

AAEc/ECON 5946 – Spring 2007 Syllabus

Instructor: Christopher Parmeter, Hutcheson 216I, 231-0770

Lectures: TH 12:00 – 1:25 P.M. in LITRV 1770

Office Hours: TH 4:00–5:00 P.M. (but informal appointments are always encouraged)

Required Texts:

“Microeconometrics” by A. C. Cameron and P. K. Trivedi, Cambridge Press 2005.

Recommended Texts:

“Econometric Analysis of Cross Section and Panel Data” by J. M. Wooldridge, MIT Press 2002.

“Micro-Econometrics for Policy, Program, and Treatment Effects” by M.-J. Lee, Oxford 2005.

“Analysis of Panel Data” (2nd Edition) by C. Hsiao, Cambridge Press 2003.

“Nonparametric Econometrics Theory and Practice” by Q. Li and J. S. Racine, Princeton University Press 2006.

“Discrete Choice Methods with Simulation” by K. E. Train, Cambridge Press 2003.

Prerequisites: ECON 5025 and 5026

Course Overview: This class will cover many aspects of econometrics used for the study of microeconomic phenomena. It will cover theoretical aspects of the estimators and hypothesis tests discussed in the class but will also take a hands on approach that will get your hands dirty with cutting edge econometric techniques. The reason that we will be discussing and working with the theory is that I want you to become chefs who create your own recipes, not line cooks following a recipe. This will allow you greater flexibility in your research when you come across an empirical problem. At the end of the semester students should have a firm grasp on methods related to both cross section and panel data types.

Grading:

50% – 10 homework assignments (5% each)

20% – Monte Carlo Analysis or Paper Replication

20% – Mid Term and Final Exam (10% each)

10% – Socratic

As you can see by the large weight given to classwork, this course will heavily emphasize the material from lectures and discussion, at the “cost” of minimizing the impact of the two exams on your grade. All of your classwork plus your Monte Carlo/Replication is worth **more than thrice** what the exams are worth combined. The book is intended to be a broad overview of the topics discussed in class and the journal articles assigned, and you should find that keeping up with the reading will help you to understand the material much better.

This course will **not** be graded on a curve. This means I can give as many grades of 4.0 as I feel are deserved, and with any luck, several will be. The former is also true for grades of 0.0. I will discuss during the first class the absolute scale I plan to use.

In the end, the effort in this course comes from both sides. It is my hope that I will be able to make the course material interesting enough that you will be motivated to attend class and do all the work. If I'm not doing this, tell me how to do my job better! My door is always open for students who come by with problems, questions or suggestions.

My advice to you is that if you're going to miss 4 or more classes during the semester, you should seriously consider taking a different class. Your grade will simply suffer too much if you fail to turn in assignments or miss class.

The Gory Details

Experience has led me to realize that the best and fairest way to treat the sticky issues is to state how I'll deal with them in the very beginning, be crystal clear, and don't change the policy during the semester, so here goes:

Absence for an exam will result in zero credit. In the event of an unavoidable and documented medical or legal reason for missing an exam, I will consider the issue on an individual basis. Usually, make-up exams will be oral, given by me as close to the exam date as possible (either before or after). Please check the dates given below for the exams and inform me as soon as possible if you must miss one.

Absence for a socratic will result in half credit provided the student performs another socratic at a later date. I will again be lenient in the same cases I would be for a missed exam. Other miscellaneous (and missed) in-class activities that may contribute to your participation grades will be dealt with on an individual basis... usually just forgotten in medical/legal cases.

Homeworks are due at the beginning of class on the given due date. Late work will be accepted with a penalty of **25% per lecture** that it is late. Turning it in at the end of class is considered "late." The idea is that I want you to pay attention in class, not work on assignments that should be completed beforehand. Given this rationale, if you come into class more than 20 minutes late, your assignment will be considered late if it is due that day...don't skip class to finish assignments. Turn in the assignment the day before if you plan to miss class or be unavoidably late! Please note that if you turn in an assignment that is **more than four lectures** late your grade will be reduced, i.e. the value of the homework becomes negative, this is your penalty for wasting my time.

Cheating. By cheating, you are being unfair to yourself and your classmates. You'll probably find that the effort it takes to successfully cheat will be greater than the effort it takes to actually learn the material. Cheating is defined as not doing your own work on class assignments or on exams. I expect many of you to work together on labs and homework, and that's great. Ask each other questions...help each other out! You're not competing with one another since there is no curve; you are only competing to achieve your full potential. In the end, the work you do must be substantially your own. This means no verbatim (or mostly verbatim, in my judgement) copying on class assignments or exams. I will not hesitate to forward cases of academic dishonesty to the dean. For more information on the graduate honor system please see the following webpage <http://www.grads.vt.edu/academics/gcat/gcaAppIII.html>

Important dates during the semester (Subject to Change):

Monday, February 26 – Last Day to Drop

Monday, March 19 – Last Day to Resign

Tuesday, March 20 – Mid-Term

Tuesday, March 27 – Concept paper due (for term paper assignment)

Thursday, May 3 – Monte Carlo/Replication Paper due

Friday-Wednesday, May 4-9 – Final Exam

Course Outline:

We will be following the same pattern of material used by the text during the semester, with some rearrangements. I will give you a more precise schedule of topics at the end of the syllabus. This does **not** mean that the lectures will be derived from the text! In most cases, I will be emphasizing different points than the book and often extensively discussing issues only hinted at by the text. In other words, I really mean it when I say that the reading is intended to be supplemental and helpful, but not a substitute for attending class.

Readings from the text as well as journal articles will be assigned prior to the appropriate lecture when possible. Again, I realize that we'll be covering almost the entire textbook during the semester and that reading all 27 chapters would be very difficult for most. I encourage you to read as much as you can, taking care to familiarize yourself before lecture with the particularly confusing or interesting points in the relevant chapters and articles. I'm always happy to answer questions sparked by your reading during lecture.

In general, the more time you invest in preparation for the lecture by reading the assigned chapters and articles, the more you'll get out of the course. So, as usual, I'm torn by the necessity to encourage you to read and the unfairness of asking you to read the whole thing. In the end, of course, it's your call. I will trust you to strike a balance that will enable you to get the most out of this course while not putting unreasonable demands on your time.

Calendar

Tue, January 16 – Course Goals, Grading, Assignments, Causality (Chapter 2)
Thu, January 18 – Causality and Identification (Chapter 2) Data Types, Social Experiments, Randomization and Confounding (Chapter 3)
Tue, January 23 – Social Experiments (Chapter 3) Simulation, Drawing Random Variables, Computing Integrals (Chapter 12)
Thu, January 25 – Simulation, Drawing Random Variables, Computing Integrals continued (Chapter 12)
Tue, January 30 – Numerical Methods and Optimization (Chapter 10)
Thu, February 1 – Numerical Methods and Optimization continued (Chapter 10)
Tue, February 6 – Linear Models (Chapter 4)
Thu, February 8 – Non-Linear Models (Chapter 5)
Tue, February 13 – Generalized Method Moments (Chapter 6)
Thu, February 15 – Hypothesis Testing (Chapter 7)
Tue, February 20 – Model Selection (Chapter 8)
Thu, February 22 – Semiparametric and Nonparametric Estimation (Chapter 9)
Tue, February 27 – Semiparametric and Nonparametric Estimation continued (Chapter 9)
Thu, March 1 – Semiparametric and Nonparametric Estimation continued (Chapter 9)
Tue, March 13 – Semiparametric and Nonparametric Estimation continued (Chapter 9)
Thu, March 15 – Semiparametric and Nonparametric Estimation continued (Chapter 9)
Tue, March 20 – Mid Term Exam
Thu, March 22 –
Tue, March 27 – Paper Overview Due
Thu, March 29 –
Tue, April 3 –

Thu, April 5 –
Tue, April 10 –
Thu, April 12 –
Tue, April 17 –
Thu, April 19 –
Tue, April 24 –
Thu, April 26 –
Tue, May 1 –
Thu, May 3 – No Class/Paper Due