

HG Econ 5101  
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### **Correction to seminar III exercises**

In exercise 1 B, the long run effect is summed from  $j = 1$  while it should have been summed from  $j = 0$  leaving out  $\delta_0 = 1$ . So the long run effect is

$$1 + \frac{\theta_1 + \theta_2 + \varphi_1}{1 - \varphi_1} = \frac{\theta_1 + \theta_2}{1 - \varphi_1}.$$