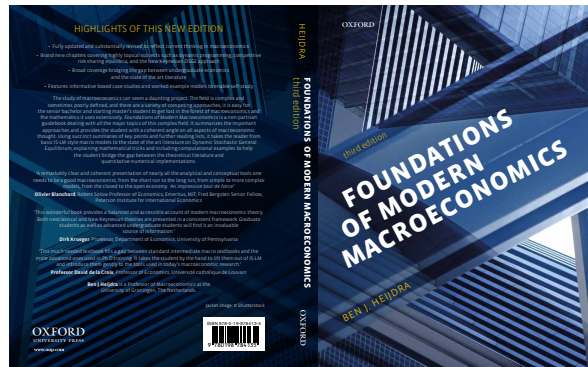


Errata, addenda, and typos

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Note: in square brackets I occasionally comment on the particular correction.



- page 11, equation (i): change ε to β
- page 81, second paragraph. "... $\Psi_{Y^*} = \alpha/(\phi + \alpha) > 0$, and $\Psi_{P_e} = -\alpha\phi/(\phi + \alpha) < 0$." (signs were switched)
- page 390, in (T3.5) it should be σ instead of ϕ
- page 420, just above eq. (12.36): "is obtained by using"
- page 442, just above eq. (13.30): "current-value"
- page 451, equation (13.60): element (1,2) should feature $(1 - s_I)$ instead of $(1 - s_I)^2$
- page 487, just above the figures: "for example capital"
- page 506, eq. (14.4) should feature $F(K(t), L(t))$

*Please send any errata and typos you may find to: b.j.heijdra@rug.nl. My gratitude will be genuine, profound, and eternal.

- pages 526-7, the transitional dynamics expressed in (14.75) and (14.76) is actually based on the alternative definition, $\theta(t) \equiv C(t)/H(t)$. To obtain the dynamics for the standard definition, $\theta(t) \equiv C(t)/K(t)$, row 3 must be deducted from row 2 in (14.76) to obtain:

$$\Delta \equiv \begin{bmatrix} -\frac{(1-\alpha)(r^*+\delta_K)}{\alpha} & 0 & 0 \\ \frac{[-\alpha\sigma+(1-g)](1-\alpha)(r^*+\delta_K)}{\alpha^2} & \theta^* & 0 \\ -\frac{(1-\alpha)(1-g)(r^*+\delta_K)+\alpha Z_E(1-l_E^*)}{\alpha^2} & -\theta^* & Z_E(1-l_E^*) \end{bmatrix}. \quad (14.76)$$

For this system the characteristic roots are the diagonal elements of Δ : $\delta_{11} < 0$, $\delta_{22} > 0$, and $\delta_{33} > 0$. Nothing else is affected.

- page 619, just above eq. (16.54): $\partial\Lambda^Y/\partial C^O = (\partial\Lambda^Y/\partial C^Y)/(1+r)$
- page 781, 7 lines from the bottom: “to lower the price”
- page 795, first paragraph of **Further reading**: one reference to Galí (2015) suffices.
- page 864, the page numbers for Heijdra, Kindermann, and Reijnders (2017) are 37-57.