

# Efficiency in Indirect Inference

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Indirect inference is a simulation-based alternative to maximum likelihood estimation when neither an explicit nor computable form of the likelihood function is available. The method was introduced in 1993 by Smith and also by Gourieroux et al.; their proposed estimator turns out to be consistent and asymptotically normal but is efficient only under the somewhat restrictive assumption that the so-called auxiliary model is correctly specified. In this talk, I give an overview of the method and present a new framework leading to efficient estimation.