Summary

This work uses bootstrapping in an econometrics setting. They show that the bootstrap can be a better alternative to traditional statistics when you have a smaller sample size, or your assumptions might be violated. They present simulation results and provide some mathematical reasons on why the traditional estimation procedure can be biased.

Reaction

It was interesting to hear about the origins of bootstrap. It can be a powerful tool when your model’s assumptions don’t match reality, if you have small data, or if the parameter is too difficult to measure. I thought all of their linear models and terms got a bit confusing to follow.

Questions:

I didn’t quite get what they were doing with the nested bootstrap

Also, what is a reason to use nested bootstrap over regular bootstrap