Using 3.4 and substituting A.1 into 3.1 results in 3.5, with

\[ \mu = e_1 - a \lambda \xi_1 e_2 + a (\lambda - 1) e_3 / b_o \]

3.8 is derived by subtracting 3.1a, from 3.1, 3.2a from 3.2, and 3.3a from 3.3; and then solving the resultant equations for \( \gamma - \bar{y} \) (remember that the rational expectation of \( y \) is \( \bar{y} \)). Terms have been collected as follows:

\[ z_1 = \frac{a b_o}{b_o + a (b_o c_0 + c_1)} \]

\[ z_2 = \frac{a c_1 \lambda_1}{b_o + a (b_o c_0 + c_2)} \]

\[ \eta = \frac{b_o c_1 + ab_o \xi_1 - ab_o \xi_2}{b_o + a (b_o c_0 + c_2)} \]

(A.1)
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Entries marked with an asterisk are included in this volume.


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