

Consistency of the instrumental weighted variables

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Abstract A robust version of method of Instrumental Variables accommodating the idea of an implicit weighting the residuals is proposed and its properties studied. Firstly, it is shown that all solutions of the corresponding normal equations are bounded in probability. Then the weak consistency of them is proved. The algorithm, evaluating the estimate, is described and results of small MC study discussed.

Keywords Robustness · Instrumental variables · Implicit weighting · Consistency of estimate by instrumental weighted variables