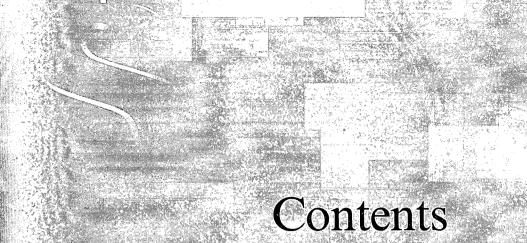
Everyday Finance: Econor Econor Personal Money Management, and Entrepreneurship

VOLUME 2



VOLUME 1

Reader's Guide	XV
Glossary	xvii
How the Economy Works	
Introduction: What is Economics?	3
Biography: Adam Smith	. 4
The Big Picture: Macroeconomics	9
Overview: Macroeconomics	. 9
Basic Economic Concepts	
Scarcity	11
Biography: Thomas Malthus	14
Three Economic Questions: What, How, for Whom?	15
Factors of Production: Land, Labor, Capital	17
Circular Flow of Economic Activity	20
Ceteris Paribus	23
Economic Systems and Philosophies	
Traditional Economic System	25
Barter	27
Market Economy	29
Biography: John Stuart Mill	30
Classical Economics	32
Neoclàssical Economics	35
Say's Law	37
Keynesian Economics	38

Monetarist Theory	41
Supply Side Theory	43
Rational Expectation Theory	45
Planned Economy	46
Marxist Economics	49
Biography: Karl Marx	50
Mixed Economic System	53
Transition Economy	56
What Is Money?	
Money	58
Money Supply	61
Inflation	63
Deflation	65
Stagflation	67
Debt	69
Interest Rate	71
interest rate	, 1
The Economy in Action	
Economic Growth	74
Business Cycle	76
Recession	79
Great Depression	81
Industries	83
Investment	86
Employment and Unemployment	88
Financial Markets	91
Black Market	94
How the Economy Is Measured	
•	
Gross Domestic Product	96
Consumption	98
Aggregate Demand	100
Aggregate Supply	103
Income	106
Consumer Price Index	108
Producer Price Index	110
Index of Leading Economic Indicators	112
Standard of Living	114
The Individual Parts: Microeconomics	117
Overview: Microeconomics	117
Biography: Alfred Marshall	118

Supply and Demand: The Relationship between Businesses and Consumers

Market	120
Supply and Demand	123
Elastic and Inelastic Demand	125
Marginal Utility	127
Economic Shortage	129
Economic Surplus	132
Income and Substitution Effects	133
Market Failure	136
Externality	138
Economic Rent	141
Competition between Businesses	
Perfect Competition	142
Monopoly	145
Natural Monopoly	147
Government-Granted Monopoly	150
Monopolistic Competition	152
Oligopoly	154
Cartel	156
Game Theory	158
What Motivates Businesses	
Revenue	160
Profit and Loss	162
Long Run versus Short Run	165
Economies of Scale	167
Barriers to Entry	170
Law of Diminishing Returns	172
Opportunity Costs	174
Production Possibilities Curve	176
Technology	178
Consumer Sovereignty	180
Labor: The People Working in the Economy	
	100
Labor Force	183
Division of Labor	184
Wages	186
Inequality in the Labor Force: Opportunity versus Outcome	188
Distribution of Income	191
Productivity	193

Labor Union	196 198
How Countries Work Together: International Trade	201
Overview: International Trade	201
Biography: David Ricardo	202
Basic Concepts	
Exports	205
Imports	207
Absolute Advantage	210
Comparative Advantage	212
Free Trade	214
Money Moving between Countries	
Balance of Payments	217
Trade Surplus and Trade Deficit	219
Foreign Exchange	221
Foreign Direct Investment	223
International Trends	
Globalization	225
Developed Countries	228
Developing Countries	230
International Labor Issues	232
Foreign Worker	234
Government's Role in the Economy	237
Overview: Government's Role in the Economy	237
Biography: John Maynard Keynes	238
Basic Responsibilities	
Private Property and Property Rights	241
Creation of Public Goods	244
Problem of Free Riders	245
Fiscal Policy	248
Government Spending	249
Multiplier Effect	251
Government Failure	253
Economic Development	255
Sustainable Development	258
Transfer Payment	260
Welfare	263

Foreign Aid	205
Monetary Policy	268
Bank Reserves	270
Economic Legislation	273
Antitrust Legislation	276
Intellectual Property	278
Labor Laws	281
Minimum Wage	283
Protectionism	286
Free Trade Zone	288
Price Ceilings and Price Floors	290
How Governments Raise Money	
·	292
Taxes	
Income Tax	295
Sales Tax	297
Excise Tax	299
Property Tax	301
Estate Tax and Inheritance Tax	303
Business Tax	304
Who Oversees the Economy: Government Organizations	
Bureau of Economic Analysis	307
Bureau of Labor Statistics	308
Consumer Product Safety Commission	310
Federal Deposit Insurance Corporation	312
Federal Open Market Committee	315
Food and Drug Administration	317
Federal Reserve System	319
Federal Trade Commission	321
Internal Revenue Service	324
Securities and Exchange Commission	326
Group of Eight	327
International Monetary Fund	329
Trade Bloc	331
World Trade Organization	334
World Bank	336
WORK Dalik	<i>55</i> 0
VOLUME 2	
Personal Money Management: Buying, Borrowing, Saving,	
and Insuring	
Introduction: Personal Money Management	341

Buying: The Consumer's Role in the Economy	345
Overview: Personal Decision-Making and Shopping	345
Common Concerns	
Budgeting	348
Bills	350
Buying a Car	353
Leasing a Car	355
Buying a Home	357
Renting an Apartment	360
How to Pay for Everyday Purchases	
Cash	362
Checking Account	365
Credit Card	367
MasterCard	369
Visa Card	371
Charge Card	372
Debit Card:.	374
Electronic Banking	377
Money Order	379
Cashier's Check	380
Traveler's Check	382
Gift Certificate	384
Gift Card	386
Borrowing: When You Need More Money Than You Have	389
Overview: Why People Go into Debt	389
Types of Loans	
Loan	391
Line of Credit	393
Personal Loan	395
Student Loan	397
Car Loan	399
Home Loan	402
Home Equity Loan	404
Payday Loan	406
Debt Consolidation Loan	408
Who Lends Money	
Bank	410
Credit Union	413

Savings and Loan Association	415
Finance Company	417
Pawnbroker	419
Rent-to-Own Store	421
Check-Cashing Store	423
Problems with Debt	
Credit Counseling	425
Credit Bureau	427
Bankruptcy	429
Garnished Wages	431
Saving and Investing: Planning for the Future	435
Overview: Saving and Investing Money	435
Motivations for Saving and Investing	
Time Value of Money	438
Risk versus Reward	440
Financial Planning	442
Saving for College	444
Retirement Plans	446
Where to Save and Invest	
Savings Account	449
Money Market Account	451
Certificate of Deposit	453
Common Stock	456
Stock Market	458
New York Stock Exchange	460
NASDAQ	462
Bond	464
Mutual Fund	466
Treasury Securities	469
Hedge Fund	471
Capital Gains and Losses	473
Safe-Deposit Box	475
Protecting Yourself from Risk	477
Overview: Insurance	477
Types of Insurance	
Home Insurance	479
Renter's Insurance	482

Car Insurance	483
Warranty	485
Medical Insurance	487
Health Maintenance Organization	491
Preferred Provider Organization	494
COBRA	496
Dental Insurance	498
Disability Insurance	500
Life Insurance	502
Government Protection	
Medicare	504
Medicaid	507
Food Stamp	509
Social Security	511
Temporary Assistance to Needy Families	514
Special Supplemental Nutrition Program for Women, Infants, and	
Children	516
Worker's Compensation	518
Consumer Bill of Rights	520
Consumer Credit Protection Act	523
Usury Laws	525
Entrepreneurship: The World of Business	
Introduction: Entrepreneurship	531
How Businesses Are Run	535
Overview: Business Organization	535
Types of Businesses	
Corporation	537
Board of Directors	539
Limited and Unlimited Liability	540
Multinational Corporation	542
Partnership	545
Franchise	547
Sole Proprietorship	549
Independent Contractor	551
Nonprofit Organization	553
Charity	556
Basic Business Concerns	
Starting a Business	558

Business Plan	561
Management	563
Risk Taking	565
Venture Capital	567
Small Business Administration	568
Creating Products and Services	
Product Development	571
Brand	573
Manufacturing	575
Mass Production	578
Outsourcing	579
Quality Control	581
Total Quality Management	583
Product Liability	586
Customer Satisfaction	588
Attracting Customers	591
Overview: Marketing Mix: Product, Price, Place, Promotion	591
Marketing and Advertising	
Market Research	593
Advertising	595
Mass Marketing	598
Niche Marketing	600
Direct Mailing	602
Bringing the Product to the Customer	
Distribution	605
Pricing	607
Selling	610
Retailing	612
E-commerce	614
Web Management	616
Public Relations	618
Money Management	623
Overview: Accounting	623
Cash Flow	626
Costs of Production	627
Cost-Benefit Analysis	630
Inventory Control	631
Investment Management	634

Business Financing	636
Financial Statements	638
Depreciation	641
Trade Credit	643
Dividends	644
Working with Employees	647
Overview: Hiring and Managing Employees	647
Job Applications	649
Human Resources	651
Payroll	654
Cost-of-Living Adjustment	656
Employee Benefits	658
Equal Opportunity	660
Ergonomics	662
Stress Management	664
Business Ethics and the Law	667
Overview: Business Ethics	667
Business Laws	669
Bait and Switch	672
Pyramid Scheme	674
Identity Theft	676
Insider Trading	677
Better Business Bureau	679
Further Reading	xli

xlv