ERRATA

I am grateful to the following people for helping me to identify errors in the published version of the book: Constantinos Antoniou at MIT; Sergio Colombo; Xiaojing Dong at Northwestern University; José Antonio Hernández at the Universidad de Las Palmas de Gran Canaria; Stephan Hess of Imperial College London; Wuyang Hu at the University of Alberta; Jens Krueger at the Friedrich-Schiller-University, Jena; François Laisney at the Zentrum für Europäische Wirtschaftsforschung GmbH; Claudio Lucarelli at the University of Pennsylvania; Stephan Mabit; Alfonso Orro at the Universidad de la Coruña; Kurt Schmidheiny of the University of Bern; Tommy Song of Simon Fraser University; and Melvyn Weeks of University of Cambridge. The person who identified each error is given in parentheses.

- On the first line on page 32, both occurrences of $\sigma_{22} - \sigma_{12}$ should be $\sigma_{22} - 2\sigma_{12}$. (Claudio Lucarelli)
- On page 37, line 12, S_i should be S_j. (Claudio Lucarelli)
- On page 58, fifth line from bottom, the word "inequality" should be "equality." (François Laisney)
- In Table 3.1 on page 76, cost divided by post-tax wage is in cents divided by cents per minute. Also, the number in parentheses for "Bus with auto access dummy (1)" and "Carpool dummy (1)" should be "(3)" and "(4)" respectively. (Constantinos Antoniou)
- Page 90, first line of section 4.3, "up this this point" should read "up to this point." (François Laisney)
- On page 96, first equation, the numerator should be raised to the power λ_k. That is, the numerator should be $[\sum_j (\alpha_{jk} e^{V_{nj}})^{1/\lambda_k}]^{\lambda_k}$. (Tommy Song)
- On page 99, in the first formula, λ^k should be λ_k right after the equal sign. (Jens Krueger)
- In the third from last line of text on page 102, the last element of the vectors should be ε_{nJi} rather than ε_{nJ1}. (Claudio Lucarelli)
- In the equation at the bottom of page 102, the exponent of 2π should not have a negative. (Claudio Lucarelli)

- On page 109, line 10 (counting equations), $-\frac{1}{2}$ should be $+\frac{1}{2}$. (Stephan Mabit)

- On page 111, the defintion $\tilde{\beta}_n = b - \beta_n$ should be $\tilde{\beta}_n = \beta_n - b$. (Claudio Lucarelli and Alfonso Orro)

- In the middle of page 111, ε_{n1} and ε_{n2} are *independently* identically distributed. (Claudio Lucarelli)

- On the last line of page 112 continuing onto the first line of page 113, the phrase "if the covariance σ_{13} is sufficiently greater than σ_{14}" should read "if the covariance σ_{14} is sufficiently greater than σ_{13}". (Wuyang Hu)

- On page 218, line 10, the parentheses need to be closed for each V. This is, the expression should read: $[V(t(\varepsilon_1))+V(t(\varepsilon_2))+2Cov(t(\varepsilon_1), t(\varepsilon_2))]/4$. (Stephane Hess)

- In the last line of the central equation on page 128, and again in the equation on page 129, $-\tilde{V}_{31} + c_{ab}\eta_1$ should be $-(\tilde{V}_{31} + c_{ab}\eta_1)$. Also, the Φ in which this term appears (though not the other Φ in the same equations) is the truncated normal rather than the standard normal as stated. (Kurt Schmidheiny and Tommy Song)

- In Figures 5.3 and 5.4 on pages 129 and 130, lines A and B intersect on the η_1-axis simply by coincidence. They need not intersect there. (Kurt Schmidheiny)

- On page 131, the Choleski transformation is performed on $\tilde{\Omega}_i$, not Ω_i. The correct statement in the fifth line of math on the page is therefore $L_i L_i' = \tilde{\Omega}_i$. Also, throughout the page, the indexing from 1 to J that is denoted by dots does not include i; that is, the indexing is from 1 to J excluding i. (Kurt Schmidheiny)

- On page 133, fourth line from end of first paragraph, Σ_j should be $\tilde{\Sigma}_j$. (Stephan Mabit)

- On page 145, the formula for the elasticity in the middle of the page should be the currently stated formula multiplied by x_{nj}^m. (Melvyn Weeks and Alfonso Orro)

- On page 148, second line of section 6.6, "the the" should read simply "the." (François Laisney)

- On page 153, last line, "is terms" should read "in terms." (François Laisney)

- On page 162, two lines above section 7.3.2, "on mixed data" should read "on ranked data." (François Laisney)

- Page 162, last line of the first paragraph of section 7.3.2, $\tilde{U}_{nDA}$ should be $\tilde{U}_{nAD}$. Similarly, in the second line of page 163. (Wuyang Hu)

- Page 162, equation for M at the bottom of the page, the last row of the matrix should be $\begin{array}{cccc} 1 & 0 & 0 & -1 \end{array}$ rather than $\begin{array}{cccc} -1 & 0 & 0 & 1 \end{array}$. (Sergio Colombo)

- On page 166 and in the references, "McElvey" should read "McKelvey." (François Laisney)

- On page 166, in the equation for $Prob(\text{"very poor job"})$, $\Phi(e^{k_4 - \beta\prime x})$ should read $\Phi(k_4 - \beta\prime x)$. Similarly for both $\Phi(\cdot)$'s in the next equation.

- On page 177, last equation, the second term in the denominator, the second part of the exponentiated term, $U_2^C(\varepsilon_2)$ should be $U_2^W(\varepsilon_2)$. Similarly for the third equation on page 178. (Wuyang Hu)

- On page 180, the inequality in the middle of the page, the subscript "32" at the end of both the right-hand and left-hand sides should be "3s". (Wuyang Hu)

- On page 185, the last line of the equation at the bottom, the first exponential in the denominator, $V_{1C} + LS_2^C$, should read $V_{1C} + \lambda LS_2^C$. That is, the λ was inadvertantly omitted. (François Laisney)

- On page 205, in the third to last line of the first paragraph, "asymptotic distribution" should be "asymptotic variance". (José Antonio Hernández)

- In the central paragraph of page 215, the phrase "and the values of ε_2^t from $f(\varepsilon_2 \mid \varepsilon_1^{t-1})$" should read "and the values of ε_2^t from $f(\varepsilon_2 \mid \varepsilon_1^t)$". (Alfonso Orro)

- In Figure 9.9 on page 223, the points are not equidistant apart, even though the graph makes them look like they are. They are equal density apart. (Alfonso Orro)

- On page 224, first line of text, "systemtically" should be "systematically." (François Laisney)

- On page 225, s^t should be s_t. (Alfonso Orro)

- On page 228, the expressions for Φ at the bottom of the page should all have parentheses around the fraction, such as $\Phi^{-1}(\frac{1}{3})$. (François Laisney)

- In the equations at the bottom of page 244, $\partial\beta$ should be $\partial\theta$. Also, the second equation would be more clear if very large brackets were placed around the two terms entering the summation over n. (Claudio Lucarelli and Alfonso Orro)

- On page 248, first line of third paragraph of xection 10.3, "a draw a from" should read "a draw from." (Stephan Mabit)

- On page 249, third line of first full paragraph, "in in" should read simply "in." (François Laisney)

- On page 253, line 8, "to the variance of the scores" should read "to the inverse of the variance of the scores." (François Laisney)

- On page 254, second line of math from the bottom, the expression would be more clear if brackets were placed around the two terms entering the summation over n. (Alfonso Orro)

- On page 255, first line of last paragraph, "asymptotic distribution" should read "asympototic variance." (François Laisney)

- On page 260, in the middle of the page, the formula $\hat{\theta} \overset{a}{\sim} N(0, -\mathbf{H}^{-1}/N)$ should be $\hat{\theta} \overset{a}{\sim} N(\theta^*, -\mathbf{H}^{-1}/N)$ (Jens Krueger)

- In figure 11.3 on page 270, the two narrower densities should be labeled h instead of g. (Wuyang Hu)

- On page 273, in the first line of the equation, y_n in $m(\cdot)$ should be y_s. (François Laisney)

- On page 279, last line, "long term" should read "long term contract." (François Laisney)

- On page 290, the equation

$$\frac{\partial EC(\theta_0)}{\partial\theta_0} = \int \frac{(\theta_0 - \theta)'B(\theta_0 - \theta)}{\partial\theta_0} K(\theta \mid Y) d\theta$$

is missing a ∂ sign in the numerator of the right-hand-side. The corrected equation is

$$\frac{\partial EC(\theta_0)}{\partial \theta_0} = \int \frac{\partial[(\theta_0 - \theta)' B(\theta_0 - \theta)]}{\partial \theta_0} K(\theta \mid Y) d\theta.$$

(Jens Krueger and Stefan Mabit)

- On page 291 and in the references, "Cam" should read "Le Cam". (François Laisney)
- On page 298, in the sixth line of section 12.5.1, "b is $N(\beta_0, s_0)$" should read "b is $N(b_0, s_0)$." That is, the mean is b_0, not β_0. (François Laisney)
- At the bottom of page 300, in the formula for the inverted gamma density, the term $\sigma^{(v_0+1)/2}$ should be $\sigma^{(v_0/2)+1}$. This change then carries through in the derivation of the posterior on page 301. (Xiaojing Dong)
- On page 304, in equation 12.5, β_b should be β_n. (François Laisney)
- On page 307, third line from bottom, "conditional β_n" should read "conditional on β_n." (François Laisney)