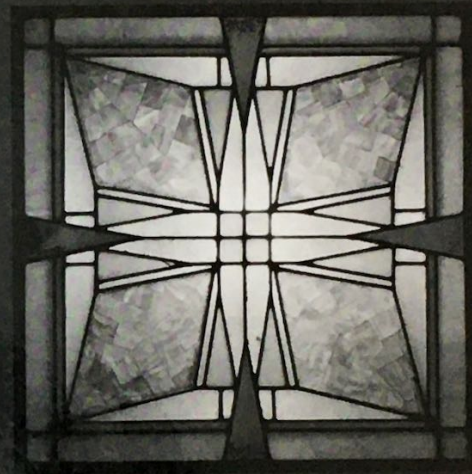


PRINCIPLES OF ECONOMICS

Third Edition



Robert H. Frank
Ben S. Bernanke

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PRINCIPLES OF ECONOMICS

Third Edition

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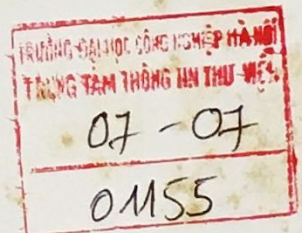
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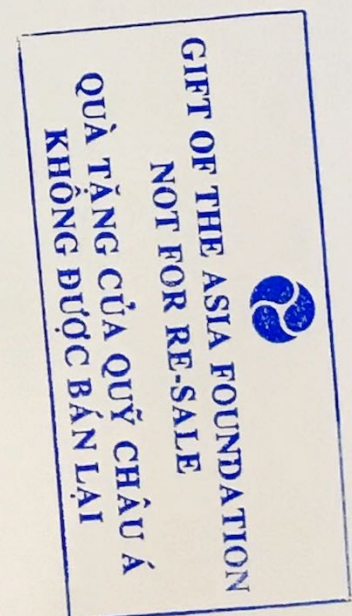
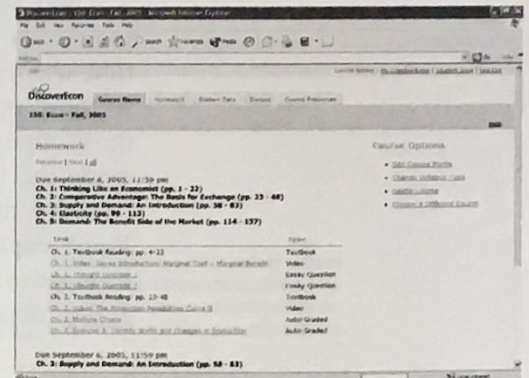
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A NOTE ON THE WRITING OF THIS EDITION

For two-and-a-half years, Ben Bernanke served as a member of the Board of Governors of the Federal Reserve System, and he has recently been appointed as chairman of the President's Council of Economic Advisers. These positions have allowed him

to play an active role in making U.S. economic policy, but the rules of government service have restricted his ability to participate in the preparation of the third edition.

Fortunately, we were able to enlist the aid of Roger Kaufman of Smith College to take the lead in revising the macro portions of the book. Roger, who is a long-time user of the book and a superb teacher, brings extensive classroom experience to the project. He has done an excellent job of updating the book to reflect the most important recent developments in the world economy. Pedagogically, he has made the book more student-friendly and the presentation more patient, while retaining the book's underlying approach and strengths. Ben Bernanke and Robert Frank express their deep gratitude to Roger for the energy and creativity he has brought to his work on the book. He has made the book a better tool for students and professors.

ACKNOWLEDGMENTS

Our thanks first and foremost go to our publisher, Gary Burke, for his unwavering faith in our project since its inception. In an industry known for sticking with proven formulas, he has been willing from the outset to gamble that the market will embrace our somewhat unorthodox vision. Without his support and encouragement, we never could have produced this book. Tom Thompson, our development editor, was enormously helpful as he guided us with intelligence, patience, and tact through three major revisions of the original manuscript, and further extensive revisions for the second and third editions. We thank Paul Shensa, the sponsoring editor, whose considerable experience, insightful suggestions, and extensive knowledge of the marketplace were of great help. We also thank Marty Quinn, our creative marketing manager, for helping to get the message into the wider world. We are especially grateful to Betty Morgan, our superb manuscript editor. And we are also grateful to the production team, whose professionalism was outstanding: Susanne Riedell, Project Manager; Matthew Baldwin, Designer; Michael McCormick, Production Supervisor; Lori Kramer, Photo Research Coordinator; Carol Loreth, Supplement Producer; Becky Szura, Media Project Manager; and Jennifer Fisher, Media Producer. We would also like to thank Sarah Anders for her reliable assistance in updating the macroeconomic data.

Finally, our sincere thanks to the following teachers and colleagues, whose thorough reviews and thoughtful suggestions led to innumerable substantive improvements.

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