

DEPARTMENT OF ECONOMICS
COLLEGE OF ARTS & LETTERS
SAN DIEGO STATE UNIVERSITY

ECON 740: Seminar in Applied Economic Research

Fall 2011

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Office Hours: Open policy for grad students
Class Time/Location: T 6:00-8:40pm SH341
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Course Content

Econ 740 is the capstone requirement for students pursuing the Master of Arts in Applied Economics. The seminar is an introduction to economic research and will build upon your course work in research methods, applied econometrics, and economic theory. This course will be different from other required courses in the MA program in that it will not be a “toolbox” course, but rather a course in which students are expected to use tools to evaluate, replicate, and extend existing empirical research. In addition, this course will give you a more extensive look at peer-reviewed applied microeconomics papers using “advanced” econometric methods such as natural experiments, instrumental variables, and regression discontinuity techniques, and explore the advantages and disadvantages of difference-in-difference estimation strategies. Careful attention will be paid to the appropriateness of inferring causality across various econometric techniques.

Readings

Reading assignments will be given week-to-week in class or via email. You are responsible for completing the readings prior to the class in which they are discussed. I will be handing out or providing links to many of the articles discussed in class. The required textbook is:

Research Methodology in Applied Economics, by Don Ethridge. Blackwell Publishing; 2nd Ed. (2004).

Note: The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Grading

Presentations of Assigned Papers	15%
Referee Report on Essential Paper	25%
Re-Estimation Assignment	25%
Original Research Note & Presentation	25%
Class Participation	10%

Grades are assigned as follows (in terms of % of total points):

A \geq 93%	C+ 77-79.9
A- 90-92.9	C 73-76.9
B+ 87-89.9	C- 70-72.9
B 83-86.9	D 65-69.9
B- 80-82.9	F < 65%

Presentations of Assigned Papers

Throughout the semester, we will read a number of applied economics papers using a variety of econometric methods. In reading these papers, we will discuss a number of key elements of good research: (i) developing an interesting and relevant research question, (ii) appropriately “pitching” a paper, (iii) obtaining appropriate data to answer a research question, (iv) using economic theory to inform hypotheses, (v) using convincing empirical methods, and (vi) crafting a well-written article. You will be assigned two papers and will present each as if you are the author. Be prepared to talk for approximately 20 minutes. Both your fellow classmates and I will likely ask you questions during (and perhaps following) your talk. Decisions about which students will present which papers will be made in consultation with me by Thursday, September 1. The paper should be chosen from the studies below:

1. Carpenter, Christopher. 2004. “How Do Zero Tolerance Drunk Driving Laws Work?” *Journal of Health Economics* 2(1): 61-83.
2. Burkhauser, Richard V., Kenneth A. Couch, and David C. 2000. “A Reassessment of the New Economics of the Minimum Wage,” *Journal of Labor Economics* 18(4): 653-681.
3. Blau, David M. 1997. “The Production of Quality in Child Care Centers,” *Journal of Human Resources* 32(2): 354-387.
4. Vollaard, Ben and Jan C. Van Ours. 2011. “Does Regulation of Built-in Security Reduce Crime? Evidence from a Natural Experiment,” *Economic Journal* 121(552): 485-504.
5. Hotz, V. J., S. McElroy and S. Sanders. 2005. Teenage Childbearing and Its Life Cycle Consequences: Exploiting a Natural Experiment,” *Journal of Human Resources*. 40(3): 683-715
6. Cawley, John. 2004. “The Impact of Obesity on Wages,” *Journal of Human Resources* 39(2): 451-474.
7. Rees, Daniel I., Laura M. Argys, and Susan L. Averett. 2001. “New Evidence on the Relationship between Substance Use and Adolescent Sexual Behavior.” *Journal of Health Economics* 20(5): 837-847.
8. Hjalmarsson, Randi. 2009. “Juvenile Jails: A Path to the Straight and Narrow or to Hardened Criminality?” *Journal of Law and Economics* 52: 779-794.
9. Machin, Stephen, Olivier Marie, and Suncica Vujic. 2011. “The Crime Reducing Effects of Education,” *Economic Journal* 121(552): 463-484.

10. Lyle, David. 2006. "Using Military Deployments and Job Assignments to Estimate the Effect of Parental Absences and Household Relocations on Children's Academic Achievement," *Journal of Labor Economics* 24(2): 319-350.
11. Kling, Jeffrey R., Jens Ludwig, and Lawrence F. Katz. 2005. "Neighborhood Effects on Crime for Female and Male Youth: Evidence from a Randomized Housing Voucher Experiment," *Quarterly Journal of Economics*.
12. Ashenfelter, Orley, David Ashmore, and Olivier Deschênes. 2005. "Do unemployment insurance recipients actively seek work? Evidence from randomized trials in four U.S. States," *Journal of Econometrics*, 125(1-2): 53-75.
13. Newhouse, Joseph. P. 1993. *Free for All: Lessons from the RAND Health Insurance Experiment*. Cambridge Massachusetts: Harvard University Press. (Chapters 3 or 6 and 2).
14. Levine, Phillip B. 2003. "Parental Involvement Laws and Fertility Behavior," *Journal of Health Economics* 22 (5): 861-878.
15. Hansen, Benjamin, Daniel I. Rees, and Joseph J. Sabia. 2011. "Cigarette Taxes and the Social Market," IZA Working Paper.
16. Rees, Daniel I. and Joseph J. Sabia. 2011. "The Effect of Migraine Headache on Educational Attainment," *Journal of Human Resources* 46(2): 317-332.
17. Carpenter, Christopher and Carlos Dobkin. 2009. "The Effect of Alcohol consumption on Mortality: Regression Discontinuity Evidence from the Minimum Drinking Age," *American Economic Journal: Applied Economics* 1(1): 164-182.
18. Sabia, Joseph J. and Daniel I. Rees. 2008. "The Effect of Adolescent Virginity Status on Psychological Wellbeing," *Journal of Health Economics* 27(5): 1368-1381.
19. Currie, Janet and Enrico Moretti. 2003. "Mother's Education and the Intergenerational Transmission of Human Capital: Evidence from College Openings," *Quarterly Journal of Economics* 118(4): 1495-1532.
20. Chatterji, Pinka and Sara Markowitz. 2005. "Does the Length of Maternity Leave Affect Maternal Health?" *Southern Economic Journal* 72(1): 16-41.
21. Levine, David I. and Gary Painter. 2003. "The Schooling Costs of Teenage Out-of-Wedlock Childbearing: Analysis with a Within-School Propensity Score Matching Estimator." *Review of Economics and Statistics* 85(4): 884-900.
22. Fletcher, Jason. 2009. "All in the Family: Mental Health Spillover Effects between Working Spouses," *The B.E. Journal of Economic Analysis & Policy*: Vol. 9: Iss. 1 (Contributions), Article 3. Available at: <http://www.bepress.com/bejeap/vol9/iss1/art3>

Referee Report and Presentation of Essential Paper

The focus of your work for the semester will be a single research study, selected by you and approved by me. The paper will be published in one of the academic journals found on *EconLit*. You should choose a paper that is substantively of interest to you, is clear enough for you to summarize and analyze in a report, and a paper for which the data are available for re-estimation. Your choice of paper will be due to me by September 15 at the absolute latest.

You will provide a referee report on this paper, the standard format for the peer-review process. This report will contain a summary of the paper, an analysis of the paper's organization, a critique of the theoretical and empirical approaches used, and a discussion of the paper's contribution (or lack thereof) to the literature. The length of this referee report will be approximately 1500 words.

You will also have an in-class presentation of your Essential Paper on September 27. Your talks should not exceed 12 minutes.

Re-Estimation Exercise

The goal of this assignment is to follow the steps of the authors of your Essential Paper: to identify, obtain, clean, and recode the data used in the study, estimate the same empirical models, and reproduce the results tables. This re-estimation can be undertaken with exactly the same or somewhat different data, but the process must begin with a raw dataset (not, for example, a previously cleaned dataset provided by the authors). On November 1, you will provide to me on a flash drive or CD:

- (i) an Excel file(s) with the re-estimation results tables, presented in the same format as the original paper and a description of the data source(s);
- (ii) the raw data file(s) used to the re-estimation; and
- (iii) a Stata do file that transforms the raw data and estimates the models.

Original Research Note and Presentation

With a complete understanding of the theory, data, empirical approach, and findings in your Essential paper, you are now ready to make an original contribution in your research area. It takes more time to adequately complete a full-scale research project or thesis than this semester provides. Therefore, a research note will allow you to make a smaller contribution, employing the same (or somewhat different) data that directly extends an existing study. The product should be 2,000-3,000 words, not including results tables. Some examples will be provided. The due date for your original note will be December 13 at the final exam.

Your presentation of your Original Note will take place at the final exam time on December 13. Be prepared to talk for 12 minutes.

Preliminary Class Outline

Week	Class	Topic	Ethridge
1	30 Aug	Introduction to course, syllabus review, Wooldridge Ch. 19	
2	6 Sept	<i>Papers</i> : Blau, Rees and Sabia, Levine and Painter (Fixed Eff)	Ch. 3-4
3	13 Sept	Examples of Referee Reports and Peer Review Process (<u>15 Sept. Paper choice due</u>)	
4	20 Sept	<i>Papers</i> : Hansen, Burkhauser, Carpenter, Levine (Panel)	
5	27 Sept	<u>Referee Reports Due, Presentations on Papers</u>	Ch. 5

6	4 Oct	<i>Papers:</i> Cawley, Chatterji and Markowitz, Rees et al. (IV)	Ch. 6
7	11 Oct	<i>Papers:</i> Currie and Moretti, Sabia and Rees, Fletcher (IV)	Ch. 7
8	18 Oct	Consultation on Individual Papers	
9	25 Oct	Consultation on Individual Papers	
10	1 Nov	<u>Re-Estimation Due</u> ; <i>Papers:</i> Lyle, Hotz et al., Vollard (NE)	
11	8 Nov	<i>Papers:</i> Hjalmarsson, Carpenter and Dobkin, Machin (RD)	
12	15 Nov	<i>Papers:</i> Ashenfelter et al., Kling et al., Newhouse (Exp)	Ch. 8-10
13	22 Nov	Thanksgiving Week: No Class	
14	29 Nov	Consultation on Individual Papers	
15	6 Dec	Consultation on Individual Papers	
Finals	13 Dec	<u>Original Note Due, Original Note Presentations</u>	

Academic Integrity

Students are obliged to follow Student Conduct Procedures from the Center for Student Rights and Responsibilities, available at the following website: <http://csrr.sdsu.edu>. In this course, unless specifically and explicitly instructed otherwise, all assignments should be done individually. Individually means without the assistance of classmates or anyone else; for clarification of problems, students should seek help from the instructor. Violations of academic integrity (plagiarism, etc.) will be vigorously pursued. Possible punishments include, but are not limited to, a zero for the assignment, an F for the course, and/or referral to the Center for Student Rights and Responsibilities for judicial proceedings.