

Principles of Macroeconomics Release Notes 2016

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Page Count Difference:

This edition of *Principles of Macroeconomics*, has a page count difference of 3 pages compared to the last edition. This is attributed to padding changes.

Errata:

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

Issue	Resolution	Severity
Chapter 11: Building a Model of Aggregate Demand and the Aggregate Supply: The book says: 'Explain the aggregate demand curve and it is influenced by price levels'. It should read: 'Explain the aggregate demand curve and HOW it is influenced by price levels'	Agreed. Revise the learning objective to read, "Explain the aggregate demand curve and how it is influenced by price levels."	Typo
Chapter 11: 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 6: The Macroeconomic Perspective, Section: Adjusting Nominal Values to Real Values, Subsection: Converting Nominal to Real GDP, last paragraph: In the	Revise the last paragraph of subsection Converting Nominal to Real GDP as follows: "There is a quicker way to answer this question approximately, using	Typo

<p>equations following "There is a quicker way....." replace Real GDP with Nominal GDP.</p>	<p>another math trick. Because: Nominal = Price x Quantity % Change in Nominal = % change in Price + % change in Quantity OR % Change in Quantity = % change in Nominal - % change in Price" (Previous: Real GDP = Price x Quantity % change in real GDP = % change in price + % change in quantity OR % change in quantity = % change in real GDP - % change in price)</p>	
<p>Chapter 3: Demand and Supply, Section: Demand, Supply, and Equilibrium in Markets for Goods and Services, Subsection: Supply of Goods and Services, 2nd paragraph: In the paragraph starting with "Figure 3.3 illustrates...", on the third line, replace "quantity demanded" with "quantity supplied".</p>	<p>Revise the 2nd paragraph of Subsection: Supply of Goods and Services as follows: "Figure 3.3 illustrates the law of supply, again using the market for gasoline as an example... Again, price is measured in dollars per gallon of gasoline and quantity supplied is measured in millions of gallons." (Previous: ...and quantity demanded is measured in millions of gallons.)</p>	<p>Typo</p>
<p>Chapter 5: Elasticity, Section: Polar Cases of Elasticity and Constant Elasticity, Figure 5.5 Zero Elasticity: In the text for Figure 5.5 replace "(a) supplied" with "(a) demanded" and replace "(b) demanded" with "(b) supplied"</p>	<p>Revise the caption of Figure 5.5 Zero Elasticity as follows: "The vertical supply curve and vertical demand curve show that there will be zero percentage change in quantity (a) demanded or (b) supplied, regardless of the price. (Previous: ...change in quantity (a) supplied or (b) demanded)</p>	<p>Typo</p>
<p>Test Bank: -Question 7-38. "Bangladesh" is missing in the question. -Several questions in Chapter 7 are duplicates. This is a concern when used in an LMS that randomly assigns questions to an exam. -Question 11-19. The correct answer is 300. -Question 15-14. The problem only provides percentages, but the answers are in \$. Not enough information to</p>	<p>Revise test bank questions for chapters 7, 11, 15, and 19.</p>	<p>Typo</p>

<p>answer. -Question 19-12. The numbers in the question and answer do not agree with the text. -Question 19-2 and Text p. 447. The text has an error that makes the question answer in error. The text above Table 19.2 does not agree with the numbers in the table. The table is correct.</p>		
<p>Chapter 14: Money and Banking, Section: The Role of Banks, Clear it Up: the last paragraph says that 6,535 credit unions with assets totaling \$1.1 billion. I believe that should be \$1.1 trillion. Also, the second to last sentence says that ...some now hold deposits as large as \$50 million. I think that probably should be \$50 billion.</p>	<p>Revise the last paragraph of the Clear it Up "How are banks, savings and loans, and credit unions related?" as follows: "Consequently, some now hold deposits as large as \$50 billion." (Previous: \$50 million)</p>	<p>Typo</p>
<p>Chapter 16: Exchange Rates and International Capital Flows, Section: How the Foreign Exchange Market Works, Subsection: Strengthening and Weakening Currency, first figure</p>	<p>Figure 16.3 Strengthen or Appreciate vs. Weaken or Depreciate updated to include current data (up to 2015) from Federal Reserve Economic Data (FRED).</p>	<p>Minor</p>
<p>Chapter 16: Exchange Rates and International Capital Flows, Section: Exchange Rate Policies, second figure</p>	<p>Figure 16.11 U.S. Dollar Exchange Rate in Japanese Yen updated to include current data (up to January 2016) from Federal Reserve Economic Data (FRED).</p>	<p>Minor</p>
<p>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 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</p>	<p>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 to shift to the left, from S_0 to S_1."</p>	<p>Minor</p>

future versions of the book. Thank you for providing an excellent resource to students, I really appreciate it!		
Chapter 8: Unemployment, Section: Patterns of Unemployment, first figure	Figure 8.3 The U.S. Unemployment Rate, 1955-2015 updated to include current data (up to 2015) from Federal Reserve Economic Data (FRED).	Minor
Chapter 15: How the Foreign Exchange Market Works: In Figure 15.2 (a), in the third, right-most box \$25,000 should be replaced by \$25,600 and \$1,000 by \$1,600.	Revise box on right to read "...back to \$25,600--and earn a profit of \$1,600."	Typo
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	Revise text as follows: "They apply to any market, even markets for labor and financial services."	Typo

services like labor and financial markets." This says labor markets are an example of financial service markets....		
Chapter 21: 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 21: 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
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 $P = 8 - 5Q_d$ 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 $P = -0.4 + 2Q_s$	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 $0.4 + 0.2Q_d$)	Typo
Chapter 8: 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	Revise typo of "real GPD" to "real GDP".	Typo

corrected to real GDP		
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