Economics 4848-002 Applied Economics  
Fall 2016

Professor: Jennifer Klein  
Office: ECON 06A  
Office Hours: M 12:45-1:45pm, W 3-4pm or by appointment/email  
Email: jennifer.klein@colorado.edu

Course Description

Applied Economics provides an overview of econometric techniques commonly used in applied research in microeconomics. Methods and topics covered in this course will help students develop a deeper understanding of econometrics as well as learn to use STATA, a statistical software package commonly used in economics. Learning to use STATA will take a significant amount of time and effort but will be extremely valuable as it is much more powerful than what you can do in Excel, EViews, etc. Students will apply the econometric models using data from the US Census Bureau and the Bureau of Labor Statistics. In addition, students will be able to apply these skills to a research topic of their choosing.

Prerequisite

This class requires previous completion of Economics 3818, Intro to Statistics, or the equivalent.

Course Materials

There is no required text but you may find the following resources helpful:

- Introductory Econometrics: A Modern Approach by Jeffery M. Wooldridge  
- Using Econometrics: A Practical Guide by A.H. Studenmund  
- Prof. Brian Cadena’s Econ 4848 Course Pack (available for purchase from the bookstore)

Software: We will be learning to use a statistical software program called STATA in class. For all assignments, projects, and exams you will be required to complete all analysis using STATA. Students are not required to purchase their own copies of STATA, as it is available in the computer lab in the basement of the economics building. Note that the economics building is closed on weekends, but remains open until 10pm on weekdays. You can find a list of other campus labs with STATA at: http://webdata.colorado.edu/labs/softwaresearch/

If you choose to purchase your own copy of STATA, it will allow you to work on assignments and your research project outside the computer labs. Students can receive a discount on the software through the University’s GradPlan. Information is available at: http://www.stata.com/order/new/edu/gradplans/student-pricing/ Please note that Small Stata (which only allows for 1,200 observations) will not be sufficient for this course. I would suggest Stata/IC license which is $75 for 6 months.

Hardware: You will need a USB memory device to store copies of data and log files from our work in class.
Grade Breakdown

Grades for this course will be based on the following criteria:

- Assignments (20% total)
- 2 Midterm Exams (20% each)
- Final Exam (20%)
- Research project and presentation (20%)

Final grades will be determined by your cumulative performance at the end of the semester, and this may or may not correspond to the typical ten-point grading scale (A’s are 90-10, B’s are 80-89, etc.) However, you will be updated regularly of your grade in the class as the semester progresses.

**Assignments (20% total):** Assignments must be handed in at the beginning of class the day they are due. No late assignments will be accepted. Your lowest homework assignment will be dropped from your overall score for the course.

**Midterm Exams (20% each):** Midterm exams will be held on Sept. 30 and Oct. 28 during the regularly scheduled class time. The exams will be similar to your homework assignments in that you will be given some data to analyze with accompanying questions. Given the nature of programming in STATA and this course, all exams should be considered “cumulative” in the sense that you will need to know how to any and all of the tasks we’ve learned throughout the semester.

Students must take exams at scheduled times so ensure now that you can attend class the dates of the exams. Exams may not be taken early/late and no make ups are given. If you must miss a midterm exam due to an emergency the weight of the midterm will automatically be added to your final exam which will then be worth 40% of your grade. You cannot miss both midterm exams.

**Final Exam (20%):** The final exam is scheduled for Thursday, December 15th at 1:30pm.

Students with documented disabilities who may need academic accommodations should speak with me during first three weeks of the class. Also contact the Disability Services Office, Willard 322 (phone 303-492-8671).

**Research Project and Presentation (30%):** Students may work alone or with one other student on a research project applying what you’ve learned in the course. Your written project is due by 5:00pm on Friday, December 9th. You should start thinking about your research topic as soon as possible at the beginning of the semester. Your project should pose a testable economic question that can be answered using one of the techniques we discuss in applied econometrics. A sample outline of what to include in your project: Introduce your research question and why it is an important topic to study, citing any relevant sources. Describe the data and empirical technique(s) you use. Conduct one or more types of empirical analysis on your data using techniques from the course. Discuss and interpret your empirical findings. (Roughly 8 pages, double-spaced, including figures and tables.) All tables or figures included should be nicely formatted and concise, i.e. not just copy/pasted from the STATA output.

As part of your grade for the project, a research proposal will be due on October 21st and
a rough outline of the project and findings on Nov. 18. Individual meetings will be scheduled the week of Nov. 7th.

In addition, each student/group will give a presentation the last week of classes (Dec. 5-9) discussing their research question, data, methods, and results.

Additional Policies

**Attendance:** Attendance is an absolute necessity in this course. It is where I can help guide you in learning STATA and completing a good research project, and you can get feedback on where improvement is needed. Students are expected to be in attendance on time for every class, as it may be difficult for you to make up the material and fully understand programming in STATA otherwise. It is your responsibility to obtain any material/notes from a class you miss from one of your classmates. Attendance will be recorded every class period and any student missing more than 9 class periods will automatically fail the course. These absences up to 9 are intended to cover any manner of reasons why you might need to miss class, valid or otherwise. These penalties are non-negotiable. Those arriving late, leaving before class is dismissed, spending significant time on non-class activities will also be counted as absent.

**Honor Code:** All students are responsible for knowing and adhering to the academic integrity policy of the University of Colorado at Boulder (www.colorado.edu/policies/honor.html and www.colorado.edu/academics/honorcode/). All incidents of academic misconduct will be reported to the Honor Code Council and will result in a failing grade for the course. In particular, since students will be completing a research project be careful to avoid plagiarism (portrayal of another’s work or ideas as one’s own) and therefore to conscientiously identify and cite all ideas or language borrowed from any other work.

**Classroom Behavior:** Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran’s status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. Class rosters are provided to the instructor with the student’s legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. For more information, see the policies on classroom behavior and the student code.

The University of Colorado Boulder (CU Boulder) is committed to maintaining a positive learning, working, and living environment. CU Boulder will not tolerate acts of sexual misconduct, discrimination, harassment or related retaliation against or by any employee or student. CU’s Sexual Misconduct Policy prohibits sexual assault, sexual exploitation, sexual harassment, intimate partner abuse (dating or domestic violence), stalking or related retaliation. CU Boulder’s Discrimination and Harassment Policy prohibits discrimination, harassment or related retaliation based on race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. Individuals who believe they have been subject to misconduct under either policy should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127.
## Tentative Class Schedule

Assignments are due at the beginning of class unless otherwise noted.

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<thead>
<tr>
<th>Week</th>
<th>Content</th>
<th>Assignments</th>
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| Week 1 | • Aug. 22-Aug. 26: Course Information  
• Conducting Economic Research, types of data  
• Introduction to STATA |  |
| Week 2 | • Aug. 29-Sept. 2: Introduction to STATA  
• Creating Variables, Exploring Continuous Data |  |
| Week 3 | • Sept. 5-Sept. 9: Categorical Data  
• Data management, Error checking | Homework 1 Due 9/5 |
| Week 4 | • Sept. 12-Sept. 16: Hypothesis Testing  
• Distribution of $\hat{\beta}$ | Homework 2 Due 9/12 |
| Week 5 | • Sept. 19-Sept. 23: Bivariate Regression  
• Classical Assumptions and Violations, Choosing a functional form | Homework 3 Due 9/23 |
| Week 6 | • Sept. 26, 28: Simple Multivariate Regression, Review  
• Example research paper  
• Fri., September 30: **Midterm Exam 1** | Homework 4 Due 10/5 |
| Week 7 | • Oct. 3-Oct. 7: Non-linear Models  
• Categorical Variables in Regressions |  |
| Week 8 | • Oct. 10-Oct. 14: Interaction Models | Homework 5 Due 10/10 |
| Week 9 | • Oct. 17-Oct. 21: Omitted Variable Bias  
• Heteroskedasticity | Homework 6 Due 10/17  
Proposal Due 10/21 |
| Week 10 | • Oct. 24, 26: Multicollinearity, Serial Correlation  
• Fri., October 28: **Midterm Exam 2** | Homework 7 Due 10/26 |
| Week 11 | • Oct. 31-Nov. 4: IPUMS Tutorial  
• BLS Tutorial |  |
| Week 12 | • Nov. 7-Nov. 11: Individual Meetings  
• Schedule TBD |  |
| Week 13 | • Nov. 14-Nov. 18: Limited Dependent Variables | Homework 8 Due 11/14  
Outline Due 11/18 |
| Week 14 | • Fall Break: No Classes |  |
| Week 15 | • Nov. 29-Dec. 2: Panel Data  
• Fixed Effects Models | Homework 9 Due 11/29 |
| Week 16 | • Project Presentations  
• Schedule TBD | Paper due 12/9 at 5pm |
| Week 17 | • **Final Exam** Thursday, Dec. 15th at 1:30pm |  |