

Is There Truth in Numbers?

This course is devoted to empirical analysis. Think of it as a laboratory course, using real data and econometric software to test hypotheses and explore relationships. I will lead most of our discussions, with the expectation that all students will participate extensively. Most of your work will be done in the computer lab, using data available from the course website and the STATA econometric software package. Our thinking in the course will rely heavily on material covered in 100A, 100B and 113.

You will complete three short papers over the quarter and one longer independent research paper. There will be no exams. Your final grade will be determined as:

Final research paper	30%
Three short papers	60%
Class participation	10%

If you still own the textbook from 113, you will find it useful as a reference. There are three readers for the course. The first, volume 1, is a reader of statistics and econometrics to serve as a refresher on econometric theory and technique, developed by Professor Wittman. It is useful as an alternative to a textbook. A book of readings/articles is required and also available at the bookstore. The third reader volume is a set of classnotes, detailed discussions of the various data sets written by Professor Wittman.

The first 3-4 meetings will be devoted to reviewing basic econometric theory and technique and becoming familiar with the STATA program. Our review will focus on real applications of the Ordinary Least Squares (OLS) technique you learned in 113, along with a discussion of descriptive statistics. As the course proceeds, we will examine particular topics of interest, reviewing the theory and econometric issues, reading sample articles, and then using established data sets to test those theories or devise new ones.

Course website

The most up-to-date information about the course is available at:

http://people.ucsc.edu/~lkletzer/econ104/index_econ104.html

Most importantly, the data sets we'll be using are available at this site.

Contact information

My office hours are Mondays and Wednesdays, 10-11am, or by appointment. My office phone is 459-3596; my email is lkletzer@ucsc.edu.

Jinzhao Zhao (“JZ”) will be available for consultation in the Social Sciences 1 Computing Lab (room 135) on:

Tuesdays: 3-5pm office hour + lab

Wednesday: 11am-1pm lab + office hour

Computer access

The Soc Sci 1 lab is reserved for our use on:

Mondays, 10:00-11:00am

Tuesdays, 4:00-5:00pm

Wednesdays, 11:00am-12:00pm

STATA 8.0 is currently installed with a maximum of 20 concurrent user licenses.

To run the program after logon do the following:

- 1) Double-click on the "Applications" folder on the desktop (or from the Start Menu)
- 2) Double-click on the "Class Folders" folder
- 3) Double-click on "Economics" folder
- 4) Double-click on "Stata" icon

The program is run from the server, however the server is read-only. So any data files created by users will need to be saved to the local hard disk's Desktop, or in the user's UCSC Home Directory which is mapped as "X:" on the PCs, or USB Flash Drive, or CD-R/RW.

We have also made this software available on our Windows Virtual Lab. Our Virtual Lab is a trial service that IC is investigating. It allows students and faculty the ability to remotely connect to a Windows desktop and run applications. It requires the installation of a simple client and an internet connection (broadband is preferred, but not required). This allows students and faculty to run class applications from home, from their dorm room, over CruzNet, or anywhere they have computing resources and an internet connection.

For more information, including client downloads, please see http://ic.ucsc.edu/services/virtual_computer_labs/

Our work will proceed according to the following schedule:

COURSE OUTLINE

Date(s)	Topic	Reference/Theory	Reading	Assignment
April 1, 3	Introduction & review of descriptive statistics, OLS & STATA		Wooldridge, ch. 1 & 2; Wittman, pgs. 3-45	
April 8, 10	Determination of basketball player salaries	Linear regression; dummy variables	Kahn & Sherer article; Kahn article; Wooldridge, ch. 19	
April 15, 17	OLS review	More OLS	Wooldridge, ch. 3 & 4, 7	1 st paper outline due
April 22, 24	CEO salaries	Functional form	Jensen & Murphy article	1 st paper due
April 29, May 1	Earnings determination/discrimination	Multicollinearity	Lang , ch. 11 & 14; Wittman, pgs. 46-74	2 nd paper outline due
May 6, 8	Economic Growth	Autocorrelation	Barro article; Clark article	2 nd paper due
May 13, 15	Deficits		Boskin article	3 rd paper outline due
May 20, 22	Olympic Medals		Bernard & Busse articles	3 rd paper due
May 27, 29	Political parties	Models of qualitative choice	Alesina & Sachs article; Wittman, pgs. 198-201; Wooldridge, ch. 17	Final paper outline due
June 3, 5	Discussion of papers			Final paper due June 10, 5pm

Bold designates article in Readings volume