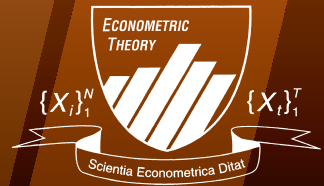


ECONOMETRIC THEORY



$(\hat{A}^+ - A)F = [A_T - B_T C_T] D_T^{-1} F' F$

Editor:
Peter C.B. Phillips
Yale University

$$\beta' y_t = U_{1t} = \underbrace{\beta' \varepsilon_t}_{u_{1t}} + \underbrace{(-G(F - I)y_{2t-1})}_{\tilde{u}_{1t}}$$

$$\beta' \Delta y_t = \Delta U_{1t} = \underbrace{\beta' \Delta \varepsilon_t}_{\Delta u_{1t}} + \underbrace{(-G(F - I)^2 y_{2t-2} - G(F - I)\varepsilon_{2t-1})}_{\Delta \tilde{u}_{1t}}$$

$$T^{-1} \sum_{t=1}^T \varepsilon_t y_{2t-1}' (I + G'G) \Rightarrow \begin{pmatrix} \Sigma_{11}^{1/2} & \int_0^1 dW_1 J_C' \Sigma_{22}^{1/2} \\ \Sigma_{22}^{1/2} & \int_0^1 dW_2 J_C \Sigma_{22}^{1/2} \end{pmatrix} (I + G'G)$$

CAMBRIDGE
UNIVERSITY PRESS

ECONOMETRIC THEORY

Editor

Peter C.B. Phillips

Cowles Foundation for Research in Economics,
Yale University

Co-Editors

G. Cavaliere (*Università di Bologna*) J. Hahn (*University of California, Los Angeles*), M. Jansson (*University of California, Berkeley*), Y. Kitamura (*Yale University*), G. Kuersteiner (*University of California, Davis*), O. Linton (*London School of Economics*), P. Paruolo (*University of Insubria*), B.M. Pötscher (*University of Vienna*), P. Saikkonen (*University of Helsinki*), A.M.R. Taylor (*University of Nottingham*)

Advisory Board

M. Deistler (*Technische Universität Wien*), P.M. Robinson (*London School of Economics*)

Associate Editors

K. Abadir (*Imperial College London*), F. Bandi (*Johns Hopkins University*), N.H. Chan (*Chinese University of Hong Kong*), J. Chao (*University of Maryland*), X. Chen (*Yale University*), V. Chernozhukov (*Massachusetts Institute of Technology*), R. M. de Jong (*Ohio State University*), G. Elliott (*University of California, San Diego*), Y. Fan (*Vanderbilt University*), L. Giraitis (*Queen Mary University of London*), P. Hall (*University of Melbourne*), C. Han (*Korea University*), G. Hillier (*University of Southampton*), Y. Hong (*Cornell University*), S. Johansen (*University of Copenhagen*), R. Klein (*Rutgers University*), K. Knight (*University of Toronto*), R. Koener (*University of Illinois*), A. Lewbel (*Boston College*), O. Lieberman (*University of Haifa*), H. Lütkepohl (*European University Institute*), P. Marsh (*University of York*), H.R. Moon (*University of Southern California*), U. Müller (*Princeton University*), J.Y. Park (*Texas A&M University*), I.R. Prucha (*University of Maryland*), Y. Sun (*University of California, San Diego*), T. Vogelsang (*Michigan State University*), Y.-J. Whang (*Seoul National University*), Z. Xiao (*Boston College*), J. Yu (*Singapore Management University*)

ET E-mail: econometric.theory@yale.edu

ET Website: <http://korora.econ.yale.edu/et/>

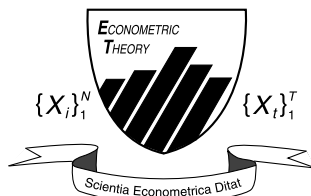
Subscriptions: *Econometric Theory* (ISSN 0266-4666) is published bimonthly by Cambridge University Press, 32 Avenue of the Americas, New York, NY 10013-2473 / Cambridge University Press, The Edinburgh Building, Shaftesbury Road, Cambridge CB2 2RU, UK.

Rates for 2010: Institutions, print plus online, US \$795.00 in the US, Canada, and Mexico; UK £459.00 + VAT elsewhere. Institutions, online only: US \$675.00 in the US, Canada, and Mexico; UK £389.00 + VAT elsewhere. Individuals, print plus online: US \$246.00 in the US, Canada, and Mexico; UK £144.00 + VAT elsewhere (prepayment by personal check or credit card only). Single parts: US \$130.00 (£80.00 + VAT). Prices include postage and insurance; air mail or registered mail extra. Back volume prices upon request.

Institutional orders may be sent to a bookseller, subscription agent, or directly to Cambridge University Press, 100 Brook Hill Drive, West Nyack, NY 10994-2133, or outside the U.S.A., Canada, and Mexico to Cambridge University Press, The Edinburgh Building, Shaftesbury Road, Cambridge CB2 2RU, England. Claims for missing issues should be made immediately after receipt of the next issue.

Special student rate: \$96.00 (£58.00). Proof of student status must accompany your order.

This journal is part of the Cambridge Journals Online service. Access to online tables of contents and article abstracts is available to all researchers at no cost. Institutional subscribers: Access to full-text articles online is currently included with the cost of the print



subscription. Subscriptions must be activated; see <http://www.journals.cambridge.org> for details.

Copyright: Copyright © 2009 Cambridge University Press. All rights reserved. No part of this publication may be reproduced, in any form or by any means, electronic, photocopy, or otherwise, without permission in writing from Cambridge University Press. For further information see <http://us.cambridge.org/information/rights/> or <http://www.cambridge.org/uk/information/rights/>

Copying: Photocopying information for users in the USA: The Item-Fee Code for this publication indicates that copying for internal or personal use beyond that permitted by Sec. 107 or 108 of the US Copyright Law is authorized for users duly registered with the Copyright Clearance Center (CCC), provided that the appropriate remittance of \$15.00 per article is paid directly to: CCC, 222 Rosewood Drive, Danvers, MA 01923. Specific written permission must be obtained for all other copying: Contact your nearest Cambridge University Press office. *The Item-Fee Code* for this journal is: 0266-4666/09 \$15.00.

ISI Tearsheet Service, 3501 Market Street, Philadelphia, PA 19104, U.S.A., is authorized to supply single copies of separate articles for private use only.

Article Reprints are available from the authors. For orders of 50 or more reprints, contact the Production Office.

Advertising: Inquiries about advertising should be sent to the Journals Promotion Department of the New York or Cambridge offices of Cambridge University Press.

Instructions for Contributors are provided at the back of the journal.

Econometric Theory is indexed in Social Sciences Citation Index; Current Contents/Social & Behavioral Sciences; *Journal of Economic Literature*; Index of Economic Articles; Economic Literature Index; *Statistical Theory and Method Abstracts*; and Zentralblatt für Mathematik.

Printed in the United States of America

Periodicals postage paid New York, NY and additional mailing offices. *Postmaster:* send address changes in the USA, Canada, and Mexico to: *Econometric Theory*, Journals Department, Cambridge University Press, 100 Brook Hill Drive, West Nyack, NY 10994-2133.