

ON INCONSISTENCY OF HELLWIG'S VARIABLE CHOICE METHOD IN REGRESSION MODELS

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Abstract

It is shown that a popular variable choice method of Hellwig, which is recommended in the Polish econometric textbooks does not enjoy a very basic consistency property. It means in particular that the method may lead to rejection of significant variables in econometric modeling. A simulation study and a real data analysis case are given to support theoretical results.

Key words and phrases: model choice, econometric modeling.

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