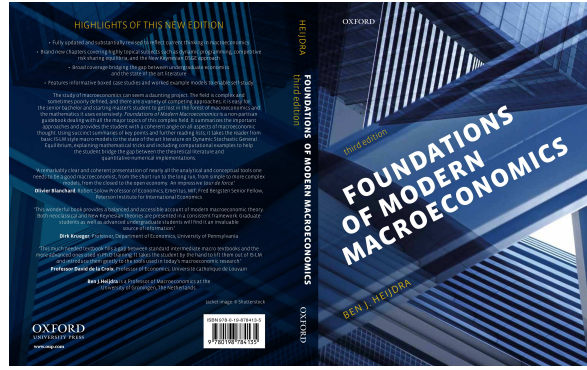# Errata, addenda, and typos

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

- page 11, equation (i): change ε to β

- page 15, line 2: change "attenuates" to "reinforces" [the induced employment effect increases the effect on output]

- page 48, last expression in the intermezzo. The partial derivative should be with respect to θ (not C_f)

- page 81, second paragraph. "... $\Psi_{Y^*} = \alpha/(\phi + \alpha) > 0$, and $\Psi_{P^e} = -\alpha\phi/(\phi + \alpha) < 0$." [signs were switched]

- page 91, final line in equation (3.38): denominator should be $-\Omega_K$

- page 92, first line: (with $-\Omega_K > 0$)

- page 140, eqn (4.60) should read:

$$\frac{\partial \dot{p}}{\partial p} = -\frac{\phi\left(\varepsilon_{YR} + \varepsilon_{MR}\varepsilon_{YQ}\right)}{\varepsilon_{MR} + \varepsilon_{MY}\varepsilon_{YR}} < 0$$

just as in the diagonal element $(2,2)$ in the Jacobian matrix given in (4.56).

- page 163, equation (5.41) misses some terms. It should read:

$$p_t = [\mu_{u1} - \rho_u]u_{t-1} + \mu_{u2}u_{t-2} + [\mu_{v1} + \rho_v]v_{t-1} + \mu_{v2}v_{t-2} + \frac{1}{2}[\eta_t - \varepsilon_t]$$

  This can be seen by substituting (5.35) and (5.40) into (5.30) and solving for p_t. The trial solution in footnote 5 should include u_{t-2} and v_{t-2} also.

- page 213, just oabove (6.72): "can be determined by..." [add 'be']

- page 390, in (T3.5) it should be σ instead of œ

- page 420, just above eq. (12.36): "is obtain**ed** by using"

- page 428, eq. (T1.6): $f(k_I(t))$ should be $f_I(k_I(t))$

- page 442, just above eq. (13.30): "cur**r**ent-value"

- page 451, equation (13.60): element (1,2) should feature $(1 - s_I)$ instead of $(1 - s_I)^2$

- page 458, two lines above (13.92): "**is** the labour supply function."

- page 460, "It follows (from (T4.6)) that consumption is a linear function of labour supply." [the ratio between C and $1 - L$ is constant]

- page 460, start of last paragraph: "Since $K_C < K_{MAX}$ (see appendix)"

- page 461, below (13.99): Change sentence to: "As an exercise the reader is invited to..."

- page 461, just above (13.100): "Jacob**i**an"

- page 464, just above (13.110): Change sentence to: "As an exercise the reader is invited to..."

- page 466: "By using (13.88) we find that the consumption share..." [not (T4.6)]

- page 487, just above the figures: "for example capital"

- page 497, 10 lines from the bottom: "Havelmo" [not Havelmoo]

- page 506, eq. (14.4) should feature $F(K(t), L(t))$

- page 508, below (14.10): "...the standard Solow-Swan model discussed in Chapter 12." [not the previous chapter]

- page 520 two lines below (i): "and $(t_Y - g) Z_0(\kappa^*)^\alpha = \gamma^* + \delta_g$ to simplify" [missing α power]

- page 520, bottom of the page: "...substituting (j) into (h) ..."

- 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:

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

  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 536, eq. (14.120): delete one minus sign.

- page 554, 3 lines from the bottom: "behaviour" [not behavious]

- page 571: "human capital" should be "human wealth" (twice on this page).

- page 587, two lines from the bottom: "... in detail in Section 13.5.2 above."

- page 589, footnote 16: the left-hand side of the equation is Z_0 not 1.

- page 597, title should be "Figure 15.19, continued"

- page 606, below (16.3): "the agents wants" should be "the agent wants" [singular]

- page 606 [fn. 1]: the reference list fails to list Allais, M. (1947). *Économie et Intérêt.* Imprimerie Nationale, paris. Second edition with a new introduction, 1998. Paris: Clement Juglar.

- page 609, above (16.25): "Specifically, we assume that technology is Cobb-Douglas $(Y_t = Z_0 K_t^\alpha L_t^{1-\alpha})$," [both K_t and L_t appear in the production function.]

- page 619, just above eq. (16.54): $\partial \Lambda^Y / \partial C^O = (\partial \Lambda^Y / \partial C^Y)/(1+r)$

- page 715, 4 lines from the bottom: equation for $\tilde{Y}_t$ should contain $\tilde{K}_t$ and $\tilde{L}_t$

- page 781, 7 lines from the bottom: "to lower the price"

- page 795, first paragraph of **Further reading**: one reference to Galí (2015) suffices. [not really a typo, but who cares?]

- page 809: in (A.56) and (A.57) each f_{ij} should be changed to $\mathcal{L}_{ij}$

- page 864, the page numbers for Heijdra, Kindermann, and Reijnders (2017) are 37-57. [not really a typo, but who cares?]