

Corrigendum

*Reconciling Models of Diffusion and Innovation:
A Theory of the Productivity Distribution and Technology Frontier*

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This corrigendum lists corrections to the published article (*Econometrica*, Vol. 89, No. 5 (2021), 2261–2301). Only results in the exogenous growth model of Section 3 are affected. These corrections imply a recalibration of $\zeta = 25.18 \rightarrow 12.82$ for computing Figures 4 and 5. All qualitative conclusions are unchanged.

1. Constant $\bar{\lambda}$ and value function $v_h(z)$

(*Proposition 1*, p. 2273; *Eq. (31)*, p. 2274; *appendix Eqs. (71) and (80)*, p. 2290).

Published: $\bar{\lambda} \equiv \frac{\rho + \lambda_\ell + \lambda_h}{\rho + \lambda_h}$

Corrected: $\bar{\lambda} \equiv \frac{\rho + \lambda_\ell + \lambda_h + \eta}{\rho + \lambda_h + \eta}$

Published: $v_h(z) = \frac{e^z + (\lambda_h - \eta) v_\ell(z) + \eta v_\ell(\bar{z})}{\rho + \lambda_h}$

Corrected: $v_h(z) = \frac{e^z + \lambda_h v_\ell(z) + \eta v_\ell(\bar{z})}{\rho + \lambda_h + \eta}$

2. Value at the adoption threshold $v(0)$

(*value matching: Eq. (20)*, p. 2271, and *Eq. (27)*, p. 2274, in *Proposition 1*; *Eq. (33)*, p. 2278, in *Proposition 2*; *appendix Eqs. (85)*, p. 2291, (86), p. 2292, and (131)–(132), p. 2298).

Published: $v(0) = \frac{1}{\rho}$

Corrected: $v(0) = \frac{1 + \eta v_\ell(\bar{z})}{\rho + \eta}$

The same replacement of $1/\rho$ applies to the left-hand side of the implicit equation for $F'_\ell(0)$ in Proposition 1, which becomes $\zeta + \frac{1 + \eta v_\ell(\bar{z})}{\rho + \eta}$.

Effect on results

These corrections change only the closed-form solution of the finite-frontier, exogenous-innovation balanced growth path (contained in Section 3). All endogenous-innovation results (Section 4, Figures 6–13) are computed by a collocation method that imposes value matching in the form $\int_0^{\bar{z}} v'_\ell(z) [1 - F(z)] dz = \zeta/\psi$, in which the level $v(0)$ is eliminated; the corrected expressions do not enter that method and Figures 6–13 are unchanged. Figures 4 and 5 are computed from the corrected equations after refitting the adoption-cost parameter $\zeta = 25.18 \rightarrow 12.82$ with the same calibration routine. Figure 4 is unchanged to plotting accuracy. Figure 5's comparative-static directions are all unchanged; its curves shift quantitatively, and at the corrected calibration the finite-frontier balanced growth path in the η exercise exists for $\eta \lesssim 0.0128$.