NB These are corrections made to the hardback edition that should appear in corrected form in the paperback.

p. x 11 lines from the bottom: insert: Florian Kaufmann

p xi, line 2 insert: Sung-ha Hwang

p. 29, 11 lines from bottom of the page should read: ...of the time and zero the rest, ...

p. 67, 5 (correction made 30 may 06) lines frm bottom of the page should read: Using $\rho_{a} + \rho_{b} = 1$, we can

p. 77, the expression before (2.9) has a sign error before the last term; it should read:

$$b_x(\varepsilon) - b_y(\varepsilon) = \{\varepsilon\pi(x,x) + (1 - \varepsilon)\pi(x,y)\} - \{\varepsilon\pi(y,x) + (1 - \varepsilon)\pi(y,y)\}$$

p.150, third equation (mid page) the final) in the numerator of the right hand expression, following the x should be eliminated and the minus sign before the a_i should be a comma.

p.171, mid page: change 'this this' to 'this'

p.181 line 1: change (5.3) to (5.2).

p. 197, last line of text should read: ...or (given that we have assumed $\tau + \sigma \geq 1$)

p. 225. Figure. To the left of the left vertical axis the **u** should be underlined i.e.**u** and similarly to the right of the right vertical axis the **v** should be underlined, i.e. **v**

p. 262, line 2: change δ_H to δ_C ;
        line 6, the equations in the middle of the line should read $\delta_H = \delta_C = \delta$

p. 262, table 7.7 in the first row the δ should be δ_H in the second row the δ should be δ_C

p. 273, 3 lines below equation 8.6: change 'esponse' to 'response'

p.274, line 3: is the punctuation and capitalization in the sentence (beginning with Fourth) correct? it looks non standard to me.

P.276, 10 lines from bottom, on the rhs of the equation, there should be (v-z) multiplied by the numerator and the second term in the denominator.

p. 281. 15 lines from the bottom, the expression should read: or $u(\underline{w}, \underline{e}) = iz$.

p. 293. Change 1994 to 2004

p.417, the first of the two expressions in the middle of the page is r_{10}

p 418. In the figure caption should read: Figure 12.4. Risk factors and inequality for $\rho = 2$. Note:...

p.422. 11 lines from the bottom. Add WXZ to the tripets listed. Next line should read "Of the first four, each will occur.." Change .0028 to .0037 and change 357 to 270. On the last but one line on the page, change 0.90 to 0.88

pp 437-469 Running heads in chapter 11 are garbled, it should read: Institutions and Preferences

p.452. 2 lines from top should read ...using eq. (13.1), setting $\beta_o = 0$, noting.." then eliminate the β_o from the second equation (there are two of them) and then delete 'and arbitrarily setting $\beta_o = 0$," then in the last line, change 13.1 to 13.2.

P 460 first line: change 13.3 to 13.2.

P. 497, line 1: change 1992 to 1995 and the citation just following the long quote also change 1992 to 1995

p.504, TABLE C. upper left entry should read: 0, -c.

p. 504, Question 3.1, the expression in the 2nd line should read $\sigma^* = c/u$

p. 506. 10 and 9 lines from bottom: The superscripts for u are set on a separate line. They should be closed up.

Index:

delete Aquinas, Thomas, and insert

Arrow, Kenneth, 208, 213-217 264, 500, 501

under norms, add: *97* (in italics) and make the 374 in that entry not italics

Works cited:

Add to works cited (two extra lines can be freed up by using only initials instead of first names in the preceeding cite).

Blanchflower, David G. and Andrew J. Oswald. 2004. "Well-Being over Time in Britain and the USA." *Journal of Public Economics*, pp. 1359-86.

Delete the entire entry for Frolich and Oppenheimer 1992 and insert this (if necessary make sufficient space by using the au's first name initials rather than full names):

Frohlich, Norman and Joe A. Oppenheimer. 1995. "The Incompatibility of Incentive Compatible Devices and Ethical Behavior: Some Experimental Results and Insights." *Public Choice Studies*, 25, pp. 24-51.