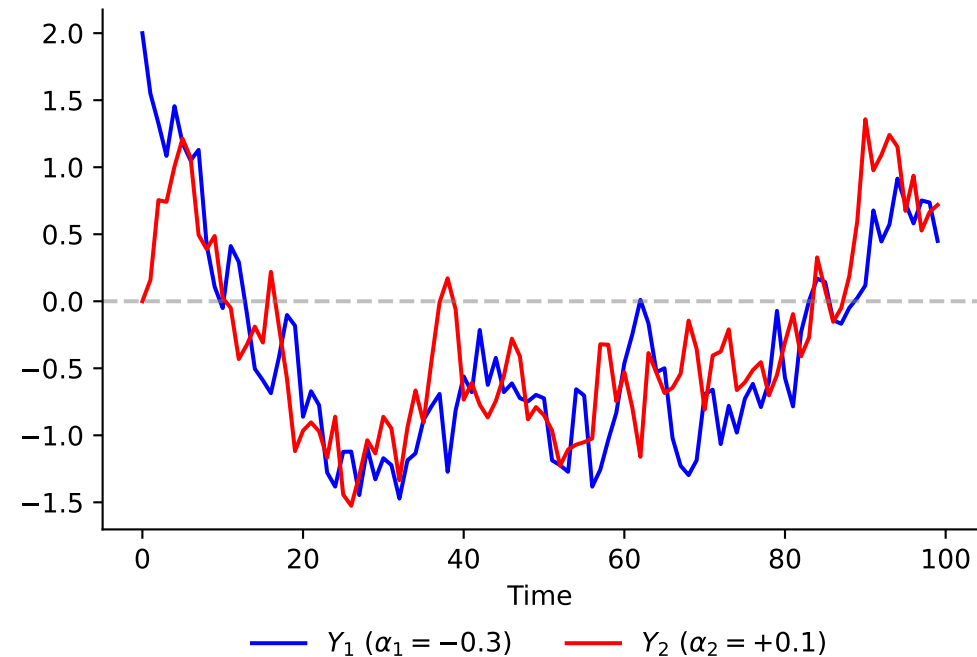**VECM: Both Variables Adjust**

Error Correction Mechanism

Y_1 adjusts down
($\alpha_1 < 0$)

Long-run: $Y_1 = \beta Y_2$

Y_2 adjusts up
($\alpha_2 > 0$)

Y_1 ($\alpha_1 = -0.3$) Y_2 ($\alpha_2 = +0.1$)

Time