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ECO 602

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1. The key difference between the non-parametric and parametric models is the need to specify the error component of the model. In the non-parametric model, the specification of an error distribution is not necessary.
2. Interpolation is the estimation of values *between* known data point values, whereas extrapolation is the estimation of values *outside* of the range of known data points.
3. Extrapolation has more pitfalls than interpolation because it is subject to more uncertainty and has the potential to produce errors or meaningless estimations.