

Lecture Notes in Statistics

203

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Editors

Inverse Problems and High-Dimensional Estimation

Stats in the Château Summer School,
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Preface

The “Stats in the Château” Summer School

The “Stats in the Château” summer school was held at the CRC château on the campus of HEC Paris, Jouy-en-Josas, France, from August 31 to September 4, 2009. It was organized jointly by faculty members of three French academic institutions: ENSAE ParisTech, Ecole Polytechnique ParisTech, and HEC Paris. These institutions cooperate through a scientific foundation devoted to the decision sciences.

The summer school brought together about 70 researchers and PhD students in economics, statistics, mathematics and computer science, all interested in both mathematical statistics and applications to economics. The motto was that economics is a source of interesting new problems for statisticians and that, conversely, recent statistical methods, sometimes motivated by other fields, can be used for quantitative analysis in economics. The goal was therefore to introduce the audience both to some modern sets of methods and to a wide range of their applications to economics, and to foster discussions between statisticians and economists.

The scientific content of the summer school focused on two themes: inverse problems and high-dimensional estimation. Two courses were given, one by Laurent Cavalier (Université Aix-Marseille I) on ill-posed inverse problems, and one by Victor Chernozhukov (Massachusetts Institute of Technology) on high-dimensional estimation with applications to economics. Ten invited lecturers – whose names can be found in the appendix of this volume together with the titles of their talk – illustrated the two courses and provided either reviews of the state of the art in the field or of applications and original research contributions. The opportunity was also given to participants to present their own findings either in the form of a contributed talk or during a poster session held on the first day of the summer school.

Inverse Problems and High-Dimensional Estimation

The first theme of the summer school was ill-posed statistical inverse problems. This is already considered an important problem in many areas of science, and also became an important issue in econometrics about ten years ago. Nonparametric specifications are important to allow for flexible models. Statistical inverse problems are problems from nonparametric statistics. A wide class of models from economics can be formulated as inverse problems, that is, as a relation between a function, directly related to the observations, and a structural functional parameter. Examples include the estimation of the distributions of the following objects: types in a game-theoretical model where only actions of the players are observed; random coefficients accounting for unobserved heterogeneity; the pricing operator given observed option prices; a regression function in the presence of endogenous regressors; etc. Because inversion often leads to a lack of continuity, the inference requires some suitable regularization. Theoretical properties such as optimal rates of convergence and adaptation are important to study.

The second theme was high-dimensional estimation. High-dimensionality corresponds to the case where the parameter of interest has a dimension p possibly much larger than the sample size n . A lot of attention has been given to this setting in recent years in the statistics and machine learning communities. In this setting, parsimonious models can still be estimated. Parsimony is also referred to as sparsity and corresponds to the case where, though the number of parameters is very large, only a small number of them are non-zero. Results can often be extended to the case where most parameters are too small to matter. This is a setting often encountered in the social sciences. Several techniques have been developed to extract relevant parameters from large vectors, in particular, the Lasso, the Dantzig selector, and Bayesian-type methods. These techniques have been widely implemented in imaging and bioinformatics. At the time of the summer school the use of the above-mentioned methods in economics, while widely applicable, was very limited.

The Proceedings

After the summer school, the twelve researchers giving the lectures or the invited talks were given the opportunity to contribute to the present volume. The aim was to provide an accessible but rigorous mathematical introduction to these two modern sets of problems from statistics and econometrics, and to present applications to quantitative problems in economics. The intended audience is the same as that of the summer school: young researchers, e.g., PhD students in statistics and economics, or more senior researchers from related fields.

The book brings together contributions from five invited speakers with their coauthors, among them, the two lecturers. Laurent Cavalier provides detailed lecture notes on ill-posed statistical inverse problems while Victor Chernozhukov reviews Lasso-based methods for estimating high-dimensional regression models with ap-

plications to empirical economic problems. These lecture notes are illustrated and further developed by three other contributions. On the one hand, Jean-Pierre Florens discusses the case of nonparametric estimation with endogenous variables using instrumental variables. On the other hand, Felix Abramovich and Ya'acov Ritov respectively present a model selection and a Bayesian viewpoint on high-dimensional estimation.

Interested readers can find the slides of most of the invited and contributed talks, as well as the videotape of the first lecture by Laurent Cavalier, on the website of the summer school <http://www.hec.fr/statsinthechateau>.

Acknowledgments

The scientific committee of the summer school included

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Paris, January 2011

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Contents

Part I Lecture Notes on Inverse Problems

1	Inverse Problems in Statistics	3
	Laurent Cavalier	
1.1	Inverse Problems	4
1.1.1	Introduction	4
1.1.2	Statistical Inverse Problems	6
1.1.3	Linear Inverse Problems with Random Noise	7
1.1.4	Basic Notions on Operator Theory	9
1.1.5	Singular Value Decomposition and Sequence Space Model	13
1.1.6	Examples	16
1.1.7	Spectral Theory	23
1.2	Nonparametric Estimation	27
1.2.1	Minimax Approach	28
1.2.2	Regularization Methods	29
1.2.3	Classes of Functions	38
1.2.4	Rates of Convergence	42
1.2.5	Comparison Between Deterministic and Stochastic Noise	48
1.3	Adaptation and Oracle Inequalities	53
1.3.1	Minimax Adaptive Procedures	53
1.3.2	Oracle Inequalities	55
1.3.3	Model Selection	57
1.3.4	Universal Optimality	75
1.4	Conclusion	84
1.4.1	Summary	84
1.4.2	Discussion	86
1.4.3	Open Problems	87
	References	92

Part II Invited Contribution on Inverse Problems

2	Non-parametric Models with Instrumental Variables	99
	Jean-Pierre Florens	
2.1	Introduction	99
2.2	The Linear Model: Vectorial or Functional Data	102
2.3	The Additively Separable Model and Its Extensions	106
2.4	The Non-separable Models	111
2.5	Some Extensions to Dynamic Models	113
2.6	Conclusion	115
	References	116

Part III Lecture Notes on High-Dimensional Estimation

3	High Dimensional Sparse Econometric Models: An Introduction	121
	Alexandre Belloni and Victor Chernozhukov	
3.1	The High Dimensional Sparse Econometric Model	121
3.2	The Setting and Estimators	127
	3.2.1 The Model	127
	3.2.2 LASSO and Post-LASSO Estimators	129
	3.2.3 Intuition and Geometry of LASSO and Post-LASSO	131
	3.2.4 Primitive Conditions	133
3.3	Analysis of LASSO	135
3.4	Model Selection Properties and Sparsity of LASSO	137
	3.4.1 Sparsity Bounds	137
	3.4.2 Perfect Model Selection Results	138
3.5	Analysis of Post-LASSO	139
3.6	Estimation of Noise Level	141
3.7	Monte Carlo Experiments	142
3.8	Application to Cross-Country Growth Regression	146
	Appendix	147
3.9	Proofs	147
3.10	Auxiliary Lemmas	153
	References	155

Part IV Invited Contributions on High-Dimensional Estimation

4	Model Selection in Gaussian Regression for High-Dimensional Data .	159
	Felix Abramovich and Vadim Grinshtein	
4.1	Introduction	159
4.2	Preamble	161
4.3	Nearly-Orthogonal Design	163
4.4	Multicollinear Design	165
4.5	Bayesian Perspective	166
4.6	Concluding Remarks	168
	References	169

5 Bayesian Perspectives on Sparse Empirical Bayes Analysis (SEBA) . . . 171
 Natalia Bochkina and Ya'acov Ritov

- 5.1 Introduction 171
- 5.2 The Lassoes Procedure 174
 - 5.2.1 Persistency and Bayesian Interpretation 174
 - 5.2.2 Restricted Eigenvalues Condition and Oracle Inequalities 177
- 5.3 Group Lasso: Bayesian Perspective 180
- 5.4 RING Lasso: Bayesian Perspective 182
- References 189

Part V Invited and Contributed Talks Given During the Summer School

- A List of the Courses 193**
- B List of the Invited Talks 195**
- C List of the Contributed Talks and Posters 197**

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