posted Wednesday, July 29, 2009 at 12:17 PM

Errata

Using Stata for Principles of Econometrics, 3e

First and Second Printing

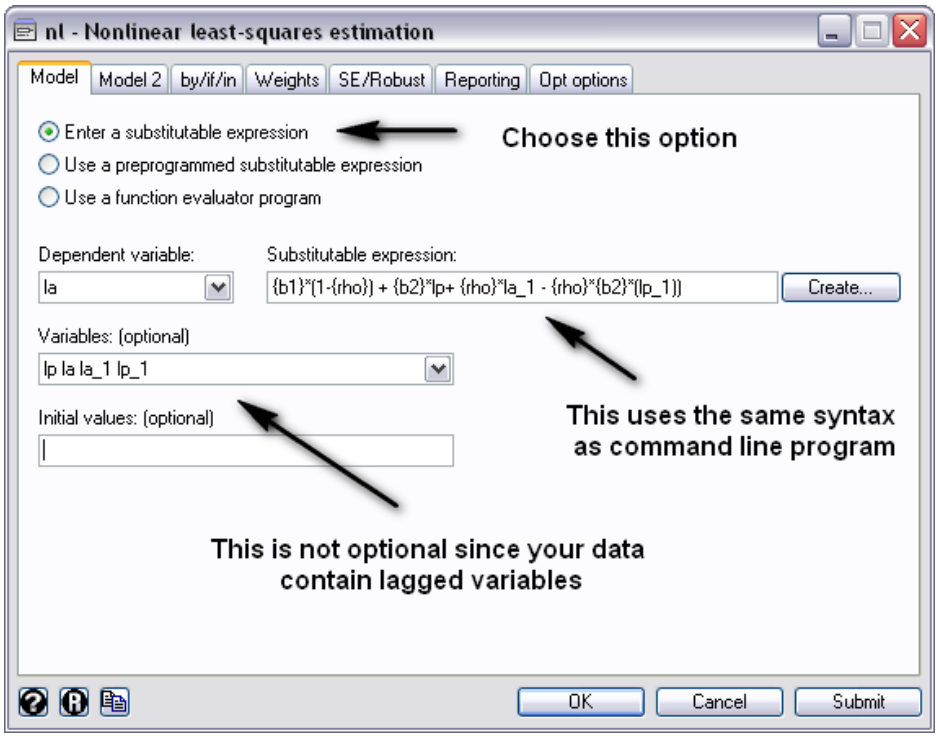
Page	Date	Correction
145	29-July-09	The sum of squared errors is saved using e(rss) not e(ssr) as indicated in the first two printings. [Thanks to ANH TUAN , LE, International University of Japan]. The text in the middle of the page should read: Save the sum of squared errors into a new scalar called **`sseu`** using **`e(rss)`** and the residual degrees of freedom from the analysis of variance table into a variable called **`df_unrest`** using **`e(df_r)`**. **`scalar sseu = e(rss)`** **`scalar df_unrest = e(df_r)`** Next, impose the restriction on the model and reestimate it using least squares. Again, save the sum of squared errors and the residual degrees of freedom. **`regress sales advert`** **`scalar sser = e(rss)`** **`scalar df_rest = e(df_r)`**
218	11-Sept-08	The expression used in the nl command on page 218 includes an incorrect variable. The lagged value of ln(p) (`lp_1`) was used rather than the log level (`lp`). This caused the results on page 219 to be incorrect. The new results, shown below, match those in POE. The figure at the bottom of page 219 has been changed to include the correct syntax and the do file as been fixed as well.
219	11-Sept-08	

```
Iteration 6:  residual SS =  2.443575
Iteration 7:  residual SS =  2.443575

      Source |       SS       df       MS
-------------+------------------------------          Number of obs =        33
       Model |  .939834353     2  .469917176          R-squared     =    0.2778
    Residual |   2.4435749    30  .081452497          Adj R-squared =    0.2296
-------------+------------------------------          Root MSE      =  .2853988
       Total |  3.38340925    32  .105731539          Res. dev.     =  7.749443

------------------------------------------------------------------------------
          la |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         /b1 |   3.898771   .0921651    42.30   0.000     3.710545    4.086998
        /rho |   .4221386   .1660475     2.54   0.016     .0830244    .7612527
         /b2 |   .8883697    .259299     3.43   0.002     .3588105    1.417929
  Parameter b1 taken as constant term in model & ANOVA table
```

The coefficient estimates and standard errors match those in your text. The minimum of the sum of squares function is reached at the same parameter estimates. In some cases, you may notice small differences in estimated standard errors. This happens because there are different ways of estimating these consistently in nonlinear models; in small samples like the one in this example, those differences may be exaggerated. In large samples the differences will usually be small and in fact vanish according to theory.



235-238	11-Sept-08	The corrected Stata do-file for Chapter 9 can be found at http://www.principlesofeconometrics.com/do_files/chap09.do