Econ 4223: Econometric Analysis

University of Oklahoma
Fall 2018

Instructor: Tyler Ransom
Office: CCD1 Room 322
Email: ransom@ou.edu
Office Hours: M 9:30am-10:30am, Th 12pm-1pm, and by appointment

Class Location: CCD1 Room 174
Class Times: Tue/Thu 3:00pm - 4:15pm

Final Exam Location: CCD1 Room 174
Final Exam Time: Thursday, Dec 13, 4:30pm - 6:30pm

Teaching Assistant: Tejas Ghirnikar
Office: TBA
Email: taghirnikar@ou.edu
Office Hours: TBA

Course Description
This course is designed to help students learn the conceptual and statistical machinery that form the foundation of economic research. The course will also help students develop skills in using computer software to perform data analyses.

Student Learning Outcomes
By the end of the course, students should be able to do the following:

1. Demonstrate an understanding of the theoretical foundations of estimating and testing the basic regression model, employing tools from statistics (including calculus and matrix algebra).

2. Perform basic regression and testing procedures using the R programming language

3. Complete an empirical research project that includes the following elements
   • Formulate an econometric model.
• Collect and prepare relevant data for use in estimating the model.
• Use appropriate methods of estimation.
• Test relevant behavioral hypotheses.
• Understand and test the Gauss-Markov assumptions.
• Analyze and interpret the estimated model.
• Prepare a written report summarizing the research results.

For further detail on course content, see the course schedule at the end of this document. This is a 3-credit-hour course, which means we will have about 3 hours per week of class. You should expect to spend, on average, another 4-6 hours per week outside of class on reading, preparation, homework, and review.¹

Prerequisites

• Econ 1123 (Principles of Microeconomics) is required
• Econ 2843 (Elements of Statistics) is required
• Econ 3113 (Intermediate Microeconomics) is required

Textbook and other materials

Materials for the course will be assigned from the following sources:

1. The e-textbook for this course will be Introductory Econometrics: A Modern Approach, by Jeffrey M. Wooldridge. You should purchase Cengage Unlimited, which is $120 and gives you access for the semester to all Cengage publications. You can purchase this from the OU Bookstore or from cengage.com. You can also rent a print version of the textbook for the semester for an additional $8. If you want a looseleaf version that you can keep, it is an additional $40.

2. R for Data Science (by Hadley Wickham and Garrett Grolemund), e-Book available for free here (paperback copy available from Amazon for $18.17)

3. Using R for Introductory Econometrics (by Florian Heiss), e-Book available for free here (paperback copy available from Amazon for $26.90)

4. Econometrics in R (by Grant V. Farnsworth), reference guide (PDF) available for free here

Course website

Class announcements and homework will be posted on the course website on Canvas: https://canvas.ou.edu. It is your responsibility to check the site regularly—at least every day class is held. All important announcements will be posted there.

¹From OU’s “How to Graduate a Sooner” webpage: “On average, you should expect to spend 2-3 hours outside of class studying for each credit hour you are taking,” (http://www.ou.edu/graduatesooner/resources/graduate_a_sooner.html)
Grading policies

Your grade will be determined by the following criteria:

- **Problem sets (15%)**
  - 6 problem sets throughout the semester; lowest score will be dropped. Consist of proofs, derivations, and empirical exercises in R.

- **Class participation (25%)**
  - Reading quizzes taken online before each class period (lowest two scores dropped); in-class activities.

- **Midterm exam (15%)**

- **Comprehensive final exam (20%)**

- **An original econometric research paper (25%); more details on separate document in Canvas**
  - Proposal (due during approximately the 5th week of the semester—see assignment schedule at end of this document and on Canvas)
  - Polished initial draft (due during approximately the 11th week of classes and distributed to another class member)
  - Reading and commenting on a fellow student’s draft
  - 3-5 minute in-class presentation of findings
  - Final draft (due on the last day of class)

**Exam regrading** Exams are graded carefully and original grades are rarely changed. If you believe that a grading mistake was made on your work, you can submit a written request for a regrade to me within one week of its return. This request must contain a detailed explanation of the grading errors. Your entire exam will be regraded and the score may go up or down as a result.

**N.B.** I do not release end-of-course grades before they are posted by the Registrar. Federal regulations prohibit me from revealing any grade to you by email. Grades will be updated on the course website on Canvas throughout the semester.

Grading scale

All exams will be out of 138 points. At the end of the course, I will compute a final percentage grade based on component percentages of each grade category using the weights given above. I will then convert this final percentage grade into letter grades according to the following scale (where $g$ indicates your final percentage grade):
I reserve the right to scale upwards everyone’s final percentage grades by a common factor (e.g. 1.1), but the course will not be graded on a curve, and no one’s final percentage grade will be lowered.

Classroom etiquette

I value your presence in my class, and I want your classmates to feel the same way. You are welcome to eat/drink during class as long as food/drink is permitted in the classroom and you do not disrupt or distract others by doing so. Note that smoking is prohibited on all OU property. Please silence your cell phones, pagers, or other electronic devices during class, and do not use them in the classroom. If you need to respond to a text/social media message, or make a phone call, please leave the classroom before doing so. You should bring your laptop to class (if you have one), as we will do in-class exercises almost every class period. Please do not use your laptop for work that is not directly related to what we are doing in class. Doing so has been scientifically proven to reduce your own academic performance, as well as that of your peers.\(^2\)

Contacting me

I will always be available during my office hours. You may also stop by my office anytime my door is open. If you would like to meet with me outside of class but are unable to make it during my office hours, please sign up to meet with me at [https://tyleransom.youcanbook.me](https://tyleransom.youcanbook.me).

If you ever need to email me or any other professor at OU, please follow the basic rules contained at the following link: [http://www.jamestierney.com/teaching/how-to-email-a-professor/](http://www.jamestierney.com/teaching/how-to-email-a-professor/)

I will promise to reply to your email within 48 hours of your sending it.

Course Policies

Make-up Policy

All work should be turned in on the day it is due. Late work will only be accepted for university-excused absences, illnesses, or other unforeseen emergencies.

Absences

Absences from class will only be excused for university approved reasons, illnesses, or other unforeseen emergencies.

\(^2\)See, for example, this [NYT column](http://www.nytimes.com/2015/08/03/).
University Policies

Religious Observance

It is the policy of the University to excuse the absences of students that result from religious observances and to reschedule examinations and additional required classwork that may fall on religious holidays, without penalty.

Reasonable Accommodation Policy

If a student requires an accommodation based on disability, the student should meet with me in my office during the first week of the semester. Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels. The Disability Resource Center is located in Goddard Hall (405-325-3852).

Academic Integrity

I do not tolerate academic misconduct, and neither does the University of Oklahoma:

“Academic misconduct is cheating. More precisely, it is any action that a student knows (or should know) will lead to the improper evaluation of academic work. If the professor does not detect it, academic misconduct defeats the purpose of academic work because you are pretending to know more or write better than you actually do.

...“At OU, acts of plagiarism can receive institutional penalties ranging from a letter of reprimand to required coursework to expulsion. All academic misconduct offenses also receive grade penalties determined by the instructor. Grade penalties are not restricted to the value of the assignment and may be up to an F in the course. Juniors and seniors who plagiarize any significant portion of a paper should expect at least a suspension for a spring or fall semester. Under the right circumstances even freshmen and sophomores may also receive suspensions or even be expelled for plagiarism.”

—http://integrity.ou.edu/files/nine_things_you_should_know.pdf

For further information on what constitutes academic misconduct, as well as how such misconduct is punished, please consult the Student Guide to Academic Dishonesty, found at the following link:
https://integrity.ou.edu/students.html

I will not hesitate to fail students who do not fully comply with the University’s academic misconduct policy. If you find yourself contemplating cheating, plagiarism, or other forms of academic misconduct, please come see me first. Help is available if you are struggling. I want everyone in the class to try their best and to do their own work. Please be advised that I reserve the right to utilize anti-plagiarism resources such as TurnItIn when grading assignments.
Title IX Resources and Reporting Requirement

For any concerns regarding gender-based discrimination, sexual harassment, sexual assault, dating/domestic violence, or stalking, the University offers a variety of resources. To learn more or to report an incident, please contact the Sexual Misconduct Office at (405) 325-2215 (8 to 5, M-F) or smo@ou.edu. Incidents can also be reported confidentially to OU Advocates at (405) 615-0013 (phones are answered 24 hours a day, 7 days a week). Also, please be advised that a professor/GA/TA is required to report instances of sexual harassment, sexual assault, or discrimination to the Sexual Misconduct Office. Inquiries regarding non-discrimination policies may be directed to: Bobby J. Mason, University Equal Opportunity Officer and Title IX Coordinator at (405) 325-3546 or bjm@ou.edu. For more information, visit http://www.ou.edu/eoo.html.

Adjustments for Pregnancy/Childbirth Related Issues

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact your professor or the Disability Resource Center at (405) 325-3852 as soon as possible. Also, see http://www.ou.edu/eoo/faqs/pregnancy-faqs.html for answers to commonly asked questions.
<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topics to Cover</th>
<th>Pre-class reading</th>
<th>Due</th>
<th>In-class activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tue Aug 21</td>
<td>Intro to the course</td>
<td>W: Skim 1.1-1.4, Read App. C.1-C.3, C.6a-C.6c</td>
<td></td>
<td>Using MindTap; Installing R/RStudio</td>
</tr>
<tr>
<td>2</td>
<td>Thu Aug 23</td>
<td>Statistics review</td>
<td>W: 2.1-2.3</td>
<td>RQ1 (Canvas)</td>
<td>Exploring data</td>
</tr>
<tr>
<td>3</td>
<td>Tue Aug 28</td>
<td>Bivariate regression</td>
<td>W: 2.4-2.5</td>
<td>RQ2</td>
<td>Hypothesis testing</td>
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<tr>
<td>4</td>
<td>Thu Aug 30</td>
<td>Bivariate regression</td>
<td>W: 2.4-2.5</td>
<td>RQ3</td>
<td>Regression, interpretation</td>
</tr>
<tr>
<td>5</td>
<td>Tue Sep 4</td>
<td>Multiple regression</td>
<td>W: 3.1-3.2</td>
<td>PS1, RQ4</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Thu Sep 6</td>
<td>Multiple regression</td>
<td>W: 3.3-3.4</td>
<td>RQ5</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Tue Sep 11</td>
<td>Multiple regression</td>
<td>W: 5.1-5.3</td>
<td>RQ9, Paper proposal</td>
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</tr>
<tr>
<td>8</td>
<td>Thu Sep 13</td>
<td>Inference</td>
<td>W: 4.1-4.3</td>
<td>PS2, RQ7</td>
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<tr>
<td>9</td>
<td>Tue Sep 18</td>
<td>Inference</td>
<td>W: 4.4-4.6</td>
<td>RQ8</td>
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<tr>
<td>10</td>
<td>Thu Sep 20</td>
<td>Asymptotics</td>
<td>W: 5.1-5.3</td>
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<tr>
<td>11</td>
<td>Tue Sep 25</td>
<td>GT violations: heteroskedasticity</td>
<td>W: 8.1-8.3</td>
<td>RQ10</td>
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<tr>
<td>12</td>
<td>Thu Sep 27</td>
<td>GT violations: heteroskedasticity</td>
<td>W: 8.4-8.5</td>
<td>RQ11, PS3</td>
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<tr>
<td>13</td>
<td>Tue Oct 2</td>
<td>GT violations: serial correlation</td>
<td>W: 12.1-12.3</td>
<td>RQ12</td>
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<tr>
<td>14</td>
<td>Thu Oct 4</td>
<td>GT violations: serial correlation</td>
<td>W: 12.4-12.6</td>
<td>RQ13</td>
<td></td>
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<tr>
<td>15</td>
<td>Tue Oct 9</td>
<td>Midterm review</td>
<td>W: 12.4-12.6</td>
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<tr>
<td>16</td>
<td>Thu Oct 11</td>
<td>Midterm (in class)</td>
<td>W: 12.4-12.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: "W" stands for "Wooldridge"; "RQ" stands for "Reading Quiz"
<table>
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<tbody>
<tr>
<td>17</td>
<td>Tue Oct 16</td>
<td>GT violations: $E[u</td>
<td>X] \neq 0$</td>
<td>W: 9.1-9.6</td>
<td>RQ14</td>
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<tr>
<td>18</td>
<td>Thu Oct 18</td>
<td>IV</td>
<td>W: 15.1-15.2</td>
<td>RQ15</td>
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<tr>
<td>19</td>
<td>Tue Oct 23</td>
<td>IV</td>
<td>W: 15.3</td>
<td>RQ16, PS4</td>
<td></td>
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<tr>
<td></td>
<td>— Thu Oct 25</td>
<td>No class (work on your project)</td>
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<tr>
<td>20</td>
<td>Tue Oct 30</td>
<td>IV</td>
<td>W: 15.4-15.5</td>
<td>RQ17</td>
<td></td>
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<tr>
<td>21</td>
<td>Thu Nov 1</td>
<td>Time series</td>
<td>W: 11.1-11.3</td>
<td>RQ18</td>
<td></td>
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<tr>
<td>22</td>
<td>Tue Nov 6</td>
<td>Time series</td>
<td>W: 11.4-11.6</td>
<td>Polished initial draft</td>
<td>Read/comment on fellow student’s draft</td>
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<tr>
<td>23</td>
<td>Thu Nov 8</td>
<td>Panel: First differences, fixed effects</td>
<td>W: 13.1-14.1</td>
<td>RQ19, PS5</td>
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<tr>
<td>24</td>
<td>Tue Nov 13</td>
<td>Panel: Random Effects</td>
<td>W: 14.2</td>
<td>RQ20</td>
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<tr>
<td>26</td>
<td>Tue Nov 20</td>
<td>Nonlinear models: MLE, probit, logit</td>
<td>W: 17.1</td>
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<tr>
<td></td>
<td>— Thu Nov 22</td>
<td>No class (Thanksgiving)</td>
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<tr>
<td>27</td>
<td>Tue Nov 27</td>
<td>Review and student presentations</td>
<td></td>
<td>Project presentation; PS6</td>
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<tr>
<td>28</td>
<td>Thu Nov 29</td>
<td>Review and student presentations</td>
<td></td>
<td>Project presentation</td>
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<tr>
<td>29</td>
<td>Tue Dec 4</td>
<td>Review and student presentations</td>
<td></td>
<td>Project presentation</td>
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<tr>
<td>30</td>
<td>Thu Dec 6</td>
<td>Review and student presentations</td>
<td></td>
<td>Project presentation; Final draft</td>
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<td></td>
<td>Thu Dec 13</td>
<td>Final Exam</td>
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