

Lecture 1. What is Econometrics?

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Looking Straight at a Distribution

- The distribution of a variable contains *everything we know* about that variable from empirical observation
- Any description we make will be a *summary* of that distribution
- So we may as well look at it directly!

Distributions of Kinds of Variables

- There are two main kinds of variables for which the distributions look different: discrete and continuous
- Discrete variables take a finite set of values: left-handed, right-handed, ambidextrous. Or "lives in Seattle" vs. "Doesn't" or "Number of kids"
- Continuous variables take any value: income, height, kWh of electricity used each day
- (Sometimes, "ordinal" discrete variables with many values are treated as continuous for simplicity)