

Econometrics II

DPIPE

Graduate School of Humanities and Social Sciences

University of Tsukuba

Instructor: Daiji Kawaguchi

Time and Class Room: Tuesdays 10-12:40 at 3K219

Office and Office Hour: 3K314, Wed 10-12 or by appointment

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Course Description:

This is the graduate level class for cross-sectional econometrics particularly designed for those who plan to use micro data such as cross-sectional or panel - household or firm survey. After taking this course you should be able to implement your own empirical research using those data. Emphasis will be given on the issues that applied econometricians often face in their empirical research. Although the class is applied oriented, this does not mean that I will teach how to use Stata in my class because it is time-consuming and after all something that you can learn by yourself. Instead, I will put emphasis on the econometric theoretical aspects of applied problems that is difficult to learn without instructor's help.

Required Text:

Jeffrey Wooldridge, 2002, *Econometric Analysis of Cross Section and Panel Data*, MIT Press.

Course Grade:

Your final course grade depends on your performance of a midterm examination (30%), a final examination (30%) and a term paper (30%) and several graded home works (10%). You are to write a term paper that should be about 20 pages long on A4 paper using double space. The term paper should be an empirical paper using micro data and estimation method discussed either in Econometrics I and II. The deadline for the term paper submission is June 22. For those who write master or Ph.D. thesis, you can submit your early draft of master or Ph.D. thesis as the term paper for this course. In fact, doing so is strongly recommended. If you plan not to use micro data in your thesis, please consult with me on personal basis.

Tentative Schedule (This schedule is subject to change. Updates will be announced in the class as time goes by.):

The class on June 8th will be cancelled due to Kawaguchi's travel.

April 13, 2004: Pooled cross sections over time, Difference-in-differences, DDD, Standard errors for clustering data.

References:

Wooldridge, 6.3

Bertrand M., Duflo E. and Mullainathan S., 2004, How Much Should We Trust Differences-in-Differences Estimates? Quarterly Journal of Economics, Vol. 119, No. 1, pp. 249-275.

Wooldridge M., 2003, Cluster Sample Methods in Applied Econometrics," American Economic Review, Vol. 93, No. 2, pp. 133-138.

April 20, 27, May 11, 2004: Identification and estimation of linear panel data models. Random effects model, fixed effects model, and first-differencing model. A comparison of models.

Reference: Wooldridge Chapter 10 and 11.

May 18, 2004: Midterm Examination.

May 25 and June 1, 2004: Maximum likelihood estimation (brief theoretical discussion), discrete response model (Probit and Logit), discrete response model with an endogenous explanatory variable, panel discrete response model. Multinomial Logit Model, Conditional Logit Model, Nested Logit Model and Ordered Probit and Logit Model.

Reference: Wooldridge Chapter 12, 13, 15.

June 15, 2004: Corner solution outcomes and censored regression models.

Reference: Wooldridge Chapter 16.

June 22, 2004: Sample selection, attrition and stratified sampling.

Reference: Wooldridge Chapter 17.

Term Paper Deadlines

June 29, 2004: Final Examination

Suggestions for Data Source

There are unbelievably many micro economic data source available on Internet. Looking at the available code book (the document that explains datasets) and learn what kind of data is available is a good way to find an interesting research topic.

Several Micro Data on African Economies

<http://www.csae.ox.ac.uk/>

Indonesian Family Life Survey

<http://www.rand.org/labor/FLS/IFLS/>

ILO's micro data on child labor

<http://www.ilo.org/public/english/standards/ipecc/simpoc/microdata/index.htm>

International Food Policy Research Institute

<http://www.ifpri.org/>

IPUMS international – Huge project that attempts to collect, clean and distribute micro data of national census all over the world. Several countries census micro data are already available.

<http://www.ipums.org/international/index.shtml>

Korean Labor and Income Panel Study

http://www.kli.re.kr/30_labp_eng/index.asp

British Data Archive

<http://www.data-archive.ac.uk/>

The German Socio Economic Panel

<http://www.diw.de/english/sop/>

US National Longitudinal Survey

<http://www.bls.gov/nls/home.htm>

US Panel Study of Income Dynamics

<http://psidonline.isr.umich.edu/>

CPS Utilities – Easy to use software that extracts variables from Current Population Survey

<http://www.unicon.com/>

Japanese Panel Data

<http://www.kakeiken.or.jp/>