

EC28 Econometric Methods

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Prior knowledge of hypothesis testing, Normal, t and F Distributions is assumed. Elementary Matrix algebra may be used. Homework assignments will involve problem solving and model estimation (using probably EVIEWS). Weekly tutorials will be held by the teaching assistant. There will be a mid-term and a final exam. They count respectively for 40% and 60% of the final grade. Assignments will be used to decide grades at the margin. In any case, it is not possible to pass the course without doing the homework assignments.

The recommended textbook is:

Maddala G. S. , INTRODUCTION TO ECONOMETRICS, Second Edition, McGraw-Hill, 1992 (M from now on)

Statistical background and matrix algebra: see M ch. 2 for all you need to know (and more)

Topics to be covered:

1) Introduction to econometric models

M Ch.1

2) The simple regression model

M. Ch. 3 (excluding 3.10, 3.11, 3.12 and the Appendix)

3) Multiple regression

M. Ch. 3 (excluding 4.12; Appendix to be done selectively)

4) Additional topics and uses of regression models (multicollinearity, dummy variables, error in variables, etc.)

M Ch. 7 (7.1, 7.2, 7.7, 7.8 only)

M Ch. 8 (8.1, 8.2, 8.3, 8.5 only)

M Ch. 11 (11.2 only)

5) Heteroschedasticity (consequences of, testing for, estimation with)

M. Ch. 5 (excluding 5.6)

6) Autocorrelation (consequences of, testing for, estimation with)

M. Ch. 6 (excluding 6.10, 6.11)

7) Qualitative choice models

M. Ch. 8 (8.7, 8.8, 8.9 only)

8) Introduction to simultaneous equation models (identification and estimation)

M. Ch. 9 (excluding 9.7, 9.8, 9.9, 9.10; Appendix to be done selectively)