

Detailed guidelines for the prospectus

Christine Cai*

October 28, 2020

Below are some detailed guidelines for the prospectus (see page 18 of the [JIW handbook](#) for details about the grading criteria and page 22 for guidelines about the format). The first draft has to be submitted on [Canvas](#) by Sunday, November 1st, 11:59 PM EST. The final draft is due by November 20, 11:59 PM EST.

I am here listing the **sections** that we expect to see in your draft. For each section, I provide a description, sometimes specifying (in bullet points) the **paragraphs** that it should contain.

Introduction

- **Motivation**: Same as the outline, so just copying/pasting what I had written.

The goal of the motivation is to pique the curiosity of the reader and help them understand why they should care about your topic/research question at all. Please avoid “too general” statements, such as “The majority of people living in developing countries are poor.” or “For a long time, human activities have had a negative impact on the environment.” For examples of good motivations, you can check out the first paragraph of papers that have recently been published in top (general interest) economics journals – e.g., perhaps the [American Economic Journal: Applied Economics](#) may be more relevant for you because it tends to focus on applied work. You can have access to the publications of many economics journals for free via your [Princeton VPN](#).

- **Research question**: Clearly state what research question you are going to examine (e.g., “In this research project, I would like to study the effects of the E-Verify program on immigrants' employment in the United States.”). You would also want to explain why

* Princeton University, Department of Economics. Email: christine.cai@princeton.edu

you think your research question is interesting (e.g., any policy relevance? implications for public policies?).

- **Empirical method, data, context** (*optional*): You can here *briefly* describe what empirical method(s) you are going to use, with what data, and (if relevant) in what context. I add the “context” because oftentimes when one studies a policy/program, it is important to briefly explain what this policy/program is, so that the reader quickly gets a sense of whether/why your empirical strategy is relevant. That being said, since there are sections dedicated to these parts below, I guess that for the prospectus, this paragraph is not absolutely necessary.

Literature Review

Ideally, you would want to find *closely* related papers. Briefly describe them (fine to have a longer description if it's *really closely* related to your project) and explain how your study differs from them and innovates with respect to them (i.e., how does your research project contribute to the literature?). Note that it is fine to *briefly* mention other studies that are more *remotely* related to your project – e.g., “Several past studies have analyzed the effects of [policy A] on outcomes [X, Y, Z] [insert references here]. Closely related to my project are the works that have focused on the effects of [policy A] on employment. [Reference 1 (year)] uses a difference-in-differences strategy to investigate the effects of [policy A] on the employment of [a given subpopulation], and finds that employment has increased by [P]%. By contrast, I employ an event-study analysis to evaluate the effects of [policy A] but for [this other subpopulation], which is also a relevant subpopulation to look at because [...].”

Institutional Background (*if applicable*)

If you are using a policy/program as a quasi-natural experiment (e.g., you want to analyze the impact of a given policy/program), it is good to describe it here. What does this policy/program consist in? When and how was it implemented? Who are/were the targeted populations/regions?

Are there any eligibility criteria to participate in that policy/program? How was it enforced (i.e., did the targeted populations/regions comply?)?

Conceptual Framework / Theoretical Model *(optional)*

Unless you are basing your analysis on a past study that includes a (theoretical) model, I guess the best you could do here is explain (perhaps just with words) the conceptual framework you have in mind (if any). In particular, can you think of any channels/mechanisms to answer your question and that could help explain the results you may find? For example, say, you are interested in investigating how a minimum wage increase affects individuals' labor supply. Then, here, you might want to explain why you could either find a positive effect (e.g., people may be more incentivized to work if that wage is set above their "reservation wage," (i.e., the smallest wage amount they'd need to get to be willing to work)) or a negative effect (e.g., a wage increase represents an increase in labor costs, so employers may be less willing to hire (new) people... or might even need to lay off some...).

Data

Describe the data you would like to use. Please specify its source, type (panel/longitudinal, repeated cross-section, or cross-section data?), the time period of your analysis sample, and the main variables you plan to use. Good to discuss any potential limitations of your data, if you see any.

Empirical method(s)

Explain your empirical strategy (e.g., difference-in-differences, instrumental variable, regression discontinuity design, event study). What is/are the outcome/dependent variable(s) you will be looking at? If relevant, what is the independent/explanatory variable of interest? Ideally, you would also want to (i) write down the econometric specification that corresponds to your

empirical strategy, (ii) explain what the identifying assumptions are, and (iii) discuss the potential caveats of that approach.

Expected Results / Preliminary Analysis

- **Preliminary analysis** (*if applicable*): Describe any preliminary analysis you have done (if any) – e.g., summary statistics table. It is, of course, better to present preliminary results (the more, the better!), but no need to worry if you did not have time to get access to the data, clean them, and perform some basic analysis.
- **Expected results**: What results do you anticipate? Why do you expect such results? In particular, is there any economic intuition behind? How do your (expected) findings relate to previous research (and their results)?
- **Potential limitations**: Can you think of any caveats to your analysis (e.g., other confounding factors/policies, small sample issue, measurement error in some variables, spillover effects that are not accounted for, etc.)? If so, lay them out and *ideally* provide ways to address them in the future.

Conclusion

- **Summary**: Summarize what you have done – e.g., “This project seeks to investigate the effect of [X] on [Y]. Specifically, I exploit [policy A] and employ [method Z]...”.
- **Next steps**: Briefly describe what you plan to do next.

References

List your references, as described on page 18 (point 9) of the JIW handbook.