Macroeconomics has greatly expanded its coverage of financial markets and fiscal policy, especially in the new chapters on the crisis. Also, the text has two new chapters, one on consumption and the other on investment, both of which reflect Chad Jones’s modern view of macroeconomics.

Jones turns an infinite horizon model into a two-period problem, and uses the much simplified framework (featuring the Euler equation) to teach undergraduate students the intertemporal consumption model. I find his approach quite appealing. The end product is easy enough for students to understand.”
—Wei Xiao, Binghamton University

The Investment chapter is very well executed. Chad Jones does a good job in explaining the intuition behind the arbitrage equation without relying on the use of calculus. In this chapter, students can learn using the intuition behind the equations and also understand the decision through simple graphs.”
—Fabio Milani, University of California, Irvine
2. The Great Depression:

(a) When the Fed tightened monetary policy in 1928–29, it raised interest rates. In Figure 14.9, this is shown in the movement of the economy from point $A$ to point $B$, which caused a small slowdown in economic activity by reducing investment.

(b) The stock market bubble then popped, which created tremendous uncertainty in the economy, further reducing consumption and investment. This is modeled as a negative aggregate demand shock (a lower $\bar{a}$ and $\bar{g}$).

\[ \text{FIGURE 14.9} \]

**The Great Depression in the IS/MP Framework**

Real interest rates, $r$

which shifts the IS curve down and to the left, depressing economic activity further as the economy moves from $B$ to $C$.

(c) The Phillips curve is shown in Figure 14.10. The recession in the economy caused the inflation rate to decline. Because the inflation rate was already approximately zero, the decline through the Phillips curve led to deflation—a negative inflation rate.

\[ \text{FIGURE 14.10} \]

**The Phillips Curve and the Great Depression**

Change in inflation, $\pi$

If the Fed had left the nominal interest rate unchanged, then the deflation would have caused the real interest rate to rise even further. To see this, recall the Fisher equation, $i = R + \pi$, which can be rearranged to yield $R = i - \pi$. If $i$ does not change, then a decline in $\pi$ will cause the real interest rate to increase. This is shown in the original IS/MP diagram in Figure 14.9 by another shift up in the MP schedule. The economy moves from $C$ to $D$, causing yet another decline in short-run output. The combination of these three factors caused a large shortfall in output—that is, the Great Depression.

(e) This exercise reveals how a sequence of events can conspire to reduce GDP below potential by a significant amount (the exact numbers in this exercise—the $-3$ percent, $-6$ percent, and $-9$ percent—are just examples). Moreover, we see the vicious circle between deflation and depression that can continue to push the economy further below potential unless some other change breaks this dynamic. In the actual Great Depression, the Fed devalued the dollar by breaking from the gold standard, which is essentially an “unconventional policy” that allowed the Fed to increase the money supply substantially and create some inflation, ending the deflationary spiral.
Online Homework/Tutorial Program with ebook Integration

SmartWork

WWW.NORTON.COM/SMARTWORK

SmartWork 3.0 offers an easy and convenient way to manage, assign, and grade homework. Students will benefit from clear, answer-specific feedback within the structured framework and clean presentation of SmartWork. For teachers, SmartWork couples the administrative ease of automatically graded assignments with data that teachers can use to assess student learning and student effort.

Powerful quizzing engines support an unparalleled range of question types, including those using interactive graphs, multiple-choice questions, and economics equations. Answer-specific feedback and hints coach students through solving problems, and links to the integrated ebook encourage active reading. Assigning, editing, and administering homework within SmartWork is easy. Intuitive authoring tools allow instructors to easily modify existing questions and problems, or develop new content.

SmartWork highlights:

- An intuitive and easy-to-use interface
- Extensive hinting and answer feedback, including multi-step guided tutorial problems
- A wide range of question types, including interactive graphs, multiple-choice questions, and economics equations
- Easy-to-use authoring tools give instructors full editorial control over ready-made content

Other helpful features:

- An easy-to-use tool for composing graphs and mathematical expressions
- Algorithmically generated variables
- Fully worked solutions with up to two expanded tutorial problems per chapter
- An at-a-glance gradebook that offers a visual summary of students’ work
- A full complement of tools for managing homework assignments and grades
- A fully integrated ebook

SmartWork is fully integrated with the Norton ebook.

Resources for Students

StudySpace: Your place for a better grade.

WWW.NORTON.COM/STUDYSPACE

StudySpace is a free and open resource for students to review key concepts and test themselves prior to midterms and finals. It contains links to the SmartWork homework problems, as well as the following features:

- Progress Report
- Chapter Outlines
- Diagnostic Review Quizzes: Multiple-choice and true/false quizzes for each chapter that quiz students on key concepts, data, and facts and provide diagnostic feedback

Other helpful features:

- Data Plotter: Exercises that use real data plotted in graphs to help students understand trends and concepts related to data models
- Interactive Concept Tutorials: Interactive Flash-based tutorials where students can get extra help with the most challenging concepts in the course
- Economics in the News RSS feed

Study Guide

DAVID GILLETTE, Truman State University

Revised and updated to include the new chapters, the Study Guide includes chapter overviews, key concepts, multiple-choice and true/false review questions, and worked and un-worked exercises and problems with complete solutions. It also includes a “math review” section at the end of the first chapter to help gauge each student’s math background upon entering this course.


NORTONEBOOKS.COM

An affordable and convenient alternative, Norton ebooks retain the content and design of the print book and allow students to highlight and take notes with ease, print chapters as needed, and search the text. Norton ebooks are available online and as downloadable PDFs. They can be purchased directly from our website or with a registration folder that can be sold in the bookstore.
Instructors Resource Disc
This helpful classroom presentation tool features Lecture PowerPoint slides with a suggested classroom-lecture script in the notes field, clicker questions, a separate set of art PowerPoints featuring drawn figures, and tables and graphs from the text.

Lecture PowerPoints
The lecture PowerPoints include outlines of the material in the chapters, as well as dynamic graphs, tables, and drawn art from the text.

Coursepacks
Available at no cost to professors or students, Norton coursepacks bring high-quality Norton digital media and quality content into a new or existing online course. Content includes chapter-based assignments, test banks and quizzes, interactive learning tools, and all content from the StudySpace website.

Test Bank/Computerized Test Bank
ROBERT SONORA, Fort Lewis College
The Test Bank contains over 2,000 questions, aligned to a concept map and revised according to the new assessment guidelines. Available on CD or for download in Word, PDF, and CMS formats.

All Norton test banks are available with Exam View Test Generator software, allowing instructors to effortlessly create, administer, and manage assessments, and making it easy to create customized exams. Other key features include the ability to create paper exams with algorithmically generated variables and to export files directly to Blackboard, WebCT, and Angel.

Instructor’s Manual
ANTHONY LARAMIE, Boston College
Revised and updated to include the new chapters, the Instructor’s Manual contains chapter overviews, sample lectures, and answers to end-of-chapter exercises. It also includes “excursions,” which expand on case studies in the book and introduce new case studies, as well as articles and data that can be used as handouts in class.

Flexible formats
Choose from a menu of custom editions to make Macroeconomics an even better fit for your course—and save your students money. In addition to the standard hardcover text, Macroeconomics is available in paperback and loose-leaf, three-hole-punch editions that cost 20–40 percent less.

Custom textbook
Want even more control of your textbook? Create a text with only the material you want AND save students money with a range of additional custom options. Contact your Norton Representative for details.

Custom ebooks
Save students even more with a custom ebook. With Chapter Select, you can create a custom ebook with only the content you need while still providing students with an unrivaled ebook experience—for as little as $20. The complete ebook is available for one-third the cost of the printed text. To learn more about ebooks and Chapter Select custom options, visit NORTONEBOOKS.COM.
Ordering Options

Macroeconomics
Second Edition
CHARLES I. JONES, Stanford University
➠ 978-0-393-93423-6 * 500 pages * hardcover

Study Guide
➠ 978-0-393-91178-7 * paperback

Ordering and Contact Information

Examination Copy Policy
If you teach a course for which Macroeconomics, Second Edition, might be used as a required text, you may request a copy for examination. In the United States or Canada, submit your request on departmental stationery to our New York office. Be sure to indicate the name of your course and its approximate enrollment, along with a phone number or email at which we might contact you for more information.

You may also fill out and return the attached reply card. In order for us to consider your request, you must fill out the form completely.

Contact Information
➠ W. W. Norton & Company, Inc.
Independent and Employee-Owned
500 Fifth Avenue
New York, NY 10110-0017
Tel 800.233.4830
Fax 800.458.6515

For more information and complete descriptions of all Norton titles or to contact your local Norton representative, please visit WWNorton.com.

For secondary school orders, please contact:
Peoples Education
299 Market Street
Saddle Brook, NJ 07663-5312
Tel 800.822.1080
Fax 201.712.0045
PEOPLES COLLEGE PREP.COM

Ordering and Contact Information

International Representatives

United Kingdom, Eire, Europe, the Middle East, Africa
W. W. Norton & Company Ltd.
Castle House - 75/76 Wells Street
London W1T 3QY
United Kingdom
Tel (44) 20 7323 1579
Fax (44) 20 7436 4553
Email: office@wnorton.co.uk

Australia
John Wiley & Sons Australia, Ltd.
42 McDougall Street
Milton, Queensland 4064
Tel (61) 7 3859 9755
Fax (61) 7 3859 9715
Email: headoffice@johnwiley.com.au

New Zealand
Pearson Education New Zealand
67 Apollo Drive - Rosedale
North Shore City 0632
Tel (64) 9 444 4968
Fax (64) 9 444 4957
Email: customer_service@pearsonnz.co.nz

Japan
MK International Ltd.
1-3-13-201 Higashi-Mizuhodai
Fujimi-shi - Saitama 354-0015
Japan
Tel (81) 049 275 3287
Fax (81) 049 275 3285
Email: tokyo@wnorton.jp

Taiwan and Korea
B. K. Norton Ltd.
5F, 60 Roosevelt Road Sec. 4, Taipei 100 - Taiwan
Tel (886) 2 6632 0088
Fax (886) 2 6632 9772
Email: angela@bookman.com.tw

Hong Kong and Macau
Transglobal Publishers Service Ltd.
27/F Unit E Shield Industrial Centre
84/92 Chai Wan Kok Street
Tuen Wan, N.T. - Hong Kong
Tel (852) 2413 5322
Fax (852) 2413 7049
Email: Anthony.Choy@transglobalpsl.com

People’s Republic of China
Everest International Publishing Services
Wei Zhao, Director
2-1-503 UHN Intl
2 Xi Ba He Dong Li
Beijing 100028 - China
Tel (86) 10 5130 1051
Fax (86) 10 5130 1052
Email: wzbooks@aol.com

Singapore, Malaysia, Indonesia
APAC Publishers Services Pte. Ltd.
B1-8, Lorong Bakar Batu, #05-02
Singapore 348473
Tel (65) 6844 7333
Fax (65) 6747 8916
Email: steven@apacmedia.com.sg

Thailand, Cambodia, Laos, Vietnam, Myanmar
Hardy Bigloss International Co., Ltd.
28 Soi 15, Rama IX Soi 43, Suan Luang
Bangkok 10250 - Thailand
Tel (66) 2300 5431
Fax (66) 2718 4327
Email: keith@hardybigloss.com

Mexico, South and Central America, the Caribbean
US PubRep, Inc.
- 311 Dean Drive
Rockville, MD 20851-1144 USA
Tel 301.838.9276
Fax 301.838.9278
Email: craigfalk@aya.yale.edu

StudySpace
WWWNORTON.COM/STUDYSPACE

SmartWork
WWWNORTON.COM/SMARTRWORK

SmartWork/ebook package
Macroeconomics + ebook + SmartWork
➠ 978-0-393-14084-2

Study Guide package
Macroeconomics + Study Guide + ebook + SmartWork
➠ 978-0-393-14083-5

COVER: Sandra Baker/Photographer’s Choice/Getty Images.
I teach a course for which I would consider adopting *Macroeconomics, Second Edition*. Please consider my request for an examination copy.