

Econ 631: Econometrics II

Course info

Instructor:

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OH: TBD

Time: TBD

Place: TBD

URL: <http://blackboard.olemiss.edu>

Overview

This is a survey course in advanced econometric methods. What makes the methods that we will study advanced is not that they are more difficult than the standard tools of linear econometrics (OLS and IV), but that they can be applied in settings where these standard tools fail. In fact, an important conclusion of the course will be that our usual tools are robust enough to be applied under a wide variety of circumstances, although there are settings where advanced methods are called for.

The explicit goal of this course is to prepare you to apply these methods in your research. Thus, although we will examine the theoretical motivation for, and properties of, the methods that we study, our focus will be on their application. Consequently, much of the work that you will do in this course will entail implementing the methods that we discuss and interpreting the results.

Texts

The lectures will be based on notes that I will distribute. However, you should have access to either

- *Econometric Analysis of Cross-Section and Panel Data* by Wooldridge (2nd edition, MIT Press), or
- *Econometric Analysis* by Greene (7th or 8th edition, Pearson).

Both of these texts are excellent references. I personally prefer Wooldridge for a class at this level, but it is somewhat more technical, and Greene is a good all-around reference that most students already have a copy of. The appendices to Greene also provide a nice review of the background on probability, statistics, and other concepts necessary for this class, and can be accessed online for free.¹

Some of the material in the lectures will be drawn from review articles listed below. For those that wish to delve deeper into the literature, I will also provide references to papers on specific topics in the notes. You may also find the following references helpful at some point in your research career (although you are not required to purchase or read them for this class):

- *Microeconometrics: Methods and Applications* by Cameron and Trivedi (2005, Cambridge University Press) is a practitioner's reference for many topics in microeconometrics.

¹<http://pages.stern.nyu.edu/~wgreene/Text/Greene-EA-7&8ed-Appendices.pdf>.

- *Econometrics* by Hansen (2022, Princeton University Press) is a comprehensive econometrics textbook that also covers the majority of the material that we will discuss (and in some cases provides details that Wooldridge and Greene omit), and much more.
- *Mostly Harmless Econometrics: An Empiricists Companion* by Angrist and Pischke (2009, Princeton University Press) is an excellent guide to using econometrics for causal inference.

Software

Since this course has an applied focus, much of your work will involve implementing econometric techniques on a computer and interpreting the results. I will officially support two statistical packages: Stata and R. You are free to use whichever program you prefer; in general, I find Stata easier to use but R more flexible, and recommend learning a bit of both. I maintain a list of resources for learning Stata and R on my website, and will also provide you with sample code to help you get started.² If you prefer to work in another language, you are free to do so, but it will be your responsibility to learn the commands and troubleshoot (or switch to Stata or R) if you run into difficulties.

Assessment

Your grade in this course will be based on your performance on several problem sets, worth a total of 50% of your grade, and two exams, each worth 25% of your grade.

Course policies

Attendance. Attendance is mandatory. It's also a good way to learn the material.

Accommodations. If you require any accommodations (such as extra time, a different testing environment, etc.), please let me know as soon as possible. For more information on the University's policies regarding such accommodations, see <http://sds.olemiss.edu>.

Collaboration and plagiarism. All of the work that you submit for this course must be your own; any violation of this standard constitutes plagiarism. Any student found plagiarizing once will fail the assignment or exam; any student found twice will fail the course.

Outline and readings

1. *Clustering*

Wooldridge, sec. 20.3

Greene, sec. 4.5 and 11.3

Cameron and Miller. 2015. "A Practitioner's Guide to Cluster-Robust Inference." *Journal of Human Resources*, 50: 317-372.

2. *Panel data*

Wooldridge, ch. 10 and 11

Greene, ch. 11

3. *Binary and discrete choice*

Wooldridge, ch. 16 and 17

²<https://jrgcmu.github.io/resources.html>.

Greene, ch. 17 and 18

4. *Count data*

Wooldridge, ch. 18

Greene, sec. 18.4

5. *Truncation and censoring*

Wooldridge, ch. 17 and 19

Greene, ch. 19

Chay and Powell. “Semiparametric Censored Regression Models.” *Journal of Economic Perspectives*, 15 (4): 29-42.

6. *Sample selection*

Wooldridge, ch. 19

Greene, ch. 19

7. *Treatment effects*

Wooldridge, ch. 21

Greene, sec. 8.5

Imbens. 2004. “Nonparametric Estimation of Average Treatment Effects under Exogeneity: A Review.” *Review of Economics and Statistics*, 86 (1): 4-29.

Imbens and Wooldridge. 2009. “Recent Developments in the Econometrics of Program Evaluation.” *Journal of Economic Literature*, 47 (1): 5-86.

Tentative schedule

Midterm: TBD

Final: TBD