EPILOGUE

To: Dolan and Molenaar

From: Molenaar and Oud

In the rejoinder to our comments a serious misunderstanding is corrupting the discussion. We certainly do not believe that the Kalman filter and/or smoother are conditionally unbiased in the sense mentioned in §4 of the rejoinder. On the contrary, we carefully avoided this "strong" kind of unbiasedness and introduced in §3 of our comments the one, in which the expectation is conditioned on the initial state at $t = 0$. This disposes of conclusions #2) and #3) in the rejoinder.

We heartily agree with conclusion #1). It is perhaps worth to mention that the Kalman filter/smoother has been implemented in standard libraries such as, e.g. IMSL. So, there is no need whatsoever to use the regression estimator in the LISREL program, the more so because this program does not give error covariance matrices, as pointed out by Dolan and Molenaar.