Advanced Microeconometrics  
Economics 682, Spring 2016  
TR 2:10-3:25pm, HBB 309

Professor: 
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Office Hours: Wednesdays, 1:00-2:30pm and Thursdays, 11:00am-12:30pm. Please feel free to stop by at other times.

Course Description:  
This course develops techniques for analyzing cross-section and panel data that extend those in Economics 582 and 583. The course introduces the generalized method of moments, and builds upon linear regression and maximum likelihood estimation techniques. Major topics covered include advanced models for panel data, limited dependent variable models, and methods for program evaluation. While there will be discussion of econometric theory throughout the course, the focus is on applied analysis, including issues of identification, specification, and execution.

This is the last econometrics course most of you will ever take. With this in mind, along the way we will refresh our memories about fundamental concepts. Please use the class as a forum for discussing whatever econometric issues you encounter or have encountered in your research.

Prerequisites:  
Two semesters of Ph.D.-level Econometrics, OR instructor permission.

Evaluative Criteria:  
The course grade will be based on about eight problem sets (30%), a midterm exam (30%), and a final exam (40%). The final exam is officially scheduled for Thursday, May 5th from 12:30-2:30pm.

Please keep the following in mind when completing problem sets:
(i) Make sure to answer all parts to a question.
(ii) When I ask you to carry out a test, clearly interpret the test statistic: please state the conclusion you have drawn and provide details such as a critical value or p-value from which you are basing your conclusion.
(iii) When asked to interpret an estimated coefficient, please do so in a precise and informative way. For example, state ‘the coefficient implies that wages are on average $5 per hour lower for men relative to women, ceteris paribus’, rather than ‘men earn less than women’. Typically, only statistically significant coefficients are interpreted in this manner.
(iv) I will sometimes ask you to implement a particular procedure referenced in a textbook or a journal article (e.g. a series of commands needed to compute a test statistic). Instead of doing this (since it is often challenging), sometimes students find a user-written Stata command or implement a procedure for a related estimator or test. Do not do this, as I am asking you to implement the referenced procedure as a learning exercise.
(v) Please ask me to provide clarification when it is needed.
UT uses a plus-only grading system for graduate courses (i.e. A, B+, B, C+, C, etc.). Course letter grades will be determined by examining the final numeric grade distribution that results from applying the above weights, and establishing reasonable grade thresholds based on inter- and intra-course comparisons. A necessary but not sufficient condition for earning an “A” is to have a numeric grade that is above the class median. A necessary but not sufficient condition for earning a grade of “B” or lower is to have a numeric grade that is below the class median.

**Texts (required, seriously):**

**Other Helpful Books (recommended):**

**Students with Disabilities:** Any student who feels he or she may need an accommodation based on the impact of a disability should contact the Office of Disability Services (ODS) at 865-974-6087 in 2227 Dunford Hall to document their eligibility for services. ODS will work with students and faculty to coordinate reasonable accommodations for students with documented disabilities.

**Academic Dishonesty:** You are welcome to casually discuss problem sets with classmates. However, the written and Stata work you turn in must be your own. I reserve the right to take appropriate actions, as mandated by UT policies, in the event of suspected cheating or plagiarism. For your reference, the UT honor statement reads: “An essential feature of the University of Tennessee, Knoxville is a commitment to maintaining an atmosphere of intellectual integrity and academic honesty. As a student of the university, I pledge that I will neither knowingly give nor receive any inappropriate assistance in academic work, thus affirming my own personal commitment to honor and integrity.”

**Attendance Policy:** I will not formally take attendance, nor will your course grade be adjusted downward for poor attendance. However, this is a reasonably demanding graduate course and it is presumably in your best interest to attend. Further, in the case your course grade is on the margin, I reserve the right to give you the benefit of the higher grade if you actively participate in the course.

**Policy on Make-up Work:** Only in circumstances outside of your control will you receive credit for late assignments, or be allowed to take an exam at an alternative date. It is in your best interest to bring this to my attention prior to an assignment due date or exam date.

**Course Website:** This course utilizes the “Blackboard Learn” online course management system (https://bblearn.utk.edu/). Here I will post grades, handouts, assignments, the syllabus, etc. Please check the website for important announcements. I make heavy use of handouts. You are expected to read these prior to lecture, and bring them to class.
**Additional Resources:** I have placed a number of journal articles and working papers on Blackboard. These include articles cited in lecture as well as some nice methodological pieces and articles from the Stata Journal. Unless directed to, you are not required to read these papers. These are for your reference, and new papers will be added over the course of the semester as appropriate.

**Course Outline:**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Readings</th>
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<tbody>
<tr>
<td>Mostly review material [1]</td>
<td>Wooldridge (W) ch. 5; Greene (G) ch. 8</td>
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<tr>
<td>Program evaluation methods [6]</td>
<td>W 21; G 19.6</td>
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