Acknowledgement/Erratum


It has been brought to our attention that our recently published test for pooling states in the multinomial logit model has a precedence in an 1983 article by M. Anne Hill, 'Female labour force participation in developing and developed countries – Consideration of the informal sector', Review of Economics and Statistics, Vol. 65, No. 3, pp. 459-468. She has indeed also noticed that the condition for pooling two states lies in the equality of their multinomial coefficient vectors, and tested this by a LR test. We regret that we have inadvertantly overlooked Hill's contribution, and gladly acknowledge her priority on this point.


Since GLS is used in this paper, note that the 'GLS-corrected' $R^2_{GLS}$, given by

$$R^2_{GLS} = 1 - \frac{e' \Omega^{-1} e}{(y - \bar{y})' \Omega^{-1} (y - \bar{y})},$$

was used throughout. One consequence is that the restrictions on the range of $R^2$, which yield the bounds given in Theorem 2, are restrictions on the range of $R^2_{GLS}$ between the maximal and the minimal $R^2_{GLS}$. A correction to the formula of $R^2$ in appendix 1 ('Proof of the theorem') needs to be made; the correct formula is

$$R^2_{GLS} = 1 - \frac{e' \Omega^{-1} e + \gamma(W)\|v\|^2 \sigma^2}{(y - \bar{y})' \Omega^{-1} (y - \bar{y})}.$$

With this in mind, all theorems in the paper are correct. The theorems also remain correct if one uses the GLS-corrected mean $\Omega^{1/2} 1^' \Omega^{-1/2} y$ in place of $\bar{y}$ in all the formulas above and in the paper.

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Furthermore, there are three typos in the paper. There are two typos on page 164; the correct formulas there are

\[ \|r\|^2 = (Cb - c)' A^{-1} (Cb - c) \quad \text{and} \quad \|u\|^2 = \text{var}(b_o) - \text{var}(\hat{b}_o). \]

The third typo is on page 170; the third block of formulas from the top reads correctly

\[ \cos^2(\theta + \rho) \geq \max\{\cos(\theta + \rho); 0\}^2. \]

We are grateful to Yukiko Abe at Princeton University in helping us to find these errors.