

Principles of Economics Release Notes 2016

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Page Count Difference:

In this latest edition of *Principles of Economics*, there is a difference of 2 pages compared with to last edition. This is attributed to padding changes.

Errata:

Below is a table containing submitted errata, and the resolutions that OpenStax has provided to this latest text. *Principles of Economics* has been updated to include current Federal Reserve Economic Data (FRED). See final four items below.

Issue	Resolution	Severity
Chapter 6: Intertemporal Choices in Financial Capital Markets: the sentence "In fact, the amount in IRAs rose from \$239 billion in 1992 to \$3.7 billion in 2005..." clearly holds the typo of "billion" instead of "million".	Agreed that there is a typo here. This sentence should read, "In fact, the amount of IRAs rose from \$239 billion in 1992 to \$3.7 trillion in 2005 to over \$5 trillion in 2012, as per the Investment Company Institute, a national association of U.S. investment companies."	Typo
Chapter 24: Shifts in Aggregate Demand: Clear It Up: Text says "AD = C + I + G + X – M, where M is the total value of exported good" but should say where M is the value of imported goods.	Agreed. Please revise the sentence to read, "We have seen that the formula for aggregate demand is AD = C + I + G + X - M, where M is the total value of imported goods."	Minor
Chapter 3: Changes in Equilibrium Price and Quantity: The Four-Step Process: , there is a mistake on page 62 in the example steps Here, the book describes the four steps to view the shift in supply and It looks like the example steps 1-4 where	Agreed. Replace step 3 so that it reads, "Step 3. Was the effect on supply positive or negative? Higher labor compensation leads to a lower quantity supplied of postal services at every given price, causing the supply curve for postal services	Minor

<p>pasted from the earlier example about the decline of print news readership. In steps one and two, the book refers to the postal service, but in step 3 it refers to news sources. Hope this helps in future versions of the book. Thank you for providing an excellent resource to students, I really appreciate it!</p>	<p>to shift to the left, from S_{0} to S_{1}."</p>	
<p>Solutions Manual: Chapter 7: Self-Check Questions: questions 3 and 4 on pages 163 and 164 of written text has Average Total Cost and Average Variable Cost answers reversed.</p>	<p>Agreed. Please reverse the "Average Total Cost" and "Average Variable Cost" headers in the tables in question 3. Clarify in question 4 that "average cost" is actually the "average total cost."</p>	<p>Minor</p>
<p>Chapter 29: How the Foreign Exchange Market Works: In Figure 29.2 (a), in the third, right-most box \$25,000 should be replaced by \$25,600 and \$1,000 by \$1,600.</p>	<p>Revise box on right to read "...back to \$25,600--and earn a profit of \$1,600."</p>	<p>Typo</p>
<p>Chapter 12: The Economics of Pollution: The meaning of Table 12.1 is unclear. 1) In the paragraph immediately preceding the table, the table is first described as listing "the emissions from each" user of energy. Similarly, the caption of the table reads "... Emissions from Fossil Fuels..." From the text, it appears though the table lists CHANGES IN emissions. 2) Why are there no numbers in the last two columns of the row "Power"? It leads to the entry (730) in the last column of the last row equalling the sum of the last column's entries, but being not equal to the sum of the last row's entries.</p>	<p>Revise text as follows: "Table 12.1 lists the change in carbon dioxide emissions by users of energy (from residential to industrial) according to the U.S. Energy Information Administration (EIA)."</p>	<p>Minor</p>
<p>Chapter 12: The Economics of Pollution: In figure 12.2, S_{public} is used. In the caption</p>	<p>Revise figure label to read "Ssocial"</p>	<p>Typo</p>

of the same figure (and in the text on the same page), the same supply curve is referred to as S_{social} .		
Chapter 1: How Economists Use Theories and Models to Understand Economic Issues: The paragraph following "Link It Up" contains two typos: 1) "Studying economics teaches you to think in a different of way" -> "of" should be deleted 2) last sentence of paragraph: "... first put forth by Adam Smith, in his book, Figure 1.3 The Wealth of Nations" -> "Figure 1.3" in wrong place	Revised text to remove "of" and fixed reference of link.	Typo
Chapter 33: What Happens When a Country Has an Absolute Advantage in All Goods: sentence starting end of second-last line of page: "But good students of Ricardo...": "But" should be deleted	Revise sentence as follows: "Good students of Ricardo understand that trade is about mutually beneficial exchange."	Typo
Chapter 4: Introduction to Labor and Financial Markets: 1st paragraph of page (in Bring it Home box), last sentence: "... in the second half of this case at chapter's end..." -> check English	Revise text as follows: "Our study of supply and demand will help us to analyze what might happen in the labor market for nursing and other healthcare professionals, as discussed in the second half of this case at the end of the chapter."	Typo
Chapter 4: Introduction to Labor and Financial Markets: 2nd sentence: "They apply to any market, even markets for financial services like labor and financial markets." This says labor markets are an example of financial service markets....	Revise text as follows: "They apply to any market, even markets for labor and financial services."	Typo
Chapter 7: Explicit and Implicit Costs, and Accounting and Economic Profit: 1st line of 1st centered question on page (in Work it Out box): "Economic profit = total revenues - explicit costs -	Added "t" to profit.	Typo

implicit costs": "t" is missing in "profit"		
Chapter 7: The Structure of Costs in the Short Run: penultimate paragraph: To avoid confusion, the last sentence should be moved "up" as follows: "This is the pattern of diminishing marginal returns. AS A RESULT, THE TOTAL COSTS OF PRODUCTION WILL BEGIN TO RISE MORE RAPIDLY AS OUTPUT INCREASES. At some point, you may even see negative returns as additional barbers begin bumping elbows..." The capitalized sentence is inappropriate as last sentence as in the case of negative returns (described in the two sentences currently preceding the currently last sentence) there is no increase in output, as referred to in the currently last sentence.	Revise text as follows: This is the pattern of diminishing marginal returns. As a result, the total costs of production will begin to rise more rapidly as output increases." At some point, ..."	Minor
Chapter 34: Protectionism: An Indirect Subsidy from Consumers to Producers: last line of page: "U.S. jobs in textiles and apparel fell from about 542,000 in 2007 to 541,000 in 2012, an 8% decline" There must be a typo somewhere (a decline of 1,000 does not correspond to 8%)	Revise text as follows: "The U.S. Bureau of Labor Statistics (BLS), estimated the number of U.S. jobs in textiles and apparel fell from 666,360 in 2007 to 385,240 in 2012, a 42% decline."	Typo
Chapter 34: International Trade and Its Effects on Jobs, Wages, and Working Conditions: 1st paragraph following "Link It Up," 3rd last line: remove comma from "industry trade,."	Removed comma.	Typo
Chapter 7: Explicit and Implicit Costs, and Accounting and Economic Profit: Is the following a print issue? (I use the pdf version) p. 169, 1st centered equation: "t" missing from "Profit" p 174: same for last centered equation	Corrected these typos.	Typo

<p>p 175: similarly, in each centered equation, 1 letter is missing: t from profit (1st equation), t from total revenue (2nd equation), r from price (3 equation), t from total revenue (4th equation), r from price (5th equation)</p>		
<p>Chapter 10: Monopolistic Competition: 2nd line of 2nd paragraph: "... is shown in the figure at point V" -> V should be replaced by Y</p>	<p>Revise text as follows: "...is shown in the figure at point Y"</p>	<p>Typo</p>
<p>Appendix: The Use of Mathematics in Principles of Economics: A set of serious labelling errors has not yet been corrected in Appendix A of the economics textbooks. These errors appear in the following section of Appendix A. Solving Models with Graphs Erroneous Statement (errors in Red): The demand curve is then $P = 8 - 5Q_s$ and the demand curve is $P = -0.4 + 2Q_d$ Corrected Statement (corrections in Green): The demand curve is then $P = 8 - 5Q_d$ and the supply curve is $P = -0.4 + 2Q_s$</p>	<p>Revise the text of Appendix A as follows: Algebraic Models ... Solving Models with Graphs "If algebra is not your forte, you can get the same answer by using graphs...The demand curve is then $P = 8 - 0.5Q_d$ and the supply curve is $0.4 + 0.2Q_s$." (Previous: The demand curve is then $P = 8 - 0.5Q_s$ and the demand curve is $0.4 + 0.2Q_d$)</p>	<p>Typo</p>
<p>Chapter 9: Monopoly, Section: How a Profit-Maximizing Monopoly Chooses Output and Price, Subsection: Total Cost and Total Revenue for a Monopolist: in Table 9.2, profits in row 4 and 5 should be 800 and 500 respectively.</p>	<p>Revise table "Total Costs and Total Revenues of HealthPill" as follows: Profit column for row 4 should be 800 (previously 900). Profit column for row 5 should be 500 (previously 700).</p>	<p>Major</p>
<p>Chapter 9: Monopoly, Section: How a Profit-Maximizing Monopoly Chooses Output and Price, Subsection: Total Cost and Total Revenue for a Monopolist, last paragraph- first complete paragraph, last word should be 800, not 900. This results from corrections to Total Profits in</p>	<p>Revise the last paragraph of subsection "Total Cost and Total Revenue for a Monopolist" to mention the highest profit as 800, not 900.</p>	<p>Minor</p>

Table 9.2.		
Chapter 9: Monopoly, Section: How a Profit-Maximizing Monopoly Chooses Output and Price, Subsection: Marginal Revenue and Marginal Cost for a Monopolist: Figure 9.5. first 2 points are mis-plotted. The points should be (2, 300) and (3, 400).	Revise the first figure in subsection "Marginal Revenue and Marginal Cost for a Monopolist" so that the first two points plotted for marginal cost are (2, 300) and (3, 400).	Minor
Chapter 9: Monopoly, Section: How a Profit-Maximizing Monopoly Chooses Output and Price, Subsection: Marginal Revenue and Marginal Cost for a Monopolist: Table 9.3. Last column should be titled "Marginal Revenue," not "Total Revenue." Row 6 Total Cost, Marginal Cost, and Average Cost should be 4,200, 700 and 700 respectively. Row 7 Marginal Cost should be 1,400.	Revise table "Costs and Revenues of HealthPill" as follows: Last column on the right should be titled "Marginal Revenue" (previously Total Revenue). For row 6, Total Cost should be 4,200, Marginal Cost should be 700, and Average Cost should be 700 (previously 4,400, 900, 733). For row 7, Marginal Cost should be 1,400 (previously 1,200).	Major
Chapter 9: Monopoly, Section: How a Profit-Maximizing Monopoly Chooses Output and Price, Subsection: Marginal Revenue and Marginal Cost for a Monopolist Row 6 Marginal Cost, Marginal Profit, and Total Profit should be 700, -500 and 0 respectively. Row 7 Marginal Cost and Marginal Profit should be 1,400 and - 1,400 respectively.	Revise Table "Marginal Revenue, Marginal Cost, Marginal and Total Profit" as follows: In row 6, Marginal Cost should be 700, Marginal Profit should be -500, and Total Profit should be 0 (previously 900, -700, -200). In row 7, Marginal Cost should be 1,400, and Marginal Profit should be - 1,400 (previously 1,200, -1,200).	Major
Chapter 21: Unemployment, Section: What Causes Changes in Unemployment over the Long Run, Subsection: Natural Unemployment and Potential Real GDP: under the heading: Natural Unemployment and Potential real GDP real GPD should be corrected to real GDP	Revise typo of "real GPD" to "real GDP".	Typo
Chapter 17: Introduction to Financial Markets: Update Figure 17.2 with current data from the FRED website.	Figure 17.2 Corporate Profits After Tax (Adjusted for Inventory and Capital Consumption) updated to include current data	Minor

	(up to 2015) from Federal Reserve Economic Data (FRED).	
Chapter 29: How the Foreign Exchange Market Works: Revise Figure 29.3 to include current data from the FRED website.	Figure 29.3 Strengthen or Appreciate vs. Weaken or Depreciate updated to include current data (up to 2015) from Federal Reserve Economic Data (FRED).	Minor
Chapter 29: Exchange Rate Policies: Revise figure 29.11 to included updated data from the FRED website.	Figure 29.11 U.S. Dollar Exchange Rate in Japanese Yen updated to include current data (up to January 2016) from Federal Reserve Economic Data (FRED).	Minor
Chapter 21: Patterns of Unemployment: Replace Figure 21.3 with a graph created with data from the FRED website.	Figure 21.3 The U.S. Unemployment Rate, 1955-2015 updated to include current data (up to 2015) from Federal Reserve Economic Data (FRED).	Minor