Machine Learning for Empirical Economic Research, Part I

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Course literature

The textbook for this course is

Trevor Hastie, Robert Tibshirani, and Jerome Friedman (2009). *The elements of statistical learning: data mining, inference, and prediction, Springer Series in Statistics.* Springer New York.

It is available for free online at `https://web.stanford.edu/~hastie/ElemStatLearn/`.

Examination

PhD students can study this course (i.e., both Part 1 and Part 2) as a reading course (individuellt tagande) and receive 3 ECTS points. To receive credit, students have to study the reading list, participate in the discussions in class and complete a written assignment. The written assignment will be customized to the students individual research interests. It can be either a research proposal for an empirical project using a Machine Learning method, or an extended referee report for an applied or theoretical paper on Machine Learning methods in economics.

Lectures

Lecture 1

June 4, 3-5pm in F45

We will try to define what Machine Learning is and discuss how it is different from more traditional econometric methods and how it can be part of an empirical research strategy. Moreover, we will discuss tools (programming languages, libraries) useful for implementing Machine Learning methods.

Reading: Mullainathan and Spiess (2017); Varian (2014) Chapter 7.1-7.3, 7.10, 7.12 of Hastie, Tibshirani, and Friedman (2009)

Lecture 2

June 5, 3-5pm in C32

We introduce the supervised learning framework and some central concepts related to it such as regularization and k-fold cross-validation. We discuss penalized linear regression (Ridge and Lasso) as an example of a supervised learning method.

Reading: Chapter 2.1-2.7, 2.9, 3.4 of Hastie, Tibshirani, and Friedman (2009)

Lecture 3

June 7, 3-5pm in B21

We apply high-dimensional regression techniques to estimate treatment effects.

Reading: Belloni, Chernozhukov, and Hansen (2014), Belloni, Chernozhukov, Fernández-Val, et al. (2017), and Athey, Imbens, and Wager (2018)

References

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