

UNIVERSITY OF TORONTO
ECO375H1F
APPLIED ECONOMETRICS I
2010-2011

Lectures: Thursday, 10:00-12:00, EM001

Tutorials: Friday, 11:00-12:00, SS2106

Instructor:

Professor Junichi Suzuki

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Office hours: Monday 2:30-3:30

Teaching Assistant:

Rebecca Lindstrom

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Office hours: Friday, 3:00 -4:00 at Max Gluskin House, Room GE213

Course Website:

The Black Board (<https://portal.utoronto.ca>)

Course Outline:

This is an introductory course in applied econometrics. The primary objective is to provide a solid theoretical and practical foundation for the interpretation of empirical evidence in economics. Students also learn how to apply these techniques to economic data by using statistical software.

Prerequisites:

ECO200Y1/ECO204Y1/ECO206Y1,ECO220Y1(70%)/ECO227Y1/(STA257H1,STA261H1)

Prerequisites are strictly checked and enforced and must be completed **BEFORE** taking a course.

It is the student's responsibility to check the prerequisites before enrolling in any course. By taking this course you acknowledge that you will be removed from the course at anytime if you

do not meet all requirements set by the Department of Economics. See Faculty of Arts and Science Calendar for details. The instructor does not have any authority of waiving prerequisites.

Required Textbook:

J. M. Wooldridge, *Introductory Econometrics*, Fourth Edition, South-Western Cengage Learning.

Copies are available at the University Book Store, or can be purchased from various online bookstores. The instructor does not recommend purchasing a copy of the previous edition. All references in this course will be to the fourth edition. This book will also be used in ECO376H.

Recommended Statistical Software:

StataCorp Stata

The course involves a considerable amount of computing, and students must learn and use a sophisticated statistical software package. STATA is highly recommended, and is the **only** package that will be supported by the instructor and TA's.

Students can purchase STATA at discounted prices. While orders are placed online, you will pick up your software at the Software Licensing Office in the Information Commons at Robarts Library. See <http://www.utoronto.ca/ic/software/detail/stata.html> for details.

StataCorp offers several different types of licenses for students.

- Small Stata 11 (**six-month** license): Suitable for students who do not plan (or are not sure) to take ECO376.
- Stata/IC 11(**one-year** license): Suitable for students who plan to take ECO376 for sure. DO NOT purchase a one-year license of **Small** STATA since Small STATA is not good enough for ECO376 (Note that students need to take at least 60% in ECO375 to enroll in ECO376. In 2009, about 80% of the students in ECO375 receive more than 60% as their final grades.)

While it is **NOT supported in any way** by the instructor or TA's, students interested in a more cumbersome, but otherwise excellent low-cost (i.e., "free") alternative to STATA may consider "gret!": <http://gretl.sourceforge.net/>

Marking Scheme:

The final course mark is based on the following:

- Four problem sets: For a total of 12% of the final course mark. Each problem set is worth 3% of the final course mark.
- One term test: For a total of 38% of the final course mark.
- Final exam: For a total of 50% of the final course mark.

Policies on Problem Sets:

- All problem sets **must be typed** except figures and equations.
- When problem sets involves the use of statistical software, students need to submit programs (do file in STATA) and their outputs (log file in STATA) in addition to texts.
- In general, students need to submit a hard copy of your problem sets to the TAs during tutorial sessions. Neither the instructor nor the TAs will not count problem sets submitted via emails.
- However, when students are sick (in particular, due to H1N1), they may submit their problem sets via emails in either MS-Word or PDF format to the instructor. In this case, **within one week after the deadline**, students need to submit the instructor a written request for special consideration explaining the reason and **attaching appropriate documentation**, such as a medical certificate (see Calendar, Section 6, under Petitions & Appeals: Documenting Petitions) or an “Absence Registry” on ROSI. Note that requests based on travel, other courses taken, employment or personal plans will not be considered. Students might be excused to submit documents in the case of H1N1 outbreak. The Provost office will issue an institutional policy on this issue soon.
- See below for policies on missed problem sets.

Policies on Missed Problem Sets and Tests

- Students who miss **problem sets or the term test** for reasons entirely beyond their control may submit to a written request for special consideration explaining the reasons and **attaching appropriate documentation** such as a medical certificate (see Calendar, Section 6, under Petitions & Appeals: Documenting Petitions) or an “Absence Registry” on ROSI. Note that requests based on travel, other courses taken, employment or personal plans will not be considered.

- When the instructor accepts students' written requests and supporting documents, their mark of missed problem sets/the term test will be calculated as follows:
 - If you miss **a problem set**, your mark of the missed problem set is based on the **lowest** grade of the other three problem sets.
 - If you miss **more than one problem sets**, you will get zero for all but the first missed problem sets. Your mark of the first missed problem set is based on the **lowest** grade of other submitted problem sets.
 - If you miss **the term test**, your mark of the term test is based on your grade of the final exam. There is no makeup test for the term test.

- Students who miss **the final exam** for reasonable reasons may initiate petitions to the Faculty of the Art and Science about incomplete or missed final examinations within five working days after the end of the examination period. Note that late petitions and requests for deferred examinations based on travel, employment or personal plans will not be considered. See the website of the Faculty of Arts and Science for further information:

Requests for Regrading:

Students may submit to a written request for regrading problem sets and/or the term test **within two weeks** from the day of the tutorial the TA returns the graded problem sets/the term test to students. Picking up materials late is not considered as a reason to extend this deadline.

Email Policy:

Emails should be considered as a way to send some feedback about the course (e.g., typos, vagueness in problem sets etc.). **When questions are relevant to other students as well, the instructor will answer them via the Blackboard in the form of announcement.** If you have questions that require individual feedback, please come to office hours. Each email should contain name, student number and course number and be sent from utoronto address. The TAs are NOT expected to reply to emails from students.

Academic Misconduct:

Academic integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result,

the University treats cases of academic misconduct very seriously. The University of Toronto's Code of Behaviour on Academic Matters outlines the behaviours that constitute academic misconduct, the processes for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes working in groups on assignments that are supposed to be individual work).

On tests and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for regarding.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) doctor's notes.

All suspected cases of academic dishonesty will be investigated following the procedures outlined in the Code of Behaviour on Academic Matters. If you have any questions about what is or is not permitted in this course, please do not hesitate to contact me. If you have questions about appropriate research and citation methods, you are expected to seek out additional information from me or other available campus resources like the College Writing Centers or the Academic Success Centre.

Important Dates:

10/21 Term Test (in class)
11/3 Last date to drop the course without penalty
TBA Final Exam

Tentative Course Schedule:

Date	Week	Lecture	Chapters
9/16	1	What is econometrics?/ Simple OLS	Ch 1, Ch2
9/23	2	Simple OLS	Ch 2
9/30	3	Multiple Regression: Main Idea	Ch 3, Ch6
10/7	4	Multiple Regression: Statistical Properties	Ch 3, Ch6, Ch9.4
10/14	5	Multiple Regression: Inference	Ch 4
10/21	6	Term test	
10/28	7	Multiple Regression: Asymptotics	Ch 5
11/4	8	Dummy Variables	Ch 7
11/11	9	Endogentiy: control function approach	Ch 9
11/18	10	Endogentiy: instrumental variables	Ch 15
11/25	11	Endogentiy: instrumental variables	Ch 15
12/2	12	Heteroskedasticity	Ch 8
TBA		Final Exam	
