

# 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 (individuell 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.

If you need inspiration for your project, conferences and workshop programs are good way to see where the literature is heading. For example, <https://www.barcelonagse.eu/summer-forum/workshop-machine-learning-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 J. 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 J. 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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