CORRIGENDA- Advanced Macroeconomics - A Primer (2002)

The following errors have been discovered to this point (3/2003). They will be put right as soon as new printings permit.

p.9, para. 2, line 2 should read ...(Wicksell, 1907)...

p.28, line 2: denominator of a should be $1 + s - r$

p.62 line before eq. (67) reads ' ...at $t - 1$ to obtain:'. Line after eq.(69) reads 'where A_1 and A_2 are ...'

p.64: in Figure 2.5 the label on S'S' should read $(y_{t+1} = \mu[y_t - y^*] + y^*)$

Eq. (74) first line insert opening large square bracket before B^{-1}; and in third line insert the same before $1 - \frac{\alpha}{1+\alpha} B^{-1}$.

p.65 in second line of eq.(78) the first expected price term sould read $E_{t-1}p_{t+i}$

p.66 Fig. 2.6 should be entitled The effect of an anticipated shock.

p.67 end of first para: insert (Box 2.1 shows the algebraic workings). In Box 2.1 below line 1, after 'illustration' insert 'in Fig. 2.6'

p.69 first line should read 'sets $A_1 = 0$, so that:'

3 lines before eq. (95) should read '....on how this set $(m_t, E_t m_{t+i})$ changes at eact t.'

In equation (95) insert opening large square bracket before $1 - \frac{\alpha}{1+\alpha} B^{-1}$.

p.71 line before eq. (105) should read 'Solving (104) for k_2 to obtain:'

In equations (100) and (101) insert opening large square bracket respectively after ... $= -\alpha$ and ... $= -\mu(1 + \alpha)$

p.78: LHS of eq. (129) should read $E_{t-1}p_{t+i}$. Insert full stop after 'practice' in penultimate line.

p.80 In eq. (5) RHS the symbol κ should be inserted before $(y_{t-1} - E_{t-2}y_{t-1})$. the same symbol should be inserted in the gap before the $=$ in the next line; and again in eq (6) after the first $=$ to read $\frac{\kappa y_{t-1}}{1-(1-\kappa)L}$; and again in the line below the equation to read ' where $\lambda = 1 - \kappa$ so that $\lambda = j$.'

p.92 RHS of equation (6) should read $\sum\limits_{i=0}^{\infty} \pi_i \epsilon_{t-i} + p^*$ and RHS of equation (7) $\sum\limits_{i=1}^{\infty} \pi_i \epsilon_{t-i} + p^*$

p.99 In Figure 3.4 top righthand quadrant insert closing bracket after $E_t p_t = p^*$

p.101 In equation (29) the ϕ should have v, e, u subscripted.

p.102: 3 lines after eq. (35) insert opening large square bracket after $-\frac{1+c}{c}$; and at end of (36) summation below should read $i = 0$

p.113 in eq. (17) last term on first line should be $\beta(1 + \frac{c}{\alpha})(p_t - E_{t-1}p_t)$. In eq. (19) insert another bracket after $\beta(1 + \frac{c}{\alpha})$

p.114 eq. (22) LHS to read: ... $- \mu(y_{t-1} - y^*)$

p.115 eq. (24) RHS last term to read $-\alpha \sum\limits_{i=1}^{\infty} (\pi_{i+1} - \pi_i)\epsilon_{t-i}$ and eq. (27) to read $0 = (1 + \alpha)\pi_i - \alpha\pi_{i+1}$

p.123 3 lines before eq. (56) should read: 'Let us use (55) in place of (3), together with the rest of the model (2), (4) and (5); then...'

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p.150 para.2 line 6: to read ...In period $t+1$ ...Next equation RHS to read: $... - \pi_{t+1} + ab$ or $\pi_{t+1} = ab$. Five lines on U_w in place of u_w and in next but one equation RHS to read $... - \delta ab(\pi_{t+1}^{e,B} - \pi_{t+1}^{e,A})$

p.151 para. 3, 3rd line from end to read 'government does not...'

p.161 In Figure 5.7 after Effect of shocks the large bracket should read $\left(\frac{\alpha + a^2 c^2}{(1+ac^2)^2}\sigma^2\right)$ .Along the left of the vertical axis, replace σ_u^2 by σ^2 and the axis label should be $-EU$ in place of EU. The top line of the figure should be labelled $-EU_s$ in place of EU_s.

p.166 The line after eq (5) should read '... ;$\sigma_2 = \frac{0.5\mu\beta^2}{(1+\beta)(1+0.5\beta)}$;...'

p.167 sentence after eq(8) line 2 should read: '-in this instance it will be more or less table depending on μ.'

p. 177 in equations (28) and (29) and also in the first and third lines after eq. (29) the denominator expression throughout should be $1 - \beta\xi(1 - \xi)$

p.196 eq (18) closing bracket to read $(b_t' \preceq b')$

p. 230: eq. (13): insert large square bracket before $\frac{j}{(1+b^l)^2}$

p. 245: eq. (20): insert large square bracket before $1+$

p. 263 on RHS of eq. (9) the first term should read $r_{F,t}$

p. 276 eq (6) middle bracket to read $[A_0 + y_0 - c_0]$

p. 277 eq(12) RHS should open β^t and RHS of eq (14) β^{t+1}

p. 278: Eq. (16) RHS should read $'...c_{t+1})(p_{t+1}....'$ Two lines on should read '....is for (16) to hold' Eq. (19), first line: insert large square bracket after E_t. Five lines above should read 'Equations (16) and (17) therefore...'

p. 279 Eq (21) RHS should read b_{t+1}/R_t. Para before eq. (26) should read 'Using the two budget constraints, (21) and (25), and fruit market clearing, (24), Walras' ....' In the next para to the end of the page the equation numbers in the text should be increased by 1: i.e (220 becomes (23), (18) becomes (19) etc.

p. 280: eq. (30): LHS should read: $q_t[x_0 \prec x_{t+1} \prec x_1]$. The euqation numbering in the text should be advanced by 1: i.e equation (15) becomes (16), (28) (29) and (29) (30).

p. 283 Eq. (41) insert on RHS large square bracket before last expression. In following para last line becomes '..as (38)'.

p. 285, 5 lines before eq. (44) expression should read $\sum_{t=0}^{T} \beta^t u(c_t^h)$; 3 lines before eq(44) opening part should read: $c_t^h + l_t^h \leq y_t^h + ...$

p. 288 all equation numbers in the text should be advanced by 1.

p. 289 equation (55) last term should read s_{t+i-4}

p. 291-2 in line after equation (68) read $\ln K_0 = \frac{1}{1-\alpha}\alpha + 0.5....$ Advance the equation numbers in the text by 1 (also at start of following page 292)

p.298 in Figure 11.5 the scale should stretch higher so that 1.0 is higher than $\frac{u_t}{A_t}$. In eq (24) 'subject to' should read $\lim_{t\to\infty} R_0^{-T} A_T = 0; ...$

p.301 eq (3) should read $V(y) = \gamma_0 + \gamma_1 y + 0.5\gamma_2 y^2$

p.302 line 2: delete open bracket after L_t. Eq (8) in numerator of term on ϵ_t it should be α not α^2. 9 lines below the expression should begin $-\rho^2(\lambda.... \quad 3$

lines below denominator of RHS should read $1 - \rho\beta$.

p.309 eq (1) opening term after summation sign is β^t. RHS of eq (2) should read $\beta^t u'(c_t) - \mu_t^h p_t$. The second line of eq (3) should read $\preceq 0$ for $m_t^h = 0$. In eq (4) the first line should read $0 = \frac{\delta J}{\delta m_T^h} = -\mu_T^h = 0$ for $m_T^h \succ 0$ and the second line should read $\preceq 0$ for $m_T^h = 0$.

p.311 second line should read ' ...will run these money...' In Figure 12.1 the indifference curve shown for B agents should be broken into two unrelated indifference curves.

p.312 in rubric to Figure 12.2, last line should read '...with growth, n.'

p.316 In eq (18) delete numbering (19) and (20) on next 2 lines. Second line of equation should read
$+\frac{1}{p_t} \int l_{tt+1}^p (x_{t+1}) n(x_{t+1}, x_t) dx_{t+1} - \frac{d_{t-1} p_{t-1} s_{t-1}}{p_t}$ and 3rd line $-r_t(x_t) s_{t-1} - \frac{l_t^p(x_t)}{p_t}\}$ Renumber next equation (19)

p.317 Renumber first equation (20) and delete (23) on second line. Renumber next equation (21)

p.318 Renumber the two equations (22) and (23).

p 325 eq (16) RHS expression multiplying s'_{t-1} should read $\left\{ \frac{p_t^* r_t^* + p_{t-1}^* (1-l_{t-1}^*)^\pi d_{t-1}^*}{e_t} \right\}$

p.326 eq (26) last expression should read $p_t d_t (1-l_t)^\pi$; eq (27) last expression should read $p_t^* d_t^* (1 - l_t^*)^\pi$

p.327 eq (28) RHS second term should read $\frac{p_t^* r_t^*}{e_t} \Delta s'_t$

p.328-330 advance equation numbers in text by 1, except for first para of 328 where (23) and chapter 10 eq (9) are correct.

p.328 eq (34) RHS should read $...(\frac{v_{t+1}}{v_t})^{-\rho}$. Eq (42) RHS should read $c_t[1 + \alpha^\sigma (RXR)^{-\sigma\rho}]^{-\frac{1}{\rho}}$

p.329 eq (43) LHS should read $\frac{E_t\left(\frac{1+\alpha^\sigma (RXR_{t+1})^{-\sigma\rho}}{1+\alpha^\sigma (RXR_t)^{-\sigma\rho}} \right)(\frac{d_{t+1}}{d_t})}{E_t(\frac{RXR_t}{RXR_{t+1}})}$. Eq (44) LHS should read $\frac{E_t\left(\frac{1+\alpha^\sigma (RXR_{t+2})^{-\sigma\rho}}{1+\alpha^\sigma (RXR_{t+1})^{-\sigma\rho}} \right)}{E_t(\frac{RXR_{t+1}}{RXR_{t+2}})}$

p.330 eq. in second line should read $\frac{E_t\left(1+\alpha^\sigma (RXR_{t+1})^{-\sigma\rho}\right)}{E_t(\frac{1}{RXR_{t+1}})} = \beta(\frac{r^*+d^*}{r^*})d_t RXR_t\{1+ \alpha^\sigma (RXR_t)^{-\sigma\rho}\} + c_1$

p.374 eq.(129) reads ....if $B_t \leq k$. In eq. (130) insert large opening square bracket before δ.

p.375 first para. line 1 reads ' ..i.i.d Bernoulli' and line 2 'process (independent of u)...'

Second para, line 2 read '...where $B_t \leq k$. When...'

In equations (131) delete all large square brackets.

In eq (133) insert large opening square bracket after: $E_t B_{t+1} = q$

Next para line 1 reads '...when $B_t \leq k$ it grows at'

p. 510, reference for Lawrence H. White should be relocated as White, Lawrence H. on p. 526.

p. 517, line after reference for Mueller, the next reference should read, on a separate line

Mundell, R.A. (1960) etc.
p. 520 in Romer, D.H. (1996) reference, read New York: McGraw-Hill.