

APPLIED ECONOMETRICS PAPER REQUIREMENT

The purpose of the Applied Econometrics Paper is to assist students in acquiring applied econometrics skills and to demonstrate that students have acquired these skills by applying them to economic problems of their own choosing. The Department has instituted the Applied Econometrics Paper Requirement because it believes that competence in applied econometrics is an essential skill for any economist regardless of field specialization.

a) GENERAL REQUIREMENTS

The Applied Econometrics Paper should present an empirical analysis of a well-formed and well-motivated economic issue. The econometric methodology employed must be appropriate for the problem at hand. While the methodology does not need to be sophisticated to ensure a passing grade, its use must be explained and defended in the paper.

The paper can be completely original or related to an existing work. It is perfectly acceptable to take an existing paper and provide a well-motivated extension of that paper using the same data, where the extension is in terms of the economic or econometric model employed or the econometric methods used. Equally acceptable is an evaluation of the results of an existing paper (using the same data) and the aim of determining the robustness of the results and/or the performance of the estimated model when subjected to a battery of diagnostic tests. It is also acceptable to extend an existing paper by considering new data. It is not acceptable to merely replicate the results of an existing paper. An Applied Econometrics Paper should differ from past studies in at least one dimension — e.g. different model, different methodology, different data, or ideally a fresh or insightful new approach to an economic problem.

JOINTLY AUTHORED PAPERS WILL NOT BE ACCEPTED.

b) ADVISOR

Each student needs to have a faculty advisor. Faculty who have expertise in empirical work are likely to be most helpful to students. Students should recognize that a wide range of faculty members across a variety of fields can serve as advisors. Students should take into account the fact that faculty members with few advisees will have more time available for advising. If too many students seek the same faculty member as advisor, that faculty member may have to direct some students to other faculty.

The role of the advisor is to help give direction to the student, so that the student can fulfill the paper requirement in a timely fashion. It is not the role of the advisor to give a topic to a student. But the topic of the paper should be discussed with the advisor and advisors will provide suggestions as they see fit. Students should seek input from their advisor early on in the process of writing the paper to ensure that their efforts are

directed in a suitable fashion. Students should not wait until their paper is essentially complete before asking a faculty member to be their advisor.

When a paper is near completion, a student should seek comments from their advisor and revise it appropriately before submitting the paper for fulfillment of the requirement. This will increase the chance that the paper will meet the Econometrics Paper Requirement, because the advisor will be one of the two readers of the paper.

It is the responsibility of the student to contact a faculty member to be their advisor and to meet their advisor at regular intervals for advice and direction.

c) TIMING

This requirement is intended primarily as a second year requirement. Thus, it is recommended that students find an advisor in their second year, work on their paper during the second year, and submit a paper for fulfillment of this requirement by the end of their second year or the beginning of their third year of studies.

The paper requirement must be fulfilled (i.e., a paper must be submitted and graded satisfactory by the two readers) before a student can be admitted to candidacy.

Beginning with the 2011/12 academic year, third year students must submit an econometrics paper by February 1st, no exceptions. Note that submissions are accepted any time up to this date. Necessary revisions must be submitted within a month after the paper has been read and returned to the author with comments. It is expected that the econometrics paper be approved by May 1st of the third year.

d) DETAILED REQUIREMENTS

The paper should report an application of econometric methods to economic data and illustrate the capacity to do the following:

- Obtain data that are relevant to the stated economic problem and present a model that is suited to deal with the phenomena under study.
- Demonstrate competence in the use of econometric packages (like MICROFIT, PCGIVE, TSP, RATS, SHAZAM, FJ, STATA, LIMDEP, SAS) or matrix manipulation languages (like GAUSS, MATLAB, S+), as may be needed to perform the analysis.
- Evaluate empirical results and construct and interpret diagnostic statistics.
- Execute statistical tests properly within the framework of the given model.
- Use the model for analysis, prediction, or other intended purposes, demonstrating in the process a satisfactory level of professional judgment. This involves exploring the economic implications of the empirical results. It is not enough just to report the results.

The style of the paper should follow that of a journal article. For example, the common journal article style has the following components: 1) an introduction that

clearly states the problem or issue of concern, provides motivation for interest in this problem, summarizes the findings of the paper and their limitations, briefly outlines the methods used in the paper, and discusses relevant literature; 2) a section that presents the economic and/or econometric model that is employed; 3) a section that discusses the econometric methods that are employed; 4) a section that discusses the data; 5) a section that presents, interprets, and discusses the empirical results; and 6) a section that concludes. This style is merely a suggestion, not required.

Tables and figures should be properly labeled. Pages should be numbered. Empirical results should be thoughtfully presented. Computer print outs of results from econometric software packages are not appropriate. Data sources should be clearly and completely stated.

(f) Assessment

All Applied Econometrics Papers are evaluated by two faculty members. The first is the student's advisor. The second can be a faculty advisor or a reader selected by the Chairman of the Applied Econometrics Paper Committee. If a revision of the paper is determined to be necessary, the student should feel free to contact both the advisor and second reader for clarification of the readers' reports that he will have received and for additional advice. Faculty should read and grade econometrics papers within three weeks after they are submitted.

The Committee does not expect the papers to be of publishable quality (though some papers do turn out to be absolutely first rate). They should be well written and professionally presented throughout. Papers that do not contain any empirical results are not appropriate. The submission must make it clear that the author has made an effort to adhere to these guidelines, paying attention to the minimum requirements of a scholarly paper as laid out above, in terms of form, content, and presentation. *The student's advisor will coordinate the joint evaluation by the two readers according to the above criteria and recommend a grade. Possible grades are: Distinction, Satisfactory, Returned for Revision, Unsatisfactory.*