CORRECTED PAGE 540 LAST PARAGRAPH.

The result (i) of Proposition 16.1 is shown in Figure 16.2. We consider truncation of $z \sim \mathcal{N}[0,1]$ from below at $-c$ where c ranges from -2 to 2. The lowest curve is the standard normal density $\phi(c)$ evaluated at c. The middle curve is the standard normal cdf $\Phi(c)$ evaluated at c and gives the probability of truncation when truncation is at c. This probability is approximately 0.023 at $c = -2$ and 0.977 at $c = 2$. The upper curve gives the truncated mean $\mathrm{E}[z|z > -c] = \phi(c)/\Phi(c)$ which is the inverse Mills ratio from (16.22). As expected this is close to $\mathrm{E}[z] = 0$ for $c = 2$, since then $-c = -2$ so there is little truncation, and $\mathrm{E}[z|z > -c] > -c$. What is not expected a priori is that $\phi(c)/\Phi(c)$ is approximately linear, especially for $c < 0$. Moments when truncation is from above can be obtained using, for example, $\mathrm{E}[z|z < c] = -\mathrm{E}[-z| - z \geq -c] = -\phi(c)/\Phi(c)$.