

## Purpose

Econ 120B is a sequel to Econ 120A and a necessary requisite for Econ 120C. Its concern is with the methods of estimating and testing relationships among economic variables. Historically the traditional way of teaching econometrics has been to start with the *classical regression model* and proceeding to weaken its several assumptions in turn. This created a gap between how econometrics is taught and how empirical researchers think about and apply econometric methods. This course will try to avoid that approach and instead will aim to present the topics from the perspective of professional users of econometrics. That is how linear regression will be introduced with a limited number of assumptions making it more appealing to available data. The objective of the course is for the student to learn how to conduct – and how to critique – empirical studies in economics and related fields. Emphasis will be given on techniques and empirical applications.

Econometrics is a discipline that requires practice in order to learn it. Therefore a commitment from your part is required and you should work by yourself in a consistent way throughout the quarter. One good thing that I've learned from experience is that, although you will have to study, after you learn and understand how the details work, new material will become easier to assimilate because the methodology is always the same. The prerequisites for Economics 120B are: Econ 120A or Math 180A and some calculus will be needed so Mathematics 10ABC or 20ABC, or their equivalence.

Since econometrics concerns with data, development of computer skills will be an important part of the course. In particular use of the software Eviews will be necessary to answer most of the problem sets. Eviews is available in the computer lab and the basics of how to use it will be explained in class so you don't have to worry about it. If you are interested in having a version of Eviews for your home (which is about 40 bucks) you can order a Student version from the Bookstore or buy it directly from the [Eviews website](http://eviews.com)

## Web Page

<http://econ120b.com>

All the information you need will be on the website. It is your responsibility to look at it constantly to stay informed of news and deadlines. Also for the problem sets you will find FAQ pages which will prove extremely useful. We are here to help you in your ongoing efforts toward learning so if after looking at the website or FAQ sections you still have questions you can come by my office during office hours or to any of the TAs office hours or if you prefer send us an email.

## Textbooks

### Required:

The required text for this class is *Introduction to Econometrics* by James Stock and Mark Watson (Addison Wesley 2002). I have asked that copies of the book be placed on reserve at SSH.

### Recommended:

*Introductory Econometrics*, Jeffrey M. Wooldridge (Southwestern: 2002). This



is another widely used textbook. This book is more difficult than the one by Stock and Watson, and is recommended for students who are not afraid of challenges. I have asked that copies of the book be placed on reserve at SSH.

## **Problem Sets**

There will be a total of five (5) problem sets which will represent 30% of your final grade. Problem sets will be graded from a scale of 0 to 6. A zero will be automatically assigned if: you fail to turn in the problem set (either you don't or you do it after the deadline) or you copied or photocopied any part of a problem set. You are free and encouraged to work and discuss any of the questions with your classmates, the TAs or me; however you should write up your own version of the answers. You DON'T have to print ALL the datasets and ALL the output because if you do, you will make the grading of the problem sets very difficult. The questions will be very clear with regards to what you will have to print and if you don't feel they are... ask us. Under no circumstance will late solutions be accepted! You have the due dates of all the problem sets available therefore plan accordingly. If you have a medical emergency excuse, contact the TA who is grading the particular problem set as soon as possible in order to make arrangements (if you fail to contact the TA in a timely manner and to provide the necessary proof of the illness or medical condition you will get a zero). In any case you will not be allowed to turn in the solutions late, in such a situation your next problem set will count double.

Problem sets can be turn in BEFORE the due date to any of the TAs or me. The day a problem set is due you can turn your problem set from 8:00 am until 3:30pm (excluding the lunch hour from 12-1 pm) by going to the Sequoyah 245 office and putting your problem set in the file cabinet located at the left of the office (DO NOT put your problem set in the mail slot because it will be lost). At 3:30 pm I will pick up whatever is in there. From then on you will have to hand me your problem set at the beginning of class. This means that after I start the lecture for that day NO problem sets will be allowed. Again, there will be no exceptions so if you can't make it to the class that day, then turn in the problem set in the morning.

In the webpage for the course, you will find a section of Frequently Asked Questions (FAQ) which is provided as an efficient way of handling information. Always check if the question you have is already posted, in case it is not, ask either the TAs or me and I will update the postings on the web. In order to put this FAQ section together it is important that you ask questions, if you don't the FAQ section will be empty so I encourage you to participate and ask either in person (best way) or through email (if you are shy).

## **Exams**

There will be a midterm exam which will count for 30% of the grade (graded from 0 to 30 points) and a Final which will count for the remaining 40% (graded from 0 to 40 points). No books or notes will be allowed during examinations. A single side, letter size "cheat sheet" can be used. It must be hand-written; photo reducing and pasting is not permitted. You will need a calculator (a simple one or even your cell phone will work). You do not need a blue book.



**There will be no make-up exams.** If for some reason you miss the midterm, then the final will carry its weight but 10% of the score will be deducted as penalty. If at all possible, the reason must be cleared with me in advance. The penalty applies to almost all cases. The only exception is medical absence, in which case a doctor's certificate is required. Please hand in the doctor's certificate in class or stop by my office.

## Grading

All grading problems must be rectified within a week from the time an exam or assignment is returned. Re-grading of exams may not be allowed if they were written in pencil. If you write in pencil, however, you can pick up the exam from my office, check the grading immediately, and take care of complaints before leaving the office. To be fair, re-grading is possible only if there is an obvious mistake in the grading (for example, if the points were added up incorrectly or if a portion of your midterm was not graded). Otherwise, you have almost no chance of receiving extra credit for your responses. If you request a re-grading, we reserve the right to re-grade the whole assignment or exam and adjust your score either up or down.

The course grade will be assigned as follows. After all the grades are turned in if the mean final grade is less than 75, points will be added to ALL scores to bring the mean score to 75 points. This means that: points will NEVER be deducted from your final grade, and if the mean is above 75 no changes will be done. Let's do an example: suppose you got a 5 in all of your problem sets (which amounts to 25), you got a 25 in your midterm and a 30 in the final, that adds up to 80 which would mean your letter grade for the class would be at least B+ based on the scale below (I say at least because if the mean needs to be increased you will have more points!).

<b>&gt;=95 A+</b>	<b>[80,85) B+</b>	<b>[65, 70) C+</b>	<b>[50 55) D</b>
<b>[90,95) A</b>	<b>[75,80) B</b>	<b>[60, 65) C</b>	<b>&lt; 50 F</b>
<b>[85,90) A-</b>	<b>[70,75) B-</b>	<b>[55, 60) C-</b>	

Note that the scale is exact. So if your score is 84, you will get a B+. In this case, students may ask whether they can get an A- as the score is so close to 85, the cut off point. The answer is no, because to do so will push the cutoff point to 84, which can be pushed further down. Sometimes students who are disappointed with their final grades ask whether they can do additional work to increase their grades. The answer is no, because to do so would be completely unfair to other students in the class.

I will not assign letter grades on the midterm. However, you can refer to the above table to see where you stand.

## Office Hours and Other Contact

My office hours are on Wednesdays 2:30pm-3:30pm and Fridays 2:00pm-3:00pm in Sequoyah 244. If you want to stop by my office (Econ 119) at other times, please email me and make an appointment in advance. I check my email frequently.

The TAs' office hours are:

- Munechika (Max): Tu:10-11 am & Th:2:30-3:30 pm in Econ 119



- Seth: Mon & Wed 9:30-10:30 am in Sequoyah 236.