



ECONOMETRICS RESEARCH SEMINAR

- March 18, 2010, 9:15 am
- HSII (lecture room II, groundfloor)
Institut für Höhere Studien
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“Efficiency in Indirect Inference”

ABSTRACT

Indirect inference is a simulation-based alternative to maximum likelihood estimation when neither an explicit nor computable form of the likelihood function is available. The method was introduced in the literature by Smith (1990). The indirect inference estimator proposed there turns out to be consistent and asymptotically normal but is efficient only under the somewhat restrictive assumption that the so-called auxiliary model is correctly specified. In this talk, I give an overview of the method and present a new framework leading to efficient estimation.