

August 31, 2012

Daron Acemoglu, Editor  
Econometrica

Dear Daron,

The attached paper is a descendant of a paper that I submitted to *Econometrica* a long time ago. (I say ‘descendant’ rather than ‘revision’ because the changes are so extensive and the results so much stronger). I’ve never done such a thing before (gone back to the same journal), but enough people have told me that this paper should be in *Econometrica* that I’ve decided to risk it. Though I am deeply sympathetic to *Econometrica*’s recent move away from theory and toward measurement, my hope is that the theoretical tools developed here will help form the core of the tools used in many future measurement papers.

Sincerely,

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P.S. The paper as submitted is surely too long for publication in full; I anticipate that most of the appendix material should be available as an online supplement rather than published in its entirety.