



THE UNIVERSITY OF CHICAGO

THE IRVING B. HARRIS GRADUATE SCHOOL  
OF PUBLIC POLICY STUDIES

PUBLIC POLICY 421:  
APPLIED ECONOMETRICS II

**Spring 2003:** MW 10:30 – 11:50 am, 140B Harris School

**Instructor:** Professor Helen Levy  
150 Harris School  
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(773) 702-9083  
Office hours: Monday 1-2 pm

**Course Description:** Public Policy 421 is a course in applied econometrics designed to provide students with the tools necessary to evaluate and carry out empirical research. It will focus both on the analysis of theoretical econometric problems and the hands-on use of economic data. Topics will include panel data, instrumental variables estimation, multivariate and simultaneous systems of equations, and qualitative and limited dependent variables.

**Class Web Page:** [http://chalk.uchicago.edu/bin/common/course.pl?course\\_id=\\_1797\\_1&frame=top](http://chalk.uchicago.edu/bin/common/course.pl?course_id=_1797_1&frame=top)

**Prerequisite:** Public Policy 420 (Applied Econometrics I)

**Text:** J. Wooldridge, *Introductory Econometrics: A Modern Approach*, South-Western, 2003. Available at the Seminary Co-op Bookstore.

<b>Requirements and Grading:</b>	Problem Sets	30%
	Empirical Project	20%
	Final Exam	50%

Students may work in groups on all problem sets and on the empirical project. Students may not, however, work in groups on the final, which will be a take-home. Each student must turn in his or her own legible solutions to the problem sets and include, when required, computer code and output.

<b>Important Dates:</b>	Problem Set #1 Due	April 16
	Problem Set #2 Due	May 7
	Problem Set #3 Due	May 21
	Empirical Project Due	May 28
	Final Due	June 4, 5pm

April 28 class is canceled

## Topics and Readings:

I	(Review of) Panel Data Models	Wooldridge 13, 14
II	Instrumental Variables and 2SLS	Wooldridge 15
III	Simultaneous Equations and Systems of Equations	Wooldridge 16
IV	Qualitative Variables	Wooldridge 17
	(1) Binary	
	(2) Ordered and Categorical	
	(3) Count	
	(4) Duration	
V	Limited Dependent Variables	Wooldridge 17
VI	Empirical Projects	Wooldridge 19
VII	Other topics	

Time permitting, we will cover topics selected from the following list based on class interest: quantile regression, the bootstrap method, case-control data, HLM/SEM

Additional readings will be assigned throughout the quarter.