

Corrections to Lecture 10

Page 10

4th line should read: " $\gamma = \frac{\Delta Y}{Y} = \text{GDP growth rate}$ ".

5th line should read: " $B = T - G - iD = \text{fiscal balance}$ ".

8th line should read: " $S = T - G = \text{primary fiscal balance (fiscal balance excluding interest payments)}$ ".

Page 11

3th line from the bottom should read: " $d_t - d_{t-1} = \frac{i_t - \gamma_t}{1 + \gamma_t} d_{t-1} - s_t$ ".

Page 14

4th line should read: " $s_t = -2.8$ per cent" and not " $s_t = 2.8$ per cent".

6th line should read: " $d_t - d_{t-1} = [0.10 - (-0.04)] \times 160 + 2.8 = 25.2$ ".

7th line: " $d_t - d_{t-1} = [0.10 - (-0.04)] + 160 + 2.8$ " should be deleted.