

Fall-Winter 2011-2012

University of Tsukuba
Graduate School of Humanity and Social Science
Public Economics I

Instructor: Hisahiro Naito

Time: Tuesday 5&6

Class: 3K226

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Prerequisite: Graduate level microeconomics

About this course

In this course, we study the standard methods of both empirical public economics. If time is available, we also study the theoretical side of public economics. But it might be left to public economics II.

This class emphasizes on topics related with how to conduct a good empirical research on applied economics including public policy evaluation and public economics.

Some of the papers below are assigned to students. A student who is assigned that paper must read the paper and explain the paper in the class.

Evaluation is made based on the performance in the class including homework(40%) and the final exam.

References

Mostly Harmless Econometrics(MHE) by Angrist and Pischke (This book is written in the cutting edge researcher to help students and researchers understand how to proceed in empirical research. Everyone in this class needs to purchase)

Econometric analysis of Cross-Section and Panel data by Jeffrey Wooldridge (You can use like a dictionary of econometrics)

Introduction to Econometrics by Stock and Watson(Another good applied econometrics textbook)

The Elements of Style (4th Edition) by William Strunk and E.B. White (This book is not used in the class, but for writing thesis it is mandatory. It is less than 10 dollars. It is highly recommended.)

Economical Writing, Second Edition by Deirdre McCloskey (Author) (It explains how to use economic term in writing papers and thesis. It is not expensive. Highly recommended.)

www.nber.org (working paper series) NBER is the research institute where many cutting edge professors in the US are affiliated. Many working papers are published in a very good journal and have high quality. Go to this website and type your keyword. You might find an interesting paper.

Outline of the class

1. Empirical Research methodology :Designing your research and importance of identification strategy, Data frequency, identification, setting up your research question
 - The Credibility Revolution in Empirical Economics: How Better Research Design is Taking the Con out of Econometrics, by Angrist and Pischke The Journal of Economic Perspectives 24(2), Spring 2010
2. Difference of Differences and Difference of Difference of Differences
 - Michael Greenstone, “The Impacts of Environmental Regulations on Industrial Activity: Evidence from the 1970 & 1977 Clean Air Act Amendments and the Census of Manufactures”, Journal of Political Economy, 2002, v110(6,Dec), 1175-1219.
 - Eissa, Nada, Taxation and Labor Supply of Married Woman: 1986 Tax Reform as Natural Experiment, NBER Working Paper 5052 (www.nber.org)
 - Yelobitz, Aaron, “The Medical Notch, Labor Supply and Welfare Participation: Evidence from Eligibility Expansion, Quarterly Journal of Economics, 1995, pp478-486
 - Chapter 5, MHE
 - Chapter 8 and 11, Stock and Watson
3. Instrumental Variable
 - Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social

- SecurityAdministrative Records by Joshua D. Angrist, The American Economic Review, Vol. 80, No. 3 (Jun., 1990), pp. 313-336
- Economic Shocks and Civil Conflict: An Instrumental Variables Approach, by Edward Miguel, Shanker Satyanath and Ernest Sergenti, Journal of Political Economy, 2004 pp 725-755
 - MHE Chapter 4
4. Regression Discontinuity Approach
- Angrist Joshua and Vctor Lavy, “ Using Maimonides’ Rule to Estimate the Effect of Class size on Scholastic Achievement, “ Quarterly Journal of Economics, 1999, pp 533-557
 - As a similar approach to RD,
Cristian Pop-Eleches ,”The Impact of an Abortion Ban on Socioeconomic Outcomes of Children: Evidencefrom Romania Journal of Political Economy 2006 pp 774-773
 - MHE Chapter 6
5. Experiments
- Duflo, Pascaline Dupas, and Michael Kremer, “Peer Effects, Teacher Incentives,and the Impact of Tracking:Evidence from a Randomized Evaluation in Kenya, American Economic Review 101 (August 2011): 1739–1774
6. Weak Instrument
- John Bound, David Jaeger and Regina Baker, “Problem with Instrumental variable estimation when the Correlation between the instrumental variable and the Endogenous Variable is weak” Journal of American Statistical Association,pp443-50, 1995
 - Marcelo J. Moreira, “A Conditional Likelihood Ratio Test for structural model”, Econometrica, Vol. 71, No. 4 (July, 2003), 1027–1048
 - Luiz M. Cruz and Marcelo J. Moreira, “On the Validity of Econometric Techniques with Weak Instruments: Inference on Returns to Education Using Compulsory School Attendance Laws” , The Journal of Human Resources, Vol. 40, No. 2 (Spring, 2005), pp. 393-410
 - Stock and Watson, CH10
7. Synthetic Cohort panel method
- Abadie, “synthetic Control Methods for Comparative Case Studies: Estimating the Effect of California's Tobacco Control Program”, Journal of the American Statistical Association 105 (2010): 493-505.

8. Moulton Problem,

- MHE, Chapter 8
- A. Colin Cameron, Jonah B. Gelbach, and Douglas L. Miller, “Bootstrap-Based Improvement for Inference with Clustered Errors”, Review of Statistical Economics, August 2008, 90(3): 414–427

9. Propensity Score method

- Lanlonde, Robert, “Evaluating the Econometric Evaluations of Training Program Using Experimental data”, The American Economic Review, 1986, pp602-620
- Rajeev H. Dehejia, Sadek Wahba “Causal Effects in Non-Experimental Studies: Re-Evaluating the Evaluation of Training Programs”, Journal of the American Statistical Association, Vol. 94, no. 448 (December 1999): 1053-1062.