

Null-recurrence and transience of random difference equations in the contractive case

Gerold Alsmeyer, Dariusz Buraczewski and Alexander Iksanov

Abstract Given a sequence $(M_k, Q_k)_{k \geq 1}$ of independent, identically distributed random vectors with nonnegative components, we consider the recursive Markov chain $(X_n)_{n \geq 0}$, defined by the random difference equation $X_n = M_n X_{n-1} + Q_n$ for $n \geq 1$, where X_0 is independent of $(M_k, Q_k)_{k \geq 1}$. Criteria for the null-recurrence/transience are provided in the situation where $(X_n)_{n \geq 0}$ is contractive in the sense that $M_1 \cdot \dots \cdot M_n \rightarrow 0$ a.s., yet occasional large values of the Q_n overcompensate the contractive behavior so that positive recurrence fails to hold. We also investigate the attractor set of $(X_n)_{n \geq 0}$ under the sole assumption that this chain is locally contractive and recurrent.

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1 Introduction

Let $(M_n, Q_n)_{n \geq 1}$ be a sequence of independent, identically distributed (iid) \mathbb{R}_+^2 -valued random vectors with common law μ and generic copy (M, Q) , where $\mathbb{R}_+ := [0, \infty)$. Further, let X_0 be a nonnegative random variable which is independent of $(M_n, Q_n)_{n \geq 1}$. Then the sequence $(X_n)_{n \geq 0}$, recursively defined by the random difference equation (RDE)

Gerold Alsmeyer

Institute of Mathematical Stochastics, Department of Mathematics and Computer Science, University of Münster, Einsteinstrasse 62, D-48149 Münster, Germany.

e-mail: gerolda@math.uni-muenster.de

Dariusz Buraczewski

Institute of Mathematics, University of Wrocław, pl. Grunwaldzki 2/4, 50-384 Wrocław, Poland.

e-mail: dbura@math.uni.wroc.pl

Alexander Iksanov

Faculty of Computer Science and Cybernetics, Taras Shevchenko National University of Kyiv, 01601 Kyiv, Ukraine and Institute of Mathematics, University of Wrocław, pl. Grunwaldzki 2/4, 50-384 Wrocław, Poland.

e-mail: iksan@univ.kiev.ua

$$X_n := M_n X_{n-1} + Q_n, \quad n \geq 1, \quad (1)$$

forms a temporally homogeneous Markov chain with transition kernel P given by

$$Pf(x) = \int f(mx + q) \, d\mu(m, q)$$

for bounded measurable functions $f : \mathbb{R} \rightarrow \mathbb{R}$. The operator P is Feller because it maps bounded continuous f to functions of the same type. To underline the role of the starting point we occasionally write X_n^x when $X_0 = x$ a.s. Since M , Q and X_0 are nonnegative, $(X_n)_{n \geq 0}$ has state space \mathbb{R}_+ .

The sequence $(X_n)_{n \geq 0}$ may also be viewed as the *forward iterated function system*

$$X_n = \Psi_n(X_{n-1}) = \Psi_n \circ \dots \circ \Psi_1(X_0), \quad n \geq 1,$$

where $\Psi_n(t) := Q_n + M_n t$ for $n \geq 1$ and \circ denotes composition, and thus opposed to its closely related counterpart of *backward iterations*

$$\widehat{X}_0 := X_0 \quad \text{and} \quad \widehat{X}_n := \Psi_1 \circ \dots \circ \Psi_n(X_0), \quad n \geq 1.$$

The relation is established by the obvious fact that X_n has the same law as \widehat{X}_n for each n , regardless of the law of X_0 .

Put

$$H_0 := 1 \quad \text{and} \quad H_n := M_1 M_2 \cdot \dots \cdot M_n, \quad n \geq 1.$$

Assuming that

$$\mathbb{P}(M = 0) = 0 \quad \text{and} \quad \mathbb{P}(Q = 0) < 1 \quad (2)$$

and

$$\mathbb{P}(Mr + Q = r) < 1 \quad \text{for all } r \geq 0, \quad (3)$$

Goldie and Maller [10, Theorem 2.1] showed (actually, these authors did not assume that M and Q are nonnegative) that the series $\sum_{k \geq 1} H_{k-1} Q_k$, called *perpetuity*, is a.s. convergent provided that

$$\lim_{n \rightarrow \infty} H_n = 0 \quad \text{a.s.} \quad \text{and} \quad I_Q := \int_{(1, \infty)} J_-(x) \mathbb{P}(\log Q \in dx) < \infty, \quad (4)$$

where

$$J_-(y) := \frac{y}{\mathbb{E}(y \wedge \log_- M)}, \quad y > 0 \quad (5)$$

and $\log_- x = -\min(\log x, 0)$. The Markov chain $(X_n)_{n \geq 0}$ then has a unique invariant distribution given by the law of the perpetuity. It is also well-known what happens in the “trivial cases” when at least one of the conditions (2) and (3) fails [10, Theorem 3.1]:

- (a) If $\mathbb{P}(M = 0) > 0$, then $\tau := \inf\{k \geq 1 : M_k = 0\}$ is a.s. finite, and the perpetuity trivially converges to the a.s. finite random variable $\sum_{k=1}^{\tau} H_{k-1} Q_k$, its law being the unique invariant distribution of $(X_n)_{n \geq 0}$.
- (b) If $\mathbb{P}(Q = 0) = 1$, then $\sum_{k \geq 1} H_{k-1} Q_k = 0$ a.s.

- (c) If $\mathbb{P}(Q + Mr = r) = 1$ for some $r \geq 0$ and $\mathbb{P}(M = 0) = 0$, then either δ_r , the Dirac measure at r , is the unique invariant distribution of $(X_n)_{n \geq 1}$, or every distribution is invariant.

Further information on RDE and perpetuities can be found in the recent books [7] and [13].

If (2), (3),

$$\lim_{n \rightarrow \infty} \Pi_n = 0 \quad \text{a.s.} \quad \text{and} \quad I_Q = \infty \quad (6)$$

hold, which are standing assumptions hereafter (with the exception of Section 7) and particularly satisfied if

$$\mathbb{E} \log M \in (-\infty, 0) \quad \text{and} \quad \mathbb{E} \log_+ Q = \infty, \quad (7)$$

where $\log_+ x = \max(\log x, 0)$, then the afore-stated results imply that $(X_n)_{n \geq 0}$ must be either null-recurrent or transient. Our purpose is to provide conditions for each of these cases and also to investigate the path behavior of $(X_n)_{n \geq 0}$. We refer to (6) as the *divergent contractive case* because, on the one hand, $\Pi_n \rightarrow 0$ a.s. still renders $\Psi_n \circ \dots \circ \Psi_1$ to be contractions for sufficiently large n , while, on the other hand, $I_Q = \infty$ entails that occasional large values of the Q_n overcompensate this contractive behavior in such a way that positive recurrence does no longer hold. In fact, $\sum_{k \geq 1} \Pi_{k-1} Q_k = \infty$ a.s. and so the backward iterations $\widehat{X}_n = \Pi_n X_0 + \sum_{k=1}^n \Pi_{k-1} Q_k$ diverge to ∞ a.s. regardless of whether the chain $(X_n)_{n \geq 0}$ is null recurrent or transient. It should be clear that the question of which case occurs relies on a delicate interplay between the Π_n and the Q_n .

The critical (non-contractive) case $\mathbb{E} \log M = 0$ has received some attention in the literature, see [1, 4, 6, 11, 12, 18]. On the other hand, papers focussing on the case (6) seem to be rare. We are only aware of [14, 16, 22] and [2, 21], the last two of which dealt only with autoregressive sequences, thus very particular instances of (1) with deterministic M . The recent article [22] is closely related to ours. We provide more details on this point in Remark 3.2.

The paper is organized as follows. In Section 2, we review known results about general locally contractive Markov chains which form the theoretical basis of the present work. Our main results are stated in Section 3 and proved in Sections 4, 5 and 6. In Section 7 we investigate the attractor set of the Markov chain $(X_n)_{n \geq 0}$ under the sole assumption that $(X_n)_{n \geq 0}$ is locally contractive and recurrent.

2 Theoretical background

We start by giving some useful necessary and sufficient conditions for the transience and recurrence of the sequence $(X_n)_{n \geq 0}$. The following definition plays a fundamental role in the critical case $\mathbb{E} \log M = 0$, see [1, 3, 4, 5, 6, 17]. A general Markov chain $(X_n)_{n \geq 0}$, possibly taking values of both signs, is called *locally contractive* if, for any compact set K and all $x, y \in \mathbb{R}$,

$$\lim_{n \rightarrow \infty} |X_n^x - X_n^y| \cdot \mathbf{1}_{\{X_n^x \in K\}} = 0 \quad \text{a.s.} \quad (8)$$

For the chain $(X_n)_{n \geq 0}$ to be studied here, we observe that, under (6),

$$|X_n^x - X_n^y| = H_n|x - y| \xrightarrow{n \rightarrow \infty} 0 \quad \text{a.s.}$$

for all $x, y \in \mathbb{R}$. This means that $(X_n)_{n \geq 0}$ is contractive and hence locally contractive. Yet, it may hold that

$$\mathbb{P}\left(\lim_{n \rightarrow \infty} |X_n^x - x| = \infty\right) = 1$$

for any $x \in \mathbb{R}$ in which case the chain is called *transient*. We quote the following result from [17, Lemma 2.2].

Lemma 2.1 *If $(X_n)_{n \geq 0}$ is locally contractive, then the following dichotomy holds: either*

$$\mathbb{P}\left(\lim_{n \rightarrow \infty} |X_n^x - x| = \infty\right) = 0 \quad \text{for all } x \in \mathbb{R} \quad (9)$$

or

$$\mathbb{P}\left(\lim_{n \rightarrow \infty} |X_n^x - x| = \infty\right) = 1 \quad \text{for all } x \in \mathbb{R}. \quad (10)$$

The lemma states that either $(X_n)_{n \geq 0}$ is transient or visits a large interval infinitely often (i.o.). The Markov chain $(X_n)_{n \geq 0}$ is called *recurrent* if there exists a nonempty closed set $L \subset \mathbb{R}$ such that $\mathbb{P}(X_n^x \in L \text{ i.o.}) = 1$ for every $x \in L$ and every open set U that intersects L . Plainly, recurrence is a local property of the path of $(X_n)_{n \geq 0}$.

The next lemma can be found in [3, Theorem 3.8] and [17, Theorem 2.13].

Lemma 2.2 *If $(X_n)_{n \geq 0}$ is locally contractive and recurrent, then there exists a unique (up to a multiplicative constant) invariant locally finite measure ν .*

The Markov chain $(X_n)_{n \geq 0}$ is called *positive recurrent* if $\nu(L) < \infty$ and *null-recurrent*, otherwise.

Our third lemma was stated as Proposition 1.3 in [3]. Since this report has never been published, we present a short proof.

Lemma 2.3 *Let $(X_n)_{n \geq 0}$ be a locally contractive Markov chain and U an open subset of \mathbb{R} . Then $\mathbb{P}(X_n^x \in U \text{ i.o.}) < 1$ for some $x \in \mathbb{R}$ implies $\sum_{n \geq 0} \mathbb{P}(X_n^y \in K) < \infty$ for all $y \in \mathbb{R}$ and all compact $K \subset U$.*

Proof. Take x such that $\mathbb{P}(X_n^x \in U \text{ i.o.}) < 1$. Then there exists $n_1 \in \mathbb{N}$ such that

$$\mathbb{P}(X_n^x \notin U \text{ for all } n \geq n_1) > 0.$$

Now fix an arbitrary $y \in \mathbb{R}$ and a compact $K \subset U$. Defining the compact set $K_y := K \cup \{y\}$, the local contractivity implies that for some $n_2 \in \mathbb{N}$

$$\mathbb{P}(X_n^z \notin K \text{ for all } n \geq n_2 \text{ and some } z \in K_y) =: \delta > 0. \quad (11)$$

For $z \in K_y$, consider the sequence of stopping times

$$T_0^z = 0 \quad \text{and} \quad T_n^z = \inf\{k > T_{n-1}^z : X_k^z \in K\} \quad \text{for } n \geq 1.$$

Then (11) implies that $\mathbb{P}(T_{n_2}^z < \infty) \leq 1 - \delta$ for each $z \in K_y$. Consequently,

$$\mathbb{P}(T_{nn_2}^y < \infty) \leq (1 - \delta)\mathbb{P}(T_{(n-1)n_2}^y < \infty) \leq (1 - \delta)^n$$

for all $n \geq 1$ and thus

$$\begin{aligned} \sum_{n \geq 0} \mathbb{P}(X_n^y \in K) &= \mathbb{E} \left(\sum_{n \geq 0} \mathbf{1}_{\{X_n^y \in K\}} \right) \leq \sum_{n \geq 0} \mathbb{P}(T_n^y < \infty) \\ &\leq \sum_{n \geq 0} n_2 \mathbb{P}(T_{nn_2}^y < \infty) \leq n_2/\delta < \infty. \end{aligned} \quad \square$$

A combination of Lemmata 2.1 and 2.3 provides us with

Proposition 2.4 *For a locally contractive Markov chain $(X_n)_{n \geq 0}$ on \mathbb{R} , the following assertions are equivalent:*

- (a) *The chain is transient.*
- (b) $\lim_{n \rightarrow \infty} |X_n^x| = \infty$ *a.s. for all $x \in \mathbb{R}$.*
- (c) $\mathbb{P}(X_n^x \in U \text{ i.o.}) < 1$ *for any bounded open $U \subset \mathbb{R}$ and some/all $x \in \mathbb{R}$.*
- (d) $\sum_{n \geq 0} \mathbb{P}(X_n^x \in K) < \infty$ *for any compact $K \subset \mathbb{R}$ and some/all $x \in \mathbb{R}$.*

Proof. The equivalence of (a), (b) and (c) is obvious. By Lemma 2.3, (c) entails (d), while the Borel-Cantelli lemma gives the converse. \square

Now we consider the case when (10) is satisfied. For any ω , we define $L^x(\omega)$ to be the set of accumulation points of $X_n^x(\omega)$. It is known [3, 17] that $L^x(\omega)$ does not depend on x and ω . In fact, there exists a deterministic set $L \subset \mathbb{R}$ (called the *attractor set* or *limit set*) such that

$$\mathbb{P}\{L^x(\cdot) = L \text{ for all } x \in \mathbb{R}\} = 1.$$

Proposition 2.5 *For a locally contractive Markov chain $(X_n)_{n \geq 0}$ on \mathbb{R} , the following assertions are equivalent:*

- (a) *The chain is recurrent.*
- (b) $\liminf_{n \rightarrow \infty} |X_n^x - x| < \infty$ *a.s. for all $x \in \mathbb{R}$.*
- (c) $\liminf_{n \rightarrow \infty} |X_n| < \infty$ *a.s.*
- (d) $\sum_{n \geq 0} \mathbb{P}\{X_n^x \in K\} = \infty$ *for a nonempty compact set K and some/all $x \in \mathbb{R}$.*

Proof. In view of the contrapositive Proposition 2.4, we must only verify for “(a) \Rightarrow (d)” that the sum in (d) is indeed infinite for some compact $K \neq \emptyset$ and *all* $x \in \mathbb{R}$. W.l.o.g. let $K = [-2b, 2b]$ for some $b > 0$ and $y \in \mathbb{R}$ such that, by (a), $\sum_{n \geq 0} \mathbf{1}_{\{|X_n^y| \leq b\}} = \infty$ a.s. and thus $\sum_{n \geq 0} \mathbb{P}(|X_n^y| \leq b) = \infty$. Local contractivity implies that $\sigma_x := \sup\{n \geq 0 : |X_n^x - X_n^y| > b, |X_n^y| \leq b\}$ is a.s. finite for *all* $x \in \mathbb{R}$. Consequently, X_n^x hits $[-2b, 2b]$ whenever X_n^y hits $[-b, b]$ for $n > \sigma_x$, in particular $\sum_{n \geq 0} \mathbf{1}_{\{|X_n^x| \leq 2b\}} = \infty$ a.s. and thus $\sum_{n \geq 0} \mathbb{P}(|X_n^x| \leq 2b) = \infty$ for all $x \in \mathbb{R}$. \square

3 Results

In order to formulate the main result, we need

$$\begin{aligned} s_* &:= \liminf_{t \rightarrow \infty} t \mathbb{P}(\log Q > t), \\ s^* &:= \limsup_{t \rightarrow \infty} t \mathbb{P}(\log Q > t) \end{aligned} \tag{12}$$

for which $0 \leq s_* \leq s^* \leq \infty$ holds true. In some places, the condition

$$\lim_{t \rightarrow \infty} t \mathbb{P}(\log Q > t) = s \in [0, \infty] \tag{13}$$

will be used. Finally, put $\mathbf{m}^\pm := \mathbb{E} \log_\pm M$ and, if $\mathbf{m}^+ \wedge \mathbf{m}^- < \infty$,

$$\mathbf{m} := \mathbb{E} \log M = \mathbf{m}^+ - \mathbf{m}^-$$

which is then in $[-\infty, 0)$ by our standing assumption $I_n \rightarrow 0$ a.s.

Theorem 3.1 *Let $\mathbf{m} \in [-\infty, 0)$ and (2), (3), (6) be valid. Then the following assertions hold:*

- (a) $(X_n)_{n \geq 0}$ is null-recurrent if $s^* < -\mathbf{m}$.
- (b) $(X_n)_{n \geq 0}$ is transient if $s_* > -\mathbf{m}$.

Remark 3.2 In the recent paper [22], Zerner studies the recurrence/transience of $(X_n)_{n \geq 0}$ defined by (1) in the more general setting when M is a nonnegative $d \times d$ random matrix and Q an \mathbb{R}_+^d -valued random vector. A specialization of his Theorem 5 to the one-dimensional case $d = 1$ reads as follows. Suppose that

$$M \in [a, b] \quad \text{a.s.} \tag{14}$$

for some $0 < a < b < \infty$ and that either $\lim_{t \rightarrow \infty} t^\beta \mathbb{P}(\log Q > t) = 0$ for some $\beta \in (2/3, 1)$, or $s_* > -\mathbf{m}$. Let $y \in (0, \infty)$ be such that $\mathbb{P}(Q \leq y) > 0$. Then $(X_n)_{n \geq 0}$ is recurrent if, and only if,

$$\sum_{n \geq 0} \prod_{k=0}^n \mathbb{P}(Q \leq ye^{-k\mathbf{m}}) = \infty.$$

Our Theorem 3.1 not only goes beyond this result by not needing assumption (14), it also shows that $(X_n)_{n \geq 0}$ is never recurrent if $s_* > -\mathbf{m}$.

Remark 3.3 Here is a comment on the boundary case $s = -\mathbf{m}$ not covered by Theorem 3.1. Assuming $M = e^{\mathbf{m}}$ a.s., it can be shown that the null recurrence/transience of $(X_n)_{n \geq 0}$ is equivalent to the divergence/convergence of the series

$$\sum_{n \geq 1} \mathbb{P} \left(\max_{1 \leq k \leq n} e^{\mathbf{m}(k-1)} Q_k \leq e^x \right) = \sum_{n \geq 1} \prod_{k=0}^{n-1} F(x - \mathbf{m}k)$$

for some/all $x \geq 0$, where $F(y) := \mathbb{P}(\log Q \leq y)$. Indeed, assuming $X_0 = 0$, the transience assertion follows when using $\mathbb{P}(X_n \leq e^x) \leq \mathbb{P}(\max_{1 \leq k \leq n} e^{\mathbf{m}(k-1)} Q_k \leq e^x)$, while the null-recurrence claim is shown by a thorough inspection and adjustment of the proof of Theorem 3.1(a). Using Kummer's test as stated in [20], we then further conclude that $(X_n)_{n \geq 0}$ is null-recurrent if, and only if, there exist positive p_1, p_2, \dots such that $F(-\mathbf{m}k) \geq p_k/p_{k+1}$ and $\sum_{k \geq 1} (1/p_k) = \infty$. For applications, the following sufficient condition, which is a consequence of Bertrand's test [19, p. 408], may be more convenient. If

$$1 - F(x) = \frac{-\mathbf{m}}{x} + \frac{f(x)}{x \log x},$$

then $(X_n)_{n \geq 0}$ is null-recurrent if $\limsup_{x \rightarrow \infty} f(x) < -\mathbf{m}$, and transient if $\liminf_{x \rightarrow \infty} f(x) > -\mathbf{m}$.

If $\mathbf{m}^- = \mathbf{m}^+ = \infty$ and $s^* < \infty$, then $(X_n)_{n \geq 0}$ is *always* null recurrent as the next theorem will confirm. Its proof will be based on finding an appropriate subsequence of $(X_n)_{n \geq 0}$ which satisfies the assumptions of Theorem 3.1(a).

Theorem 3.4 *Let $\mathbf{m}^+ = \mathbf{m}^- = \infty$, $s^* < \infty$ and (2), (3), (6) be valid. Then $(X_n)_{n \geq 0}$ is null recurrent.*

The two theorems are proved in Section 6 after some preparatory work in Sections 4 and 5.

Remark 3.5 It is worthwhile to point out that the assumptions of the previous theorem impose some constraint on the tails of $\log_+ M$. Namely, given these assumptions, the negative divergence of the random walk $S_n := \log \Pi_n$, $n \geq 0$, that is $S_n \rightarrow -\infty$ a.s., entails

$$I_M = \int_{(1, \infty)} J_-(x) \mathbb{P}(\log M \in dx) < \infty$$

by Erickson's theorem [9, Theorem 2]. But this in combination with $I_Q = \infty$ and $s^* < \infty$ further implies by stochastic comparison that

$$r_* := \liminf_{t \rightarrow \infty} t \mathbb{P}(\log M > t) = 0.$$

Indeed, if the latter failed to hold, i.e. $r_* > 0$, then

$$\mathbb{P}(\log M > t) \geq \frac{r_*}{2t} \geq \frac{r_*}{4s^*} \mathbb{P}(\log Q > t)$$

for all sufficiently large t , say $t \geq t_0$, which in turn would entail the contradiction

$$I_M - J_-(0+) \geq \frac{r_*}{4s^*} \int_{(t_0, \infty)} J'_-(x) \mathbb{P}(\log Q > x) dx = \infty.$$

4 The cases $M \leq \gamma$ and $M \geq \gamma$: Two comparison lemmata and Kellerer's result

This section collects some useful results for the cases when $M \leq \gamma$ or $M \geq \gamma$ a.s. for a constant $\gamma \in (0, 1)$, in particular Kellerer's unpublished recurrence result [14] for this situation, see Proposition 4.3 below. Whenever given iid nonnegative Q_1, Q_2, \dots with generic copy Q , let $(X_n(\gamma))_{n \geq 0}$ be defined by

$$X_n(\gamma) = \gamma X_{n-1}(\gamma) + Q_n, \quad n \geq 1,$$

where $X_0(\gamma)$ is independent of $(Q_n)_{n \geq 1}$. We start with two comparison lemmata which treat two RDE with identical $M \leq \gamma$ but different Q .

Lemma 4.1 *Let $(M_n, Q_n, Q'_n)_{n \geq 1}$ be a sequence of iid random vectors with nonnegative components and generic copy (M, Q, Q') such that $M \leq \gamma$ a.s. for some $\gamma \in (0, 1)$ and*

$$\mathbb{P}(Q' > t) \geq \mathbb{P}(Q > t) \quad (15)$$

for some $t_0 \geq 0$ and all $t \geq t_0$. Define

$$X_n := M_n X_{n-1} + Q_n \quad \text{and} \quad X'_n := M_n X'_{n-1} + Q'_n$$

for $n \geq 1$, where X'_0 is independent of X_0 and $(M_k, Q_k)_{k \geq 1}$. Then

$$(X_n)_{n \geq 0} \text{ transient} \implies (X'_n)_{n \geq 0} \text{ transient}$$

or, equivalently,

$$(X'_n)_{n \geq 0} \text{ recurrent} \implies (X_n)_{n \geq 0} \text{ recurrent}$$

Proof. The tail condition (15) ensures that we may choose a coupling (Q, Q') such that $Q' \geq Q - t_0$ a.s. Then, with $(Q_n, Q'_n)_{n \geq 1}$ being iid copies of (Q, Q') , it follows that

$$\begin{aligned} X'_n - X_n &= M_n(X'_{n-1} - X_{n-1}) + Q'_n - Q_n \\ &\geq M_n(X'_{n-1} - X_{n-1}) - t_0 \\ &\dots \geq \left(\prod_{k=1}^n M_k \right) (X'_0 - X_0) - t_0 \sum_{k=0}^{n-1} \gamma^k \quad \text{a.s.} \end{aligned}$$

and thereby

$$\liminf_{n \rightarrow \infty} (X'_n - X_n) \geq -\frac{t_0}{1-\gamma} \quad \text{a.s.}$$

which obviously proves the asserted implication. \square

Lemma 4.2 *Replace condition (15) in Lemma 4.1 with*

$$Q' = \mathbf{1}_{\{Q > \beta\}} Q \quad (16)$$

for some $\beta > 0$, thus $\mathbb{P}(Q' = 0) = \mathbb{P}(Q \leq \beta)$. Then

$$(X'_n)_{n \geq 0} \text{ recurrent} \iff (X_n)_{n \geq 0} \text{ recurrent.}$$

Proof. Here it suffices to point out that

$$\begin{aligned} |X'_n - X_n| &= |M_n(X'_{n-1} - X_{n-1}) + Q'_n - Q_n| \\ &\leq M_n |X'_{n-1} - X_{n-1}| + \mathbf{1}_{\{Q_n \leq \beta\}} Q_n \\ &\dots \leq \left(\prod_{k=1}^n M_k \right) (X'_0 - X_0) + \beta \sum_{k=0}^{n-1} \gamma^k \\ &\leq \gamma^n (X'_0 - X_0) + \frac{\beta}{1-\gamma} \quad \text{a.s.} \end{aligned}$$

for all $n \geq 1$. \square

The announced result by Kellerer including its proof (with some minor modifications), taken from his unpublished Technical Report [14, Theorem 3.1], is given next.

Proposition 4.3 *Let $0 < \gamma < 1$. Then the following assertions hold:*

(a) $(X_n)_{n \geq 0}$ is transient if $M \geq \gamma$ a.s. and

$$s_* = \liminf_{t \rightarrow \infty} t \mathbb{P}(\log Q > t) > \log(1/\gamma). \quad (17)$$

(b) $(X_n)_{n \geq 0}$ is null-recurrent if $M \leq \gamma$ a.s. and

$$s^* = \liminf_{t \rightarrow \infty} t \mathbb{P}(\log Q > t) < \log(1/\gamma). \quad (18)$$

Proof. It is enough to consider (in both parts) the case when $M = \gamma$ a.s. and thus the Markov chain $(X_n(\gamma))_{n \geq 0}$ as defined above. We may further assume that $X_0(\gamma) = 0$ and put $\theta := \log(1/\gamma)$.

Transience. It suffices to show that $\sum_{n \geq 1} \mathbb{P}(\widehat{X}_n(\gamma) \leq e^t) < \infty$ for all $t \geq 0$. Fixing t and any $\varepsilon > 0$ with $(1 + \varepsilon)\theta < s_*$, pick $m \in \mathbb{N}$ so large that

$$\inf_{k \geq m+1} k\theta \mathbb{P}(\log Q > t + k\theta) \geq (1 + \varepsilon)\theta.$$

Then we infer for all $n > m$

$$\begin{aligned} \mathbb{P}(\widehat{X}_n(\gamma) \leq e^t) &= \mathbb{P}\left(\sum_{k=1}^n \gamma^{k-1} Q_k \leq e^t\right) \\ &\leq \mathbb{P}(\log Q_k \leq t + (k-1)\theta, 1 \leq k \leq n) \\ &\leq \prod_{k=m+1}^n (1 - \mathbb{P}(\log Q > t + k\theta)) \\ &\leq \prod_{k=m+1}^n \left(1 - \frac{1 + \varepsilon}{k}\right) \\ &\leq \prod_{k=m+1}^n \left(1 - \frac{1}{k}\right)^{1+\varepsilon} = \left(\frac{m}{n}\right)^{1+\varepsilon} \end{aligned}$$

where $(1 - x)^{1+\varepsilon} \geq 1 - (1 + \varepsilon)x$ for all $x \in [0, 1]$ has been utilized for the last inequality. Consequently, $\sum_{n \geq 1} \mathbb{P}(\widehat{X}_n(\gamma) \leq e^t) < \infty$, and the transience of $(X_n(\gamma))_{n \geq 0}$ follows by Proposition 2.4.

Null-recurrence. By Lemma 4.2, we may assume w.l.o.g. that, for some sufficiently small $\varepsilon > 0$, $\delta := \mathbb{P}(Q = 0) \geq \gamma^\varepsilon$ and

$$\sup_{t \geq 1} t \mathbb{P}(\log Q > t) \leq (1 - \varepsilon)\theta.$$

Put also $m_n := \theta^{-1}(m + \log n)$ for integer $m \geq 1$ so large that

$$g(x, n) := (x - 1)\theta - \log n \geq 1 \vee (1 - \varepsilon)\theta$$

for all $x \in (m_n, \infty)$. Note that $\delta^{m_n} \geq (e^{m_n})^{-\varepsilon}$. For all $n \geq 1$ so large that $g(n, n) > \theta$, we then infer

$$\begin{aligned}
\mathbb{P}(\widehat{X}_n(\gamma) \leq 1) &\geq \mathbb{P}\left(\max_{1 \leq k \leq n} \gamma^{k-1} Q_k \leq \frac{1}{n}\right) \\
&\geq \mathbb{P}(Q = 0)^{m_n} \prod_{m_n+1 \leq k \leq n} \mathbb{P}(\log Q \leq g(k, n)) \\
&\geq \delta^{m_n} \prod_{m_n+1 \leq k \leq n} \left(1 - \frac{(1-\varepsilon)\theta}{g(k, n)}\right) \\
&\geq (e^{m_n})^{-\varepsilon} \prod_{k=m}^n \left(1 - \frac{1-\varepsilon}{k}\right) \\
&\geq (e^{m_n})^{-\varepsilon} \prod_{k=2}^n \left(1 - \frac{1}{k}\right)^{1-\varepsilon} = \frac{e^{-m\varepsilon}}{n}.
\end{aligned}$$

Here $(1-x)^{1-\varepsilon} \leq 1 - (1-\varepsilon)x$ for all $x \in [0, 1]$ has been utilized for the last inequality. Hence, $\sum_{n \geq 1} \mathbb{P}(\widehat{X}_n(\gamma) \leq 1) = \infty$, giving the recurrence of $(X_n(\gamma))_{n \geq 0}$ by Proposition 2.5. \square

Given a Markov chain $(Z_n)_{n \geq 0}$, a sequence $(\sigma_n)_{n \geq 0}$ is called a *renewal stopping sequence* for this chain if the following conditions hold:

- (R1) $\sigma_0 = 0$ and the $\tau_n := \sigma_n - \sigma_{n-1}$ are iid for $n \geq 1$.
- (R2) There exists a filtration $\mathcal{F} = (\mathcal{F}_n)_{n \geq 0}$ such that $(Z_n)_{n \geq 0}$ is Markov-adapted and each σ_n is a stopping time with respect to \mathcal{F} .

We define

$$S_n := \log \Pi_n = \sum_{k=1}^n \log M_k$$

for $n \geq 0$ and recall that, by our standing assumption, $(S_n)_{n \geq 0}$ is a negative divergent random walk ($S_n \rightarrow -\infty$ a.s.). For $c \in \mathbb{R}$, let $(\sigma_n^>(c))_{n \geq 0}$ and $(\sigma_n^<(c))_{n \geq 0}$ denote the possibly defective renewal sequences of ascending and descending ladder epochs associated with the random walk $(S_n + cn)_{n \geq 0}$, in particular

$$\begin{aligned}
\sigma^>(c) &= \sigma_1^>(c) := \inf\{n \geq 1 : S_n + cn > 0\} = \inf\{n \geq 1 : \Pi_n > e^{-cn}\}, \\
\sigma^<(c) &= \sigma_1^<(c) := \inf\{n \geq 1 : S_n + cn < 0\} = \inf\{n \geq 1 : \Pi_n < e^{-cn}\}.
\end{aligned}$$

Plainly, these are renewal stopping sequences for $(X_n)_{n \geq 0}$ whenever nondefective.

Lemma 4.4 *Let $c \geq 0$ and $\gamma = e^{-c}$.*

- (a) *If c is such that $\sigma^<(c) < \infty$ a.s. and $(\sigma_n)_{n \geq 0} = (\sigma_n^<(c))_{n \geq 0}$, then*

$$X_{\sigma_n} \leq X_{\sigma_n}(\gamma) \quad \text{and} \quad \widehat{X}_{\sigma_n} \leq \widehat{Y}_n \quad \text{a.s.}$$

for all $n \geq 0$, where $X_0 = X_0(\gamma) = \widehat{Y}_0$ and

$$\widehat{Y}_n := \sum_{k=1}^n \gamma^{\sigma_{k-1}} Q_k^* \quad \text{with} \quad Q_n^* := \sum_{k=1}^{\sigma_n - \sigma_{n-1}} \frac{\Pi_{\sigma_{n-1}+k-1}}{\Pi_{\sigma_{n-1}}} Q_k$$

for $n \geq 1$ denotes the sequence of backward iterations pertaining to the recursive Markov chain $Y_n = \gamma^{\sigma_n - \sigma_{n-1}} Y_{n-1} + Q_n^*$.

(b) If c is such that $\sigma^>(c) < \infty$ a.s. and $(\sigma_n)_{n \geq 0} = (\sigma_n^>(c))_{n \geq 0}$, then

$$X_{\sigma_n} \geq X_{\sigma_n}(\gamma) \quad \text{and} \quad \widehat{X}_{\sigma_n} \geq \widehat{Y}_n \quad \text{a.s.}$$

for all $n \geq 0$, where $X_0 = X_0(\gamma) = \widehat{Y}_0$ and \widehat{Y}_n is defined as in (a) for the σ_n given here.

Plainly, one can take $c \in (0, -\mathfrak{m})$ in (a) and $c \in (-\mathfrak{m}, \infty)$ in (b) if $-\infty < \mathfrak{m} < 0$.

Proof. (a) Suppose that the $\sigma_n^<(c)$ are a.s. finite. To prove our claim for X_{σ_n} , we use induction over n . Since $\sigma_0 = 0$, we have $X_{\sigma_0} = X_{\sigma_0}(\gamma)$. For the inductive step suppose that $X_{\sigma_{n-1}} \leq X_{\sigma_{n-1}}(\gamma)$ for some $n \geq 1$. Observe that, with $\tau_n = \sigma_n - \sigma_{n-1}$,

$$\begin{aligned} M_{\sigma_{n-1}+k+1} \cdots M_{\sigma_n} &= \frac{\Pi_{\sigma_n}}{\Pi_{\sigma_{n-1}+k}} \\ &= e^{(S_{\sigma_n} + c\sigma_n) - (S_{\sigma_{n-1}+k} + c(\sigma_{n-1}+k)) - c(\tau_n - k)} \leq \gamma^{\tau_n - k} \end{aligned} \quad (19)$$

for all $0 \leq k \leq \tau_n$. Using this and the inductive hypothesis, we obtain

$$\begin{aligned} X_{\sigma_n} &= \frac{\Pi_{\sigma_n}}{\Pi_{\sigma_{n-1}}} X_{\sigma_{n-1}} + \sum_{k=1}^{\tau_n} \frac{\Pi_{\sigma_n}}{\Pi_{\sigma_{n-1}+k}} Q_{\sigma_{n-1}+k} \\ &\leq \gamma^{\tau_n} X_{\sigma_{n-1}}(\gamma) + \sum_{k=1}^{\tau_n} \gamma^{\tau_n - k} Q_{\sigma_{n-1}+k} = X_n(\gamma) \quad \text{a.s.} \end{aligned}$$

as asserted. Regarding the backward iteration \widehat{X}_{σ_n} , we find more directly that

$$\begin{aligned} \widehat{X}_{\sigma_n} &= \sum_{k=1}^n \Pi_{\sigma_{k-1}} \sum_{j=1}^{\tau_k} \frac{\Pi_{\sigma_{k-1}+j-1}}{\Pi_{\sigma_{k-1}}} Q_j \\ &\leq \sum_{k=1}^n \gamma^{\sigma_{k-1}} \sum_{j=1}^{\tau_k} \frac{\Pi_{\sigma_{k-1}+j-1}}{\Pi_{\sigma_{k-1}}} Q_j = \widehat{Y}_n \quad \text{a.s.} \end{aligned}$$

for each $n \geq 1$.

(b) If c is such that the $\sigma_n^>(c)$ are a.s. finite, then (19) turns into

$$M_{\sigma_{n-1}+k+1} \cdots M_{\sigma_n} \geq \gamma^{\tau_n - k}$$

for all $n \in \mathbb{N}$ and $0 \leq k \leq \tau_n$. Now it is easily seen that the inductive argument in (a) remains valid when reversing inequality signs and the same holds true for \widehat{X}_{σ_n} . \square

5 Tail lemmata

In order to prove our results, we need to verify that the tail condition (13) is preserved under stopping times with finite mean. To be more precise, let σ be any such stopping time for $(M_k, Q_k)_{k \geq 1}$ and consider

$$\widehat{X}_\sigma = \sum_{k=1}^{\sigma} \Pi_{k-1} Q_k.$$

Obviously,

$$\max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k \leq \widehat{X}_\sigma \leq \sigma \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k. \quad (20)$$

Lemma 5.1 *Assuming (2), (3) and $\mathfrak{m} < 0$, condition (13) entails*

$$\lim_{t \rightarrow \infty} t \mathbb{P}(\log \widehat{X}_\sigma > t) = s \mathbb{E}\sigma,$$

where the right-hand side equals 0 if $s = 0$, and ∞ if $s = \infty$.

Proof. It suffices to prove

$$\lim_{t \rightarrow \infty} t \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > t \right) = s \mathbb{E}\sigma$$

because (20) in combination with $\mathbb{E}\sigma < \infty$ entails

$$\begin{aligned} \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > t \right) &\leq \mathbb{P}(\log \widehat{X}_\sigma > t) \\ &\leq \mathbb{P}(\log \sigma > \varepsilon t) + \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > (1 - \varepsilon)t \right) \\ &= o(t) + \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > (1 - \varepsilon)t \right) \end{aligned}$$

for all $\varepsilon > 0$.

(a) We first prove that

$$\limsup_{t \rightarrow \infty} t \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > t \right) \leq s \mathbb{E}\sigma \quad (21)$$

which is nontrivial only when assuming $s \in [0, \infty)$. Put $\eta_n := \log Q_n$ for $n \in \mathbb{N}$. For any $\varepsilon \in (0, 1)$, we then have

$$\begin{aligned} \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > t \right) &= \mathbb{P} \left(\max_{1 \leq k \leq \sigma} (S_{k-1} + \eta_k) > t \right) \\ &\leq \mathbb{P} \left(\max_{0 \leq k \leq \sigma} S_k > \varepsilon t \right) + \mathbb{P} \left(\max_{1 \leq k \leq \sigma} \eta_k > (1 - \varepsilon)t \right) \\ &= I_1(t) + I_2(t). \end{aligned}$$

Regarding $I_1(t)$, notice that

$$\max_{0 \leq k \leq \sigma} S_k \leq \sum_{k=1}^{\sigma} \log_+ M_k.$$

Since $\mathbf{m} \in [-\infty, 0)$ entails $\mathbb{E} \log_+ M < \infty$ and thus, by Wald's identity,

$$\mathbb{E} \max_{0 \leq k \leq \sigma} S_k \leq \mathbb{E} \sum_{k=1}^{\sigma} \log_+ M_k = \mathbb{E} \sigma \mathbb{E} \log_+ M < \infty.$$

As a consequence,

$$\lim_{t \rightarrow \infty} t I_1(t) = 0.$$

Turning to $I_2(t)$, we obtain

$$\begin{aligned} t I_2(t) &\leq t \mathbb{E} \sum_{k=1}^{\sigma} \mathbf{1}_{\{\eta_k > (1-\varepsilon)t\}} \\ &= t \mathbb{E} \sum_{k \geq 1} \mathbf{1}_{\{\eta_k > (1-\varepsilon)t, \sigma \geq k\}} \\ &= t \mathbb{P}(\eta_1 > (1-\varepsilon)t) \sum_{k \geq 1} \mathbb{P}(\sigma \geq k) \\ &= t \mathbb{E} \sigma \mathbb{P}(\eta_1 > (1-\varepsilon)t) < \infty \end{aligned}$$

and thereupon

$$\limsup_{t \rightarrow \infty} t (I_1(t) + I_2(t)) = \limsup_{t \rightarrow \infty} t I_2(t) \leq \frac{s \mathbb{E} \sigma}{1 - \varepsilon}.$$

Hence (21) follows upon letting ε tend to 0.

(b) It remains to show the inequality

$$\liminf_{t \rightarrow \infty} t \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > t \right) \geq s \mathbb{E} \sigma \quad (22)$$

which is nontrivial only when assuming $s \in (0, \infty]$. To this end observe that

$$\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k = \max_{1 \leq k \leq \sigma} (S_{k-1} + \eta_k) \geq \max_{1 \leq k \leq \sigma \wedge \tau(c)} \eta_k - c$$

for any $c > 0$, where $\tau(c) := \inf\{n \geq 1 : S_n < -c\}$. Since, furthermore,

$$\begin{aligned} \mathbb{P} \left(\max_{1 \leq k \leq \sigma \wedge \tau(c)} \eta_k > t \right) &= \mathbb{E} \sum_{k=1}^{\sigma \wedge \tau(c)} \mathbf{1}_{\{\eta_1 \vee \dots \vee \eta_{k-1} \leq t, \eta_k > t\}} \\ &= \sum_{k \geq 1} \mathbb{P} \left(\max_{1 \leq j \leq k-1} \eta_j \leq t, \eta_k > t, \sigma \wedge \tau(c) \geq k \right) \\ &= \mathbb{P}(\eta_1 > t) \sum_{k \geq 1} \mathbb{P} \left(\max_{1 \leq j \leq k-1} \eta_j \leq t, \sigma \wedge \tau(c) \geq k \right), \end{aligned}$$

we find

$$\begin{aligned}
& t \mathbb{P} \left(\log \max_{1 \leq k \leq \sigma} \Pi_{k-1} Q_k > t \right) \\
& \geq t \mathbb{P}(\eta_1 > t + c) \sum_{k \geq 1} \mathbb{P} \left(\max_{1 \leq j \leq k-1} \eta_j \leq t, \sigma \wedge \tau(c) \geq k \right) \\
& \xrightarrow{t \rightarrow \infty} s \mathbb{E}(\sigma \wedge \tau(c)),
\end{aligned}$$

and this implies (22) upon letting c tend to ∞ , for $\sigma \wedge \tau(c) \uparrow \sigma$. \square

By combining the previous result with a simple stochastic majorization argument, we obtain the following extension.

Lemma 5.2 *Let s_* and s^* be as defined in (12). Then*

$$\limsup_{t \rightarrow \infty} t \mathbb{P}(\log \widehat{X}_\sigma > t) \leq s^* \mathbb{E}\sigma \quad (23)$$

$$\text{and } \liminf_{t \rightarrow \infty} t \mathbb{P}(\log \widehat{X}_\sigma > t) \geq s_* \mathbb{E}\sigma. \quad (24)$$

Proof. For (23), we may assume $s^* < \infty$. Recall the notation $F(t) = \mathbb{P}(\log Q \leq t)$ and put $\overline{F} := 1 - F$. Then define the new distribution function G by

$$\overline{G}(t) := \mathbf{1}_{(-\infty, 0]}(t) + \left(\overline{F}(t) \vee \frac{s}{s+t} \right) \mathbf{1}_{(0, \infty)}(t)$$

for some arbitrary $s > s^*$ (we can even choose $s = s^*$ unless $s^* = 0$). Since $\overline{G} \geq \overline{F}$, we may construct (on a possibly enlarged probability space) random variables Q', Q'_1, Q'_2, \dots such that $(M, Q, Q'), (M_1, Q_1, Q'_1), (M_2, Q_2, Q'_2), \dots$ are iid, the distribution function of $\log Q'$ is G , and $Q' \geq Q$, thus

$$\widehat{X}'_\sigma := \sum_{k=1}^{\sigma} \Pi_{k-1} Q'_k \geq \widehat{X}_\sigma.$$

On the other hand, $\overline{G}(t) = \mathbb{P}(\log Q' > t)$ satisfies the tail condition (13), whence, by an appeal to Lemma 5.1,

$$\limsup_{t \rightarrow \infty} t \mathbb{P}(\log \widehat{X}_\sigma > t) \leq \lim_{t \rightarrow \infty} t \mathbb{P}(\log \widehat{X}'_\sigma > t) = s \mathbb{E}\sigma.$$

This proves (23) because $s - s^*$ can be chosen arbitrarily small.

Assertion (24) for $s > 0$ is proved in a similar manner. Indeed, pick any $s \in (0, s_*)$ (or even s_* itself unless $s_* = \infty$) and define

$$\overline{G}(t) := \left(\overline{F}(t) \wedge \frac{s}{s+t} \right) \mathbf{1}_{[0, \infty)}(t)$$

which obviously satisfies $\overline{G} \leq \overline{F}$. In the notation from before, we now have $Q' \leq Q$ and thus $\widehat{X}'_\sigma \leq \widehat{X}_\sigma$. Since again $\overline{G}(t) = \mathbb{P}(\log Q' > t)$ satisfies the tail condition (13), we easily arrive at the desired conclusion by another appeal to Lemma 5.1. \square

Our last tail lemma will be crucial for the proof of Theorem 3.4. Given any $0 < \gamma < 1$, recall that $X_0(\gamma) = X_0$ and

$$X_n(\gamma) = \gamma X_{n-1}(\gamma) + Q_n$$

for $n \geq 1$. Let σ be any integrable stopping time for $(X_n)_{n \geq 0}$ and note that

$$X_\sigma(\gamma) = \gamma^\sigma X_0 + Q(\gamma),$$

where

$$Q(\gamma) := \sum_{k=1}^{\sigma} \gamma^{\sigma-k} Q_k.$$

More generally, if $(\sigma_n)_{n \geq 0}$ denotes a renewal stopping sequence for $(X_n)_{n \geq 0}$ with $\sigma = \sigma_1$, then

$$X_{\sigma_n}(\gamma) = \gamma^{\sigma_n - \sigma_{n-1}} X_{\sigma_{n-1}}(\gamma) + Q_n(\gamma)$$

for $n \geq 1$ with iid $(\gamma^{\sigma_n - \sigma_{n-1}}, Q_n(\gamma))_{n \geq 1}$ and $Q_{\sigma_1}(\gamma) = Q(\gamma)$.

Lemma 5.3 *Let $\gamma \in (0, 1)$ and $\sigma, Q(\gamma)$ be as just introduced. If Q satisfies condition (13), then*

$$\lim_{t \rightarrow \infty} t \mathbb{P}(\log Q(\gamma) > t) = s \mathbb{E}\sigma,$$

where the right-hand side equals 0 if $s = 0$, and ∞ if $s = \infty$. More generally, with s_*, s^* as defined in (12), it is always true that

$$\begin{aligned} s_* \mathbb{E}\sigma &\leq \liminf_{t \rightarrow \infty} t \mathbb{P}(\log Q(\gamma) > t) \\ &\leq \limsup_{t \rightarrow \infty} t \mathbb{P}(\log Q(\gamma) > t) \leq s^* \mathbb{E}\sigma. \end{aligned}$$

Proof. Embarking on the obvious inequality (compare (20))

$$\max_{1 \leq k \leq \sigma} \gamma^{\sigma-k} Q_k \leq Q(\gamma) \leq \sigma \max_{1 \leq k \leq \sigma} \gamma^{\sigma-k} Q_k,$$

the arguments are essentially the same and even slightly simpler than those given for the proofs of Lemmata 5.1 and 5.2. We therefore omit further details. \square

6 Proof of Theorems 3.1 and 3.4

Proof (of Theorem 3.1). (a) *Null-recurrence:* We keep the notation of the previous sections, in particular $S_n = \log I_n$ and $\eta_n = \log Q_n$ for $n \geq 1$. For an arbitrary $c > 0$, let $(\sigma_n)_{n \geq 0}$ be the integrable renewal stopping sequence with

$$\sigma = \sigma_1 := \inf\{n \geq 1 : S_n < -c\}.$$

Then

$$(M_n^*, Q_n^*) := \left(\frac{\Pi_{\sigma_n}}{\Pi_{\sigma_{n-1}}}, \sum_{k=\sigma_{n-1}+1}^{\sigma_n} \frac{\Pi_{k-1}}{\Pi_{\sigma_{n-1}}} Q_k \right), \quad n \geq 1,$$

are independent copies of $(\Pi_\sigma, \sum_{k=1}^\sigma \Pi_{k-1} Q_k)$. Put

$$\Pi_0^* := 1 \quad \text{and} \quad \Pi_n^* := \prod_{k=1}^n M_k^* \quad \text{for } n \geq 1.$$

By Lemma 5.2,

$$\limsup_{t \rightarrow \infty} t \mathbb{P}(\log Q_1^* > t) \leq s^* \mathbb{E}\sigma$$

As already pointed out in the Introduction, validity of (2), (3) and (6) implies that $(X_n)_{n \geq 0}$ cannot be positive recurrent. We will always assume $X_0 = \widehat{X}_0 = 0$ hereafter. By Proposition 2.5, the null recurrence of $(X_n)_{n \geq 0}$ follows if we can show that

$$\sum_{n \geq 1} \mathbb{P}(X_n \leq t) = \sum_{n \geq 1} \mathbb{P}(\widehat{X}_n \leq t) = \infty \quad (25)$$

for some $t > 0$ or, a fortiori,

$$\sum_{n \geq 1} \mathbb{P}(\widehat{X}_{\sigma_n} \leq t) = \infty. \quad (26)$$

We note that $\widehat{X}_{\sigma_n} = \sum_{k=1}^{\sigma_n} \Pi_{k-1} Q_k = \sum_{k=1}^n \Pi_{k-1}^* Q_k^*$ and pick an arbitrary nondecreasing sequence $0 = a_0 \leq a_1 \leq \dots$ such that

$$a := \sum_{n \geq 0} e^{-a_n} < \infty.$$

Fix any $z > 0$ so large that

$$\mathbb{P}\left(Q_1^* \leq \frac{z}{a}\right) > 0.$$

Using $M_n^* < 1$ for all $n \geq 1$, we then infer that

$$\begin{aligned} \mathbb{P}\left(\max_{1 \leq k \leq n} e^{a_{k-1}} \Pi_{k-1}^* Q_k^* \leq \frac{t}{a}\right) &\geq \mathbb{P}\left(\max_{1 \leq k \leq n} \Pi_{k-1}^* Q_k^* \leq \frac{t}{a}\right) \\ &\geq \mathbb{P}\left(Q_1^* \leq \frac{t}{a}\right)^n > 0. \end{aligned}$$

Furthermore,

$$\mathbb{P}(\widehat{X}_{\sigma_n} \leq t) = \mathbb{P}\left(\sum_{k=1}^n \Pi_{k-1}^* Q_k^* \leq t\right) \geq \mathbb{P}\left(\max_{1 \leq k \leq n} e^{a_{k-1}} \Pi_{k-1}^* Q_k^* \leq \frac{t}{a}\right),$$

because $\max_{1 \leq k \leq n} e^{a_{k-1}} \Pi_{k-1}^* Q_k^* \leq \frac{t}{a}$ implies

$$\sum_{k=1}^n \Pi_{k-1}^* Q_k^* \leq \frac{t}{a} \sum_{k=1}^n e^{-a_{k-1}} \leq t.$$

Consequently,

$$\sum_{n \geq 1} \mathbb{P} \left(\max_{1 \leq k \leq n} e^{a_{k-1}} \Pi_{k-1}^* Q_k^* \leq \frac{t}{a} \right) = \infty \quad (27)$$

implies (26), and thus (25).

By choice of the σ_n , we have $\log \Pi_k^* \leq -ck$ a.s. Putting $x = \log t - \log a$, we have with $a_k = o(k)$ as $k \rightarrow \infty$ (choose e.g. $a_k = 2 \log(1+k)$)

$$\begin{aligned} & \sum_{n \geq 1} \mathbb{P} \left(\max_{1 \leq k \leq n} e^{a_{k-1}} \Pi_{k-1}^* Q_k^* \leq \frac{t}{a} \right) \\ &= \sum_{n \geq 1} \mathbb{P} \left(\max_{1 \leq k \leq n} (-c(k-1) + a_{k-1} + \log Q_{k-1}^*) \leq x \right) \\ &= \sum_{n \geq 1} \prod_{k=1}^n \mathbb{P}(\log Q_1^* \leq x - a_{k-1} + c(k-1)) \end{aligned}$$

Defining b_n as the n th summand in the previous sum and writing $\sigma = \sigma(c)$ to show the dependence on c , Lemma 5.2 provides us with

$$\liminf_{n \rightarrow \infty} n \left(\frac{b_{n+1}}{b_n} - 1 \right) \geq -s^* \frac{\mathbb{E}\sigma(c)}{c},$$

hence Raabe's test entails (27) if we can fix $c > 0$ such that

$$s^* \frac{\mathbb{E}\sigma(c)}{c} < 1. \quad (28)$$

Plainly, the latter holds true for any $c > 0$ if $s^* = 0$. But if $s^* \in (0, \infty)$, then use the elementary renewal theorem to infer (also in the case $\mathbf{m} = -\infty$)

$$\lim_{c \rightarrow \infty} s^* \frac{\mathbb{E}\sigma(c)}{c} = \frac{s^*}{-\mathbf{m}} < 1.$$

Hence, (28) follows by our assumption $s^* < -\mathbf{m}$. \square

(b) *Transience*: By Proposition 2.4, it must be shown that

$$\sum_{n \geq 0} \mathbb{P}(\widehat{X}_n \leq t) < \infty$$

for any $t > 0$. We point out first that it suffices to show

$$\sum_{n \geq 0} \mathbb{P}(\widehat{X}_{\sigma_n} \leq t) < \infty \quad (29)$$

for some integrable renewal stopping sequence $(\sigma_n)_{n \geq 0}$. Namely, since $(\widehat{X}_n)_{n \geq 0}$ is nondecreasing, it follows that

$$\begin{aligned}
\sum_{n \geq 0} \mathbb{P}(\widehat{X}_n \leq t) &= \sum_{n \geq 0} \mathbb{E} \left(\sum_{k=\sigma_n}^{\sigma_{n+1}-1} \mathbf{1}_{\{\widehat{X}_k \leq t\}} \right) \\
&\leq \sum_{n \geq 0} \mathbb{E}(\sigma_{n+1} - \sigma_n) \mathbf{1}_{\{\widehat{X}_{\sigma_n} \leq t\}} \\
&= \mathbb{E}\sigma \sum_{n \geq 0} \mathbb{P}(\widehat{X}_{\sigma_n} \leq t),
\end{aligned}$$

where we have used that $\sigma_{n+1} - \sigma_n$ is independent of \widehat{X}_{σ_n} for each $n \geq 0$.

Choosing $(\sigma_n)_{n \geq 0} = (\sigma_n^>(c))_{n \geq 0}$ as defined before Lemma 4.4 for an arbitrary $c \in (-m, s_*)$, part (b) of this lemma provides us with

$$\widehat{X}_{\sigma_n} \geq \widehat{Y}_n = \sum_{k=1}^n \gamma^{\sigma_{k-1}} Q_k^* \quad \text{a.s.} \quad (30)$$

for all $n \geq 0$, where the Q_n^* are formally defined as in (a) for the σ_n given here and the \widehat{Y}_n are the backward iterations of the Markov chain defined by the RDE

$$Y_n = \gamma^{\sigma_{n-1}} Y_{n-1} + Q_n^*, \quad n \geq 1.$$

By Lemma 5.2,

$$\liminf_{t \rightarrow \infty} t \mathbb{P}(\log Q^* > t) \geq s_* \mathbb{E}\sigma.$$

Let $(Q'_n)_{n \geq 1}$ be a further sequence of iid random variables with generic copy Q' , independent of all other occurring random variables and such that

$$\lim_{t \rightarrow \infty} t \mathbb{P}(\log Q' > t) =: s \in (c, s_*). \quad (31)$$

Put $\gamma := e^{-c}$. Then Kellerer's result (Proposition 4.3) implies the transience of the Markov chain $X'_n(\gamma) = \gamma X'_{n-1}(\gamma) + Q'_n$, $n \geq 1$, and thus also of the subchain $(X'_{\sigma_n}(\gamma))_{n \geq 0}$. Since $\widehat{X}'_{\sigma_n}(\gamma) = \sum_{k=1}^n \gamma^{\sigma_{k-1}} \widehat{Q}_k$ with

$$\widehat{Q}_n = \sum_{k=\sigma_{n-1}+1}^{\sigma_n} \gamma^{k-\sigma_{n-1}-1} Q'_k$$

for $n \geq 1$ and since, by (31) and Lemma 5.1,

$$\lim_{t \rightarrow \infty} t \mathbb{P}(\log \widehat{Q} > t) = s \mathbb{E}\sigma,$$

thus $\mathbb{P}(Q^* > t) \geq \mathbb{P}(\widehat{Q} > t)$ for all sufficiently large t , we now infer by invoking our Comparison Lemma 4.1 that the transience of $(X'_{\sigma_n}(\gamma))_{n \geq 0}$ entails the transience of $(Y_n)_{n \geq 0}$ given above and thus

$$\sum_{n \geq 0} \mathbb{P}(\widehat{Y}_n \leq t) < \infty$$

for all $t > 0$. Finally, use (30) to arrive at (29). This completes the proof of part (b). \square

Proof (of Theorem 3.4). Fix $c > s^*$ and put as before $\gamma = e^{-c}$. Since $S_n = \log \Pi_n \rightarrow -\infty$ a.s. and $\mathbf{m}^+ = \mathbf{m}^- = \infty$, we have

$$\lim_{n \rightarrow \infty} \frac{S_n}{n} = \lim_{n \rightarrow \infty} \frac{S_n + an}{n} = -\infty \quad \text{a.s. for all } a \in \mathbb{R}$$

due to Kesten's trichotomy (see e.g. [15, p. 3]) and hence in particular $S_n + cn \rightarrow -\infty$ a.s. As a consequence, the sequence $(\sigma_n)_{n \geq 0} = (\sigma_n^<(c))_{n \geq 0}$ as defined before Lemma 4.4 is an integrable renewal stopping sequence for $(X_n)_{n \geq 0}$. Part (a) of this lemma implies

$$X_{\sigma_n} \leq X_{\sigma_n}(\gamma) = \gamma^{\sigma_n - \sigma_{n-1}} X_{\sigma_{n-1}}(\gamma) + Q_n(\gamma) \quad \text{a.s.}$$

for all $n \geq 0$, where $Q_n(\gamma) = \sum_{k=\sigma_{n-1}+1}^{\sigma_n} \gamma^{\sigma_n - k} Q_k$ for $n \geq 1$. Hence it is enough to prove the null-recurrence of $(X_{\sigma_n}(\gamma))_{n \geq 0}$. To this end, note first that $\mathbf{m}(\gamma) := \mathbb{E} \log \gamma^{\sigma_1} = -c \mathbb{E} \sigma_1 \in (-\infty, 0)$. Moreover, Lemma 5.3 provides us with

$$\limsup_{t \rightarrow \infty} t \mathbb{P}(\log Q_1(\gamma) > t) \leq s^* \mathbb{E} \sigma_1 < c \mathbb{E} \sigma_1 = -\mathbf{m}(\gamma),$$

and so the null-recurrence of $(X_{\sigma_n}(\gamma))_{n \geq 0}$ follows from Theorem 3.1. \square

7 On the structure of the attractor set

The purpose of this section is to investigate the structure of the attractor set L for the Markov chain $(X_n)_{n \geq 0}$ defined by (1). Unlike before, we only assume hereafter that $(X_n)_{n \geq 0}$ is locally contractive and recurrent, the latter being an inevitable assumption for $L \neq \emptyset$. Recall from the paragraph preceding Proposition 2.5 that L consists of all accumulation points of $(X_n^x(\omega))_{n \geq 0}$ which turns out to be the same for all $x \in \mathbb{R}_+$ and \mathbb{P} -almost all ω . As already mentioned in the Introduction, $(X_n)_{n \geq 0}$ possesses a unique invariant distribution, say ν , if (3) and (4) hold. The attractor set then coincides with the support of ν . Furthermore, according to Theorem 2.5.5 in [7], L necessarily equals a half-line $[a, \infty)$ for some $a \geq 0$ if it is unbounded. If L is bounded, no general results concerning local properties of L are known. It may equally well be a fractal (for instance, a Cantor set) or an interval.

For $(m, q) \in \mathbb{R}_+^2$, let g be the affine transformation of \mathbb{R} defined by

$$g(x) = mx + q, \quad x \in \mathbb{R}.$$

We will write $g = (m, q)$, thereby identifying g with (m, q) . The affine transformations constitute a group $\text{Aff}(\mathbb{R})$ with identity $(1, 0)$ and multiplication defined by

$$g_1 g_2 = (m_1, q_1) (m_2, q_2) = (m_1 m_2, q_1 + m_1 q_2)$$

for $g_i = (m_i, q_i)$, $i = 1, 2$. The inverse of $g = (m, q)$ is given by $g^{-1} = (m^{-1}, -m^{-1}q)$.

Assuming $m \neq 1$, let $x_0 = x_0(g) = q/(1 - m)$ be the unique fixed point of g , that is the unique solution to the equation $g(x) = x$. Then

$$g(x) = m(x - x_0) + x_0, \quad x \in \mathbb{R}$$

and similarly

$$g^n(x) = m^n x + q_n = m^n(x - x_0) + x_0, \quad x \in \mathbb{R}, \quad n \geq 1, \quad (32)$$

where $q_n = \sum_{i=0}^{n-1} m^i q$. Formula (32) tells us that, modulo x_0 , the action of g is either contractive or expanding depending on whether $m < 1$ or $m > 1$, respectively.

We interpret μ , the distribution of (M, Q) , as a probability measure on $\text{Aff}(\mathbb{R})$ hereafter and let $\text{supp } \mu$ denote its support. Consider the subsemigroup T of $\text{Aff}(\mathbb{R})$ generated by $\text{supp } \mu$, i.e.

$$T := \{g_1 \cdot \dots \cdot g_n : g_i \in \text{supp } \mu, \quad i = 1, \dots, n, \quad n \geq 1\},$$

and let \bar{T} be its closure. A set $S \subset \mathbb{R}$ is said to be \bar{T} -invariant if for every $g \in \bar{T}$ and $x \in S$, $g(x) = mx + q \in S$. The following result was stated in a slightly different setting as Proposition 2.5.3 in [7] and can be proved by the same arguments after minor changes.

Lemma 7.1 *Let $(X_n)_{n \geq 0}$ be locally contractive and recurrent. Then $L = \bar{S}_0$, where*

$$S_0 := \{(1 - m)^{-1}q : g = (m, q) \in T, m < 1\}.$$

Moreover, L equals the smallest \bar{T} -invariant subset of \mathbb{R} .

For positive recurrent $(X_n)_{n \geq 0}$, we have already pointed out that L , if unbounded, must be a half-line $[a, \infty)$ ($a \geq 0$). The subsequent theorem provides the extension of this fact to any locally contractive and recurrent $(X_n)_{n \geq 0}$.

Theorem 7.2 *Let $(X_n)_{n \geq 0}$ be locally contractive and recurrent with unbounded attractor set L . Then $L = [a, \infty)$ for some $a \geq 0$.*

Proof. By Lemma 7.1, the set L is uniquely determined by $\text{supp } \mu$ and does not depend on the values $\mu(A)$ for any particular sets A . Consequently, any modification of μ with the same support leaves L invariant. We will use this observation and define a tilting $\tilde{\mu}$ of μ of the form

$$\tilde{\mu}(dm, dq) = f(m)h(q) \mu(dm, dq)$$

for suitable positive functions f, h such that, if (M, Q) has law $\tilde{\mu}$, then the corresponding Markov chain $(\tilde{X}_n)_{n \geq 0}$ is positive recurrent with unique invariant distribution $\tilde{\nu}$. We thus conclude $\text{supp } \tilde{\nu} = L$ and thereupon the claim $L = \mathbb{R}_+$ if L is unbounded.

Put

$$f(m) := \begin{cases} \frac{c_0}{|\log m|}, & \text{if } 0 < m < \frac{1}{e}, \\ c_0, & \text{if } \frac{1}{e} \leq m < 1, \\ c_0 c_1, & \text{if } 1 \leq m < e, \\ \frac{c_0 c_1}{\log m}, & \text{if } m \geq e, \end{cases}$$

and

$$h(q) := \begin{cases} c_2, & \text{if } 0 \leq q < e, \\ \frac{c_2}{\log q}, & \text{if } q \geq e, \end{cases}$$

and fix $c_0, c_1, c_2 > 0$ such that

$$\int f(m)h(q) \mu(dm, dq) = 1.$$

Observe that, if $\mathbb{P}_{\tilde{\mu}}$ is such that (M, Q) has law $\tilde{\mu}$ under this probability measure, then

$$\begin{aligned} \mathbb{E}_{\tilde{\mu}} \log M &= c_0 \left[- \int_{(0,1] \times \mathbb{R}_+} (1 \wedge |\log m|) h(q) \mu(dm dq) \right. \\ &\quad \left. + c_1 \int_{(1,\infty) \times \mathbb{R}_+} (1 \wedge \log m) h(q) \mu(dm dq) \right], \end{aligned} \quad (33)$$

and from this it is readily seen that we can specify c_0, c_1 further so as to have

$$\mathbb{E}_{\tilde{\mu}} \log M < 0.$$

Regarding $\mathbb{E}_{\tilde{\mu}} \log^+ Q$, we find

$$\mathbb{E}_{\tilde{\mu}} \log^+ Q = c_2 \left[\int_{\mathbb{R}_+ \times [1,e]} \log q f(m) \mu(dm, dq) + \int_{\mathbb{R}_+ \times (e,\infty)} f(m) \mu(dm, dq) \right] < \infty.$$

Hence, if (M, Q) has law $\tilde{\mu}$, then the corresponding Markov chain $(\tilde{X}_n)_{n \geq 0}$ defined by (1) is indeed positive recurrent. This completes the proof of the theorem. \square

The next lemma provides some conditions on μ that are easily checked and sufficient for L to be unbounded.

Lemma 7.3 *Assuming (3), each of following conditions on the law of (M, Q) implies that L is unbounded.*

(C1) *The law of Q has unbounded support.*

(C2) $\mathbb{P}(M > 1) > 0$.

Proof. Assume first (C1), put $\beta := \sup\{x : x \in L\}$ and recall from Lemma 7.1 that L is invariant under the action of $\text{supp } \mu$, i.e., if $(m, q) \in \text{supp } \mu$ and $x \in L$, then $mx + q \in L$. In particular,

$$m\beta + q \leq \beta \quad \text{for any } (m, q) \in \text{supp } \mu. \quad (34)$$

Hence, if $\beta > 0$, we have $\beta \geq m\beta + q \geq q$ and conclude $\beta = \infty$, for q can be chosen arbitrarily large.

Assuming now (C2), pick $g = (m, q) \in \text{supp } \mu$ such that $m > 1$. Notice that $x = x_0(g) = q/(m-1)$, the unique fixed point of g , is negative because $m > 1$. Taking $y \in L$ and using (32), we infer

$$g^n(y) = m^n(y - x) + x \rightarrow \infty$$

as $n \rightarrow \infty$ which completes the proof. \square

The assumptions of Lemma 7.3 are not optimal. Even if $\mathbb{P}(M < 1) = 1$ and the support of the distribution of Q is bounded, the attractor set may be unbounded, as demonstrated by the next lemma.

Lemma 7.4 *Assume that $\mathbb{P}(M < 1) = 1$. Then the attractor set L is bounded if, and only if, the set*

$$S_1 = \{x_0 = x_0(g) : g \in \text{supp } \mu\}$$

is bounded or, equivalently, $Q/(1 - M)$ is a.s. bounded.

Proof. Assuming that S_1 is bounded, denote by a and b its infimum and supremum, respectively. Since the closed interval $[a, b]$ is obviously \bar{T} -invariant, it must contain L by Lemma 7.1 which implies that L is bounded.

If S_1 is unbounded, then $S_1 \subset S_0$ implies that S_0 and thus also $L = \bar{S}_0$ is unbounded by another appeal to Lemma 7.1. \square

Finally, we turn to the case when the attractor set L is bounded. As already mentioned, the local structure of L cannot generally be described precisely. If μ is supported by $(a, 0)$ and $(a, 1 - a)$ for some $0 < a < 1/2$, then $L \subset [0, 1]$ equals the Cantor set obtained by initially removing $(a, 1 - a)$ from $[0, 1]$ and successive self-similar repetitions of this action for the remaining intervals (see also [8, Remark 7]). So the Cantor ternary set is obtained if $a = 1/3$. On the other hand, we have the following result.

Lemma 7.5 *For $\alpha, \beta < 1$ with $\alpha + \beta \geq 1$ suppose that $(\alpha, q_\alpha), (\beta, q_\beta) \in \text{supp } \mu$ and further $x_\alpha := q_\alpha/(1 - \alpha) \leq q_\beta/(1 - \beta) =: x_\beta$. Then the interval $[x_\alpha, x_\beta]$ is contained in L .*

Proof. W.l.o.g. we assume that $x_\alpha = 0$ and $x_\beta = 1$ so that the points in $\text{supp } \mu$ are $f_\alpha := (\alpha, 0)$ and $f_\beta := (\beta, 1 - \beta)$ rather than $(\alpha, q_\alpha), (\beta, q_\beta)$ and $[0, 1] \subset L$ must be verified.

Pick any $x \in (0, 1)$. Let U be the subsemigroup of $\text{Aff}(\mathbb{R})$ generated by f_α and f_β . To prove that $x \in L$, it is sufficient by Lemma 7.1 to find a sequence $(g_n)_{n \geq 1}$ in U such that x is an accumulation point of $(g_n(0))_{n \geq 1}$.

We construct this sequence inductively. Observe first that $\alpha + \beta \geq 1$ implies

$$x \in (0, 1) \subset [0, \alpha] \cup [1 - \beta, 1].$$

If x is an element of $[0, \alpha]$, take $g_1 = f_\alpha$, otherwise take $g_1 = f_\beta$. In both cases,

$$x \in [g_1(0), g_1(1)] \quad \text{and} \quad |g_1(1) - g_1(0)| \leq \alpha \vee \beta.$$

Assume we have found $g_n = (a_n, b_n)$ such that

$$x \in [g_n(0), g_n(1)] \quad \text{and} \quad |g_n(1) - g_n(0)| = a_n \leq (\alpha \vee \beta)^n.$$

Using again $\alpha + \beta \geq 1$, we have

$$\begin{aligned} x &\in [g_n(0), g_n(1)] = [b_n, a_n + b_n] \\ &\subset [b_n, \alpha a_n + b_n] \cup [(1 - \beta)a_n + b_n, a_n + b_n] \\ &= [g_n f_\alpha(0), g_n f_\alpha(1)] \cup [g_n f_\beta(0), g_n f_\beta(1)]. \end{aligned}$$

Thus x must belong to one of these intervals. If $x \in [g_n f_\alpha(0), g_n f_\alpha(1)]$, put $g_{n+1} = g_n f_\alpha$, otherwise put $g_{n+1} = g_n f_\beta$. In both cases,

$$x \in [g_{n+1}(0), g_{n+1}(1)] \quad \text{and} \quad |g_{n+1}(1) - g_{n+1}(0)| = a_n(\alpha \vee \beta) \leq (\alpha \vee \beta)^{n+1}.$$

Hence, x is indeed an accumulation point of the sequence $(g_n(0))_{n \geq 1}$ and therefore an element of L . \square

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