

ECONOMICS 6002 CLASS 5
MODEL SPECIFICATION

1. Model Selection vs. Hypothesis Testing
 - a. Is treatment of null and alternative hypotheses symmetrical?
 - b. Is rejection an unqualified one?
2. Simple-to-general vs. general-to-specific modelling strategies
3. Testing for variable inclusion
 - a. Omitted variable bias vs Irrelevant Variable inefficiency
 - b. Mean Square Error (MSE) criterion
 - c. Pretest estimation
4. Fitting criteria (e.g., R^2 , prediction criteria) vs. testing criteria (e.g., t and F tests)
5. Non-nested hypothesis testing
6. Testing for Structural Change

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