Errata for "A Nondegenerate Vuong Test"

Xiaoxia Shi*
University of Wisconsin - Madison
xiaoxia.shi@gmail.com
http://ssc.wisc.edu/~xshi

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An error in the Stata code "ndVuong_PostEstimation_Mata.do" causes the p-values of the non-degenerate test reported in Table 2 to be incorrect. The corrected table is given below. The last line of the narrative above Table 2 in the paper should be changed accordingly to "While Coate and Conlin (2004) find that the GRU model is significantly closer to the truth than the INT model using the classical Vuong test at the level 5%, the conclusion only holds at a higher significance level according to the new test."

The error in the Stata code file was in the lines 154-155, where the lines were

z_normal=max((mm_quantile(abs(Z_L),1,1-alpha/2),invnormal(1-alpha/2)))

z_normal_l = min((mm_quantile(abs(Z_L),1,1-alpha/2),invnormal(1-alpha/2)))

The correct version should be

z_normal=max((mm_quantile(abs(Z_L),1,1-alpha),invnormal(1-alpha/2)))

z_normal_l = min((mm_quantile(abs(Z_L),1,1-alpha),invnormal(1-alpha/2)))

This error has been corrected in the package posted on my webpage.

Table 2: Results of the nondegenerate Vuong Test and the Classical Vuong Test

$\mathcal{F}$(Log-likelihood)	$\mathcal{G}$(Log-likelihood)	p-value of Nondegenerate Test	p-value of Classical Vuong Test
GRU(748.59)	INT(706.41)	.075*	.037**
GRU(748.59)	RF(662.90)	.003***	.001***
INT(706.41)	RF(662.90)	.047***	.105

Note: GRU stands for group-rule-utlitarian model, INT stands for the Intensity model, and RF stands for the reduced-form model. The tests are for $H_0 : LL(\mathcal{F}) = LL(\mathcal{G})$ against $H_1 : LL(\mathcal{F}) \neq LL(\mathcal{G})$. The ***, **, and * indicate statistical significance at 1%, 5%, and 10% level respectively.

*Thanks to Yves Croissant for spotting the error. The error has been corrected in the package posted on my webpage.