

Page 12 The highlighted zone corrects Figure 1.1.

Equation of transformation frontier

$$c + A\dot{\hat{k}} = A(f(\hat{k}) - (\mu + n + \delta)\hat{k})$$

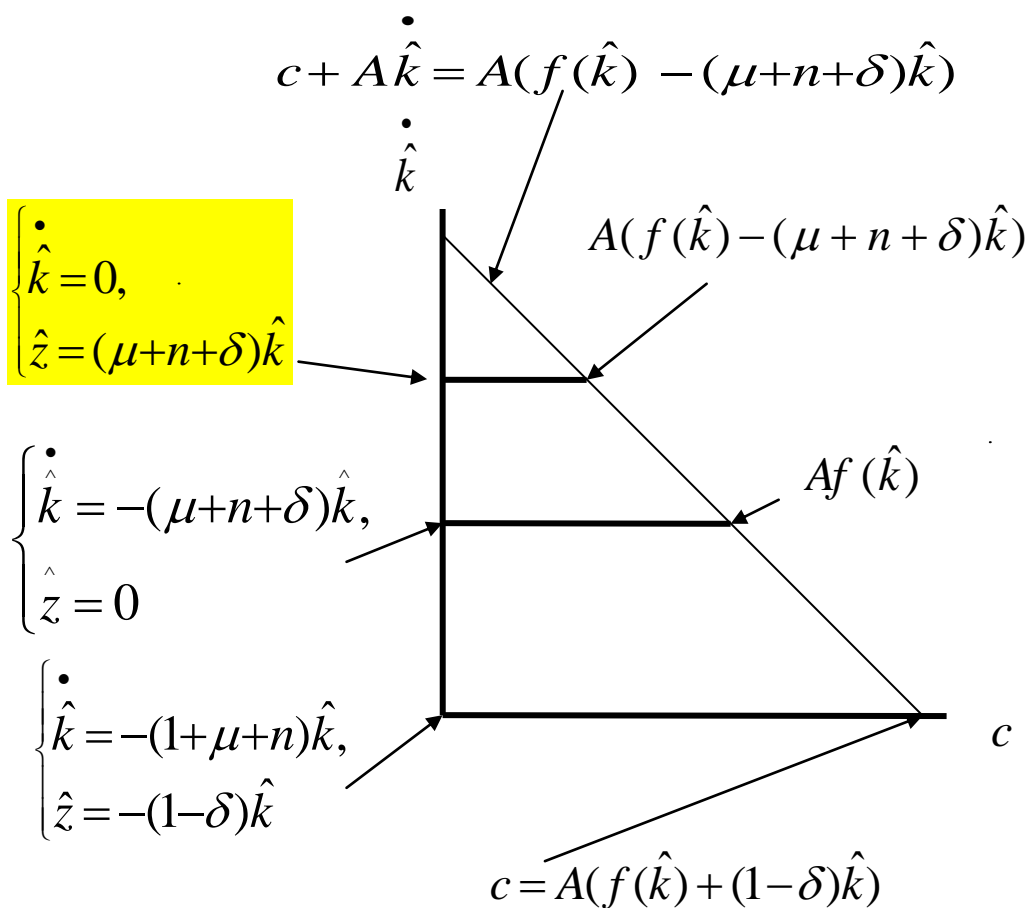


Figure 1.1: The Transformation Locus between c and $\dot{\hat{k}}$

Page 41 The highlighted zone corrects Figure 2.4.

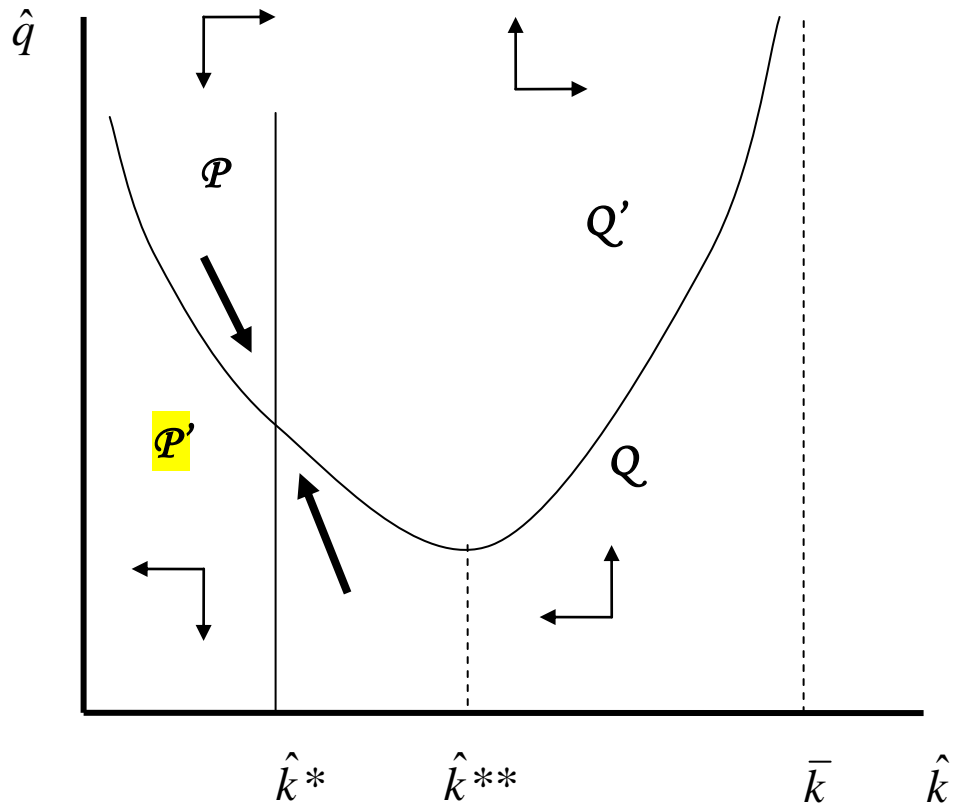


Figure 2.4: Behaviour of the Optimal Path

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Reading suggestions 5, 6 and 7 change to:

5. Read Uzawa (1961).
6. Read Dasgupta and Marjit (2004).
7. Read Dasgupta (2004).
8. Read Rebelo (1991).
9. Read Lucas (1988) and (1990).

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Equation (8.15), *RHS* should read $\omega \tau k$,

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Line 16 from top, *LHS*, should read

$$\tau^i (1 - \alpha A (1 - \alpha)(\tau^i)^{-\alpha}),$$