Course description

The purpose of this course is to provide a broad but rigorous introduction to econometrics techniques useful in applied economics with applications to policy analysis.

This course is mostly self-contained, although it uses matrix algebra and statistics at an elementary level to simplify the treatment of important ideas. Regular assignments will give you a chance to apply the tools you learned; some will require using STATA on a PC.

In addition to the textbooks, additional readings will be made available in class to illustrate the usefulness and the applicability of the tools introduced.

By the end of the quarter, you will have a good understanding of the usefulness and limitations of powerful econometrics models, including OLS, GLS, Panel Data, and discrete choice models. You will also know where to look if you want to learn more.

Course evaluation:

- Six homework assignments (worth 10% each): 60%
- In-class participation: 10%
- Final exam 30%

Total 100%

Required texts:

Recommended text:

Reference:

Tentative Course Outline

   Fundamentals of probability theory; review of matrix algebra. Wooldridge: Appendix A-B.

   Kennedy: Chap. 1-3.

   Kennedy: Chap. 4.

   Specification issues – Kennedy: Chap. 5-7.


7. Instrumental variables and two stage least squares – Wooldridge: Chap. 15. 
   Kennedy: Chap. 9.


10. Spatial econometrics – Anselin (distributed in class).