

Economics 311
Fall 2009
Syllabus

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Survey of Econometric Methods

Course Content: This course will focus on the application of empirical methods in economics. During the semester we will study the basic concepts of data collection, data presentation, economic statistics and econometrics. We will also read articles that use econometric techniques. This course is taught with the expectation that students have completed Economics 201.

Office Hours: Office hours will be held in Vollum 227 on Mondays and Wednesdays from 3:15-4:15 and on Thursdays from 4:00-5:00. Students who are unable to come during these times are encouraged to make an appointment.

Text and Required Reading: The principal textbook for this course is *Using Econometrics: A Practical Guide* (5th edition) by A. H. Studenmund. This text is supplemented with empirical articles drawn from the economics literature. Every student is expected to contribute meaningfully to each class session.

Evaluation: Evaluation will be based on two midterm examinations, a final exam, homework assignments, and class participation. A detailed list of assignments and due dates is available on the course Moodle site. All assignments are due in class. In fairness to other students, late assignments will be penalized 1/2 grade for each day or partial day past the due date. Assignments handed in more than 5 days after the due date will not be accepted.

Collaboration: All work submitted during this course is expected to reflect your work. You are encouraged to work with friends on assignments and to get feedback from your instructor and the teaching assistant. However, when the time comes to write your assignment, it must be your work and should reflect your understanding of the problem.

Citations: Citations must be used when appropriate and should reflect the guidelines in the Economic Department Citation Guide, which is available on the class Moodle site.

Teaching Assistant: Onyeka Azike will be available on Thursdays from 7-9pm in the Dorothy Johansen house. Tutoring is also available through Reed's Academic Support Services and Reed's Student Services Office - Individual Tutoring.

Public Policy Workshop: The Public Policy Workshop (PPW), located in Eliot 110, has computers with Stata and other statistical programs. Access to the PPW can be obtained by filling out a PPW user agreement form (available outside Eliot 110A).

Materials on Reserve: The following texts and manuals are on reserve in the Reed Library. Stata manuals are also available at CUS help desk in the ETC.

Studenmund, A.H. 2006. *Using Econometrics: A Practical Guide* (5th edition) Boston, MA: Pearson Addison Wesley.

Gujarati, Damodar N. 1995. *Basic Econometrics* (3rd edition) New York, NY: McGraw-Hill.

Kennedy, Peter. 1998. *A Guide to Econometrics* (4th edition) Cambridge, MA: MIT Press. <electronic resource>

Smith, Gary. 1998. *Introduction to Statistical Reasoning* New York, NY: McGraw-Hill

Tufte, Edward R. 1997. *Visual Explanations* Cheshire, CT: Graphics Press

Tufte, Edward R. 2006. *Beautiful Evidence* Cheshire, CT: Graphics Press

Outline and Reading List

I. Introduction and Overview of Regression Analysis (August 31 and September 2)

Studenmund, Chapter 1

Best, Joel. 2001. Telling the Truth about Damned Lies and Statistics *The Chronicle of Higher Education* (May 4): B7-B9.

II. Ordinary Least Squares (September 4 and 9)

Studenmund, Chapter 2

III. Running Regressions (September 11, 14 and 16)

Studenmund, Chapter 3

Stata Corporation. 2007. *Stata Reference Manuals and User Guide* (Release 10) College Station, TX: Stata Press.

IV. Classical Model (September 18 and 21)

Studenmund, Chapter 4

V. Probability and Statistics (September 23, 25 and 28)

Studenmund, Chapter 16

*Smith, Gary. 1998. *Introduction to Statistical Reasoning* New York, NY: McGraw-Hill

VI. Hypothesis Testing (September 30 and October 2)

Studenmund, Chapter 5 & Appendix

Gwartney, James and Charles Haworth. 1974. Employer Costs and Discrimination: The Case of Baseball. *Journal of Political Economy* 82(4): 873-882.

VII. Model Specification (October 5, 9, 12, 14 and 16)

Studenmund, Chapter 6 & Appendix

Studenmund, Chapter 7

VIII. Multicollinearity (October 26, 28 and 30)

Studenmund, Chapter 8 & Appendix

Deere, Donald, Kevin M. Murphy and Rinis Welch. 1995. Employment and the 1990-1991 Minimum-Wage Hike *The American Economic Review* 85(2): 232-237.

IX. Serial Correlation (November 2 and 4)

Studenmund, Chapter 9

X. Heteroskedasticity (November 6 and 9)

Studenmund, Chapter 10

XI. Regression User's Handbook & Presentation of Results (November 11)

Studenmund, Chapter 11

Tufte, Edward. 1997. *Visual Explanations* Chapter 2.

Tufte, Edward. 2006. *Beautiful Evidence* Pages 122-155.

XII. Time Series Models (November 16, 18 and 20)

Studenmund, Chapter 12

Feldstein, Martin. 1996. Social Security and Saving: New Time Series Evidence *National Tax Journal* 49(2): 151-164.

XIII. Dummy Dependent Variable Models (November 23, 25 and 30)

Studemund, Chapter 13

Chaloupka, Frank J. and Henry Wechsler. 1996. Binge Drinking in College: The Impact of Price, Availability, and Alcohol Control Policies *Contemporary Economic Policy* 14(4): 112-123.

Leonhardt, David. 2005. To Reduce the Cost of Teenage Temptation, Why Not Just Raise the Price of Sin? *The New York Times* (July 25): C3.

XIV. Simultaneous Equations (December 2 and 4)

Studenmund, Chapter 14

The Economist. 2009. Economics Focus: Cause and Defect (August 15): 68.

XV. Forecasting (December 7 and 9)

Studenmund, Chapter 15

The Economist. 1992. America Extrapolated: Tomorrow Will Be Different (Dec 21 - Jan 3) 25-27.

Fair, Ray C. 1996. Econometrics and Presidential Elections *Journal of Economic Perspectives* 10(3): 89-102.

Fair, Ray C. 2008. "Post Mortem, Presidential Vote Equation." (November 17).