

ECONOMICS 721-11: EMPIRICAL MICROECONOMICS
UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
SPRING 2009

Instructor:

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Class meetings:

Lecture: MW 9:00-10:50, 110 Bryan Bldg.
Lab: M 10-10:50, 211 Bryan Building
**Office hours: MW 11 a.m. – 12 p.m. and
by appointment**

Description: Economics 721-11 is a two-credit course that explores how microeconomic research questions are investigated using empirical data. It is intended to follow ECO 721-01. The course considers empirical research on several microeconomic questions, focusing on questions with a time dimension. In particular, the course examines how empirical microeconomists develop research questions from theoretical foundations; select, gather, and construct data; and select, develop, test, and refine empirical specifications. This course is intended to serve as a complement to existing graduate offerings in econometrics, labor economics, health economics, and public economics.

Three broad research methodologies will be covered: longitudinal techniques, event-history methods, and time-use analyses. For each of these areas, the class will review at least one overarching conceptual approach, several econometric techniques, and several applications.

Student Learning Outcomes: On completion of this course students will have:

- learned and applied several theoretical models and econometric procedures related to longitudinal and time-use questions;
- developed an awareness of how economists report and frame longitudinal empirical evidence, and
- conducted a research project, using these skills.

Texts: There is no specific, required text for the course. Instead, articles, book chapters, and working papers will be assigned for each week of the course. Students are also encouraged to obtain a copy of the sixth edition of William H. Greene's *Econometric Analysis* (Upper Saddle River, NJ: Prentice Hall, 2008, ISBN 0-13-513245-2).

Procedures: Students are required to attend and participate in twice-a-week seminar-type meetings over an eight-week period. About every other week, the class may meet in a lab session. The total expected meeting time will be three hours and 20 minutes per week. Starting with the second class, students are expected to complete homework and reading assignments *before* each meeting, to prepare questions and comments about the assignments, and to contribute to discussions.

The primary responsibilities of students in this class will be to:

- participate in class and complete homework assignments (25 percent of the grade),
- complete one-page critical summaries of assigned readings (25 percent of the grade), and

- complete a research analysis and paper based on an assigned data set (50 percent of the grade).

Homework assignments will be given periodically throughout the class. The research assignment will be made in the fourth week of the class, with the final paper being due **Monday, May 18, 2009**.

In addition to these responsibilities, students are expected to conform to the University's Student Code of Conduct (<http://studentconduct.uncg.edu/>).

Research Integrity: Students are expected to be familiar with and abide by the University's Academic Integrity policy (see <http://academicintegrity.uncg.edu/>). Although all aspects of the policy are relevant, students should review the policies regarding plagiarism and falsification. A researcher's career depends on his/her honesty and integrity. I will seek the most severe punishments possible, including expulsion from the graduate program, for any violations of the Academic Integrity policy. Students are allowed to collaborate on homework assignments but must turn in their own listings and analyses of data. Students may not collaborate on the research project. If students have a question about whether some type of collaboration is permissible, they should ask the instructor first.

Software: There is no specific software requirement for this class. Students are welcome to complete homework assignments and conduct their research using any statistical software package they choose. Examples in class and the lab will be given in SAS and Stata.

Tentative schedule

PRELIMINARY MATTERS

March 23 Issues in Human Subjects Research

Go to Collaborative Institutional Training Initiative on-line site (<https://www.citiprogram.org/dev/>); register and complete human subjects course for social and behavioral research; turn in copy of training certificate by March 30

Lab #1 – human subjects training

March 25 Freedman, D. "Statistical Models and Shoe Leather," *Sociological Methodology* 21 (1991), 291-313.

Moffitt, R. "Remarks on the Analysis of Causal Relationships in Population Research," *Demography* 42:1 (2005), 91-108.

LONGITUDINAL ANALYSES – CONSUMPTION BEHAVIOR

March 30 Theories of consumption and savings

Blundell, Richard. "Consumer Behavior: Theory and Empirical Evidence—A Survey." *Economic Journal* 98:389 (1988), 16-65.

Lab #2 – download class data set

April 1 Measurement

Aguiar, M. and E. Hurst. "Consumption versus Expenditure." *Journal of Political Economy* 113:5 (2005), 919-948.

Meyer, B.D. and J.X. Sullivan. "Measuring the Well-being of the Poor Using Income and Consumption." *Journal of Human Resources* 38:Supplement (2003), 1180-1220.

April 6 Change regressions

Bernheim, B.D., J. Skinner and S. Weinberg. "What Accounts for the Variation in Retirement Wealth among U.S. Households?" *American Economic Review* 91:4 (2001), 832-857.

Gruber, J. "The Consumption Smoothing Benefits of Unemployment Insurance." *American Economic Review* 87:1 (1997), 192-205.

Lab #3 – change measures

April 8 Fixed effects specifications and their interpretation

Macurdy, T.E. "An Empirical Model of Labor Supply in a Life-Cycle Setting." *Journal of Political Economy* 89:6 (1981), 1059-1085.

EVENT HISTORY ANALYSES – UNEMPLOYMENT AND OTHER SPELLS

April 13 Search models

Mortenson, D. "Job Search and Labor Market Analysis" in *Handbook of Labor Economics*, Vol. 2, edited by O. Ashenfelter and R. Layard. Amsterdam: North Holland, 1986.

Lab #4 – fixed and random effects models

April 15 Introduction to survival methods

Kiefer, N.M. "Economic Duration Data and Hazard Functions." *Journal of Economic Literature* 26:2 (1988), 646-679.

Project assigned

April 20 Parametric continuous time survival methods

Kiefer, N.M., S.J. Lundberg, G.R. Neuman. "How Long Is a Spell of Unemployment? Illusions and Biases in the Use of CPS Data." *Journal of Business and Economic Statistics* 3:2 (1985), 118-128.

Lab #5 – continuous time event history models

April 22 Cox proportional models

Dynarski, M. and S.M. Sheffrin. "The Behavior of Unemployment Durations over the Business Cycle." *Review of Economics and Statistics* 72:2 (1990), 350-356.

Decker, P.T. "The Impact of Reemployment Bonuses on Insured Unemployment in the New Jersey and Illinois Reemployment Bonus Experiments." *Journal of Human Resources* 29:3 (1994), 718-741.

April 27 Discrete-time data

Allison, P. "Discrete-Time Methods for the Analysis of Event Histories," *Sociological Methodology* 13 (1982), 61-98.

Blackburn, McKinley L. "Welfare Effects on the Marital Decisions of Never-

Married Mothers,” *Journal of Human Resources* 35:1 (2000), 116-42.

Lab #6 – discrete time event history models

April 29 Unobserved heterogeneity in event history models

Trussell, J., and T. Richards. “Correcting for Unmeasured Heterogeneity in Hazard Models Using the Heckman-Singer Procedure.” *Sociological Methodology* 15 (1985), 242-276.

Meyer, B.D. “Unemployment Insurance and Unemployment Spells.” *Econometrica* 58:4 (1990), 757-782.

May 4 Multiple destination models:

Ribar, D., M. Edelhoich and Q. Liu. “Watching the Clocks: The Role of Food Stamp Recertification and TANF Time Limits in Caseload Dynamics.” *Journal of Human Resources* 43:1 (2008), 208-239.

Lab #7 – finite mixture and competing risk models

HOUSEHOLD PRODUCTION AND TIME USE ANALYSES

May 6 Time allocation models; time diary data

Becker, G. “A Theory of the Allocation of Time.” *Economic Journal*, 75 (September 1965), 493-517.

Gronau, R. “Leisure, Home Production, and Work—the Theory of the Allocation of Time Revisited.” *Journal of Political Economy*, 29:6 (Dec. 1977), 1099-123.

May 11 Leisure anyone?

Aguiar, M. and E. Hurst. “Measuring Trends in Leisure: The Allocation of Time over Five Decades.” *Quarterly Journal of Economics* 122:3 (2007), 969-1006.

May 13 Time within time-use

Hamermesh, D.S. “The Timing of Work over Time.” *Economic Journal* 109:542 (1999): 37-66.

Kalenkoski, C., D. Ribar and L. Stratton. “How do Adolescents *Spell* Time Use?” Unpublished manuscript, Ohio University, 2007.

May 18 **Final project due**

