

Errata in Blecker-Setterfield (2019)

Page xxvii, lower-case Greek alpha (α) is also used for speeds of adjustment in Chapter 6.

Page 38, last line of text, it should say “since $Y/L = Y_N/N = 1/a_0$ ”

Page 94, 3 lines above section 2.8, it should say, “by switching to renewable energy sources...” (such as solar and wind power).

Page 97, first two lines below Figure 2.13, it should say, “This system describes a closed orbit around the equilibrium point...” (**delete** “a ‘limit cycle’ or”).

For a Goodwin cycle modeled as a limit cycle, see Foley, Michl, and Tavani (2019), Figure 6.8, p. 124. The only difference between their model and the one shown in Blecker-Setterfield (aside from notation and a few minor details) is that Foley et al. have a difference equations model in discrete time with lags while Blecker and Setterfield have a differential equations model in continuous time.

The next 3 items relate to missing “/a₁” terms in some mathematical expressions:

Page 184, 4 lines above equation (4.36), it should say, “because if $g_2 > s_w/a_1$ then the model can only be stable if...” (the rest of the sentence is correct).

Page 202, note 30, should read as follows: “Here, the stability condition only tells us that $s_r - s_w - g_1 > [g_2 - (s_w/a_1)](a_1/\pi)$, and since g_2 could be either greater or less than s_w/a_1 , it is possible that...” (the rest of the sentence is correct).

Page 202, note 31, should read as follows: “Also, the higher is s_w , the more likely it is that $s_w/a_1 > g_2$, in which case...” (the rest of the sentence is correct).

Page 214, Figure 5.1, panels (a) and (c), the vertical intercepts for the \hat{P} lines should be $-\theta w_f$.

Page 217, equation (5.10) should be

$$\hat{p}^* = \frac{\varphi\theta(\psi_w - \psi_f) - [(1 - \beta)\theta + \gamma\varphi]q}{\varphi + \theta}$$

where the only difference is θ multiplying $(1 - \beta)$ in the numerator. Also, 3–4 lines below this, it should say “whether an increase in q causes lower or higher equilibrium inflation depends on the sign of $[(1 - \beta)\theta + \gamma\varphi]$.” And, 3 lines further down, it should say, “requires $\beta < 1 + (\gamma\varphi/\theta)$.”

Page 229, 2nd to last line, below equation (5.19), θ needs to be inserted in the definition of ω_1 as follows: $\omega_1 = \varphi\lambda_1 - (1 - \alpha)\theta\eta_1 - q_1$.

Page 285, 4 lines after the derivative, it should say equation (3.31) instead of (3.23).

Page 394, last line before equation (8.25), γ should be replaced by η .

Two lines after equation (8.25), it should say “equation (8.24)” instead of 8.13.

Page 397, 4th line in subsection 8.4.2, insert “of ” into “in terms of the following”.

Page 398, 5-6 lines above Figure 8.5, the references to PR and DR are reversed. It should say that the growth rate of output (y_1) is read off DR and the rate of growth of productivity is read off PR.

Page 446, 2nd paragraph, line 3, it should say “(equations 9.9 and 9.10)”.

Page 455, first para., lines 13-14, it should say that the “aggregate demand line returns to AD^A ” (the subscript 0 should be deleted from AD^A).

Page 485, second row up from bottom, “BCPG” should be “BPCG”.

Pages 490-491, equations (10.20) and (10.21) should be rewritten as follows:

$$\eta_M(u^*) = \frac{(1-\rho)\eta_X y_f}{q_0 + \bar{n}} \quad (10.20)$$

$$\rho(u^{**}) = 1 - \frac{\eta_M(q_0 + \bar{n})}{\eta_X y_f} \quad (10.21)$$

Page 495, equation (10.28) should be:

$$y = \frac{\gamma_X \hat{P} + \delta_X g + (\varepsilon_M - 1)(\hat{E} + \hat{P}_f - \hat{P})}{\eta_M}$$

Page 505, after equation (10.48), it must also be assumed that the price of imported intermediates is the same as for other imported goods, that is, $P_i = P_f$ (in levels, as well as in rates of change).

Also on p. 505, the dependent variable in equation (10.49) should be \hat{P} instead of p .

Page 509, equation (10.60) should be written as

$$\frac{\partial y_{B-SR}}{\partial \hat{E}} = \frac{[\varepsilon_X + (1-\beta_i)\varepsilon_c - 1] [(\hat{E} + \hat{P}_f - \bar{w} + \bar{q})(\partial \varphi / \partial \hat{E}) + \varphi]}{2[\beta_i + (1-\beta_i)\eta_c]} \quad (10.60)$$

where the only change is the + sign on the last φ term in the numerator. Note this is different from the negative sign ($-\varphi$) in the original equation (25) in Ribeiro et al. (2017a)

because we defined the price elasticities to be positive instead of negative, so (assuming the modified ML condition holds) $[\varepsilon_x + (1 - \beta_i)\varepsilon_c - 1] > 0$ while the corresponding term in the original article is negative. For the same reason, the condition three lines below this equation should be $(\hat{E} + \hat{P}_f - \bar{w} + \bar{q})(\partial\varphi/\partial\hat{E}) > -\varphi$ (where the only change is the minus sign in the term $-\varphi$).

Page 518, the second equation should be

$$\frac{d(1+\tau)}{dt} = -\frac{1}{2} \left(\frac{\delta/\mu}{1-\varphi} \right)^{1/2} \frac{d\varphi}{dt}$$

where the only change is that the ratio (δ/μ) had to be inverted. Also, immediately below this, it should say “Then, using the above expression for $(1 + \tau)$...” (instead of $(1 + t)$).