Collegio Carlo Alberto

Master in Economics and Allievi Programs

Applied Economics

Instructor: Ainhoa Aparicio Fenoll

Contact Information

Collegio Carlo Alberto
Office PC-15
Office hours by appointment

Phone: +39 011-670-5017
E-mail: ainhoa.aparicio@carloalberto.org
http://www.carloalberto.org/people/aparicio/

Course Description

This course intends to provide students with basic microeconometric tools to address empirical questions, with special emphasis on their application to Labor Economics, Public Economics and Development Economics. I describe the econometric theory behind the different techniques, comment on empirical research papers applying these techniques and lead students through the implementation of the econometric methods using actual data sets.

Requirements

At the end of the course, students are expected to be able to discuss the suitability of the specifications used in applied economics research, comment on the validity of instrumental variable strategies, design difference-in-differences estimations, understand the context in which regression discontinuity design is applied and be able to obtain correctly estimated standard errors.

Evaluation

Students will be evaluated on the basis of a final project executed in groups of 4 students maximum, periodic assignments and an exam.

Required texts

J. Angrist and J.-S. Pischke, "Mostly Harmless Econometrics." Princeton University Press, 2009.
J. Stock and M. Watson, "Introduction to Econometrics", Addison-Wesley, 2007 (2nd Edition).

Supplementary readings

J. Wooldridge, "Introductory Econometrics: A Modern Approach." South-Western (any edition)
G. Borjas, "Labor Economics", McGraw-Hill, 2009 (5th Edition).
P. Cahuc and A. Zylberberg, "Labor Economics", MIT Press.

TOPICS

1. THE EQUIVALENT IDEALIZED EXPERIMENT
MHE, Chapters 1-2
E. Reuben, P. Sapienza and L. Zingales, "The Glass Ceiling in Experimental Markets", Working Paper 2010.
D. Card, "The impact of the Mariel boatlift on the Miami labor market," Industrial and Labor Relations Review, ILR Review, ILR School, Cornell University, vol. 43(2), pages 245-257, January 1990.

2. REGRESSION
MHE, Chapter 3
D. A. Black, J. A. Smith, M. C. Berger and B. J. Noel, "Is the Threat of Reemployment Services More Effective Than the Services Themselves? Evidence from Random Assignment in the UI System," American Economic Review, American Economic Association, vol. 93(4), pages 1313-1327, September 2003.

3. INSTRUMENTAL VARIABLES
MHE, Chapter 4
J. Angrist, "Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administrative Records," *American Economic Review*, June 1990.
J. Angrist and A. Krueger, "The Effect of Age at School Entry on Educational Attainment: An Application of Instrumental Variables with Moments from Two Samples," *JASA 87* (June 1992).

4. FIXED-EFFECTS, DIFFERENCE-IN-DIFFERENCES AND PANEL DATA
MHE, Chapter 5
D. Card and A. B. Krueger, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," American Economic Review, American Economic Association, vol. 84(4), pages 772-93, September 1994.

5. REGRESSION-DISCONTINUITY DESIGNS
MHE, Chapter 6
G. W. Imbens and T. Lemieux, "Regression discontinuity designs: A guide to practice," Journal of Econometrics, Elsevier, vol. 142(2), pages 615-635, February 2008.
J. Angrist and V. Lavy, "Using Maimonides Rule to Estimate the Effect of Class Size on Scholastic Achievement," *QJE*, May 1999.

6. STANDARD ERROR ISSUES
MHE, Section 3.1.3 and Chapter 8
Bertrand, Marianne, Esther Duflo, and Sendhil Mullainathan, "How Much Should We Trust Differences-in-Differences Estimates?," *QJE* 119 (February 2004), 249-275.