

Vector autoregressions

Citation for published version (APA):

Reuvers, H. (2018). *Vector autoregressions: lag order uncertainty and least absolute deviations*. [Doctoral Thesis, Maastricht University]. Datawyse / Universitaire Pers Maastricht. <https://doi.org/10.26481/dis.20180514jr>

Document status and date:

Published: 01/01/2018

DOI:

[10.26481/dis.20180514jr](https://doi.org/10.26481/dis.20180514jr)

Document Version:

Publisher's PDF, also known as Version of record

Please check the document version of this publication:

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Vector Autoregressions: Lag Order Uncertainty and Least Absolute Deviations

BY

JOHANNES WILHELMUS NICOLAAS REUVERS

1. The local-to-zero framework provides a partial answer to model uncertainty since the current estimation procedure for the local-to-zero parameters still requires the full model to be correctly specified. (Chapter 2)
2. While safeguarding against model uncertainty, one should not expect a model to pass all the misspecification tests but hope for quantitatively similar conclusions from various estimation methods. (Chapter 3)
3. Computationally intense methods are an indispensable part of econometrics. However, almost by construction, the related literature lacks references in which seemingly trivial examples reveal a wealth of thoughts. (Chapter 4)
4. Vector autoregressive models are beautiful due to their broad applicability yet at the same time ugly because the multitude of parameters impedes a straightforward intuition. (Chapters 2-4)
5. All research areas that model specific data features (e.g. volatility modeling, unit root testing, cointegration, vector autoregressive models) should have a standard data set to be analyzed in the empirical application. This would make it easier to compare methods and to discover the features of the data that cause the bad/good performance of the estimation methods.
6. Econometric research aims to find better models but fails to investigate the possibilities of obtaining higher quality data.
7. $\{x : x \text{ is econometric problem}\} \subset \{x : x \text{ is statistics problem}\}$ so the fields of econometrics and statistics should interact more.
8. Science advances due to divine sparks from solitary geniuses. Therefore, scientific progress is just a chance event. We only have to wait.
9. Scientific progress is the inevitable consequence of an inspiring educational system. The distance towards the scientific frontier has increased so much that teachers and senior colleagues are crucial to bridge this distance in a fast and safe way.
10. The valorization section of a PhD thesis should always contain a paragraph on education. (Valorization)
11. *“Education must enable one to sift and weigh evidence, to discern the true from the false, the real from the unreal, and the facts from the fiction. The function of education, therefore, is to teach one to think intensively and to think critically.”* - Martin Luther King Jr. (1929-1968)