

ECON 5213: Advanced Econometrics

The University of Oklahoma

Department of Economics

Instructor: Dr. Ibrahim Kekec

Office: Department of Economics, Room 332/CATE 1

E-mail: ibrahim.kekec-1@ou.edu

Office Hours: 4:30pm-6:30pm on Wednesdays and 10:30am-12:30pm on Thursdays (in-person or virtual, [book me here](#))

Meeting Time and Place: 1:30pm-2:45pm on Mondays and Wednesdays, Room 174/CATE 1

Course Website: Canvas

Teaching Assistant (TA): Mahla Shourian (mahla.shourian@ou.edu)

TA Office Hours: By appointment

COURSE DESCRIPTION

This course focuses on probability and statistics and is designed for first-year Ph.D. students within the economics department and other related departments that emphasize intricate data analysis. The primary objective of this course is to equip you with the necessary skills for the advanced econometric methods you will encounter in subsequent studies and to apply these skills using statistical software Stata. Additionally, certain concepts covered, such as probability distributions and discussions involving conditional expectations, will prove valuable in your advanced microeconomics and macroeconomics theory courses. I aspire for this course to present concepts in probability and mathematical statistics in a manner that ignites your interest in pursuing econometrics as your subfield in near future.

Knowledge of multivariate calculus, some probability and mathematical statistics, and basic matrix algebra is assumed. To refresh your memory on these, I recommend that students acquaint themselves with the appendices of Jeffrey M. Wooldridge's introductory textbook, "Introductory Econometrics: A Modern Approach," specifically the following appendices from either the sixth or seventh edition: B (Fundamentals of Probability), C (Fundamentals of Mathematical Statistics), D (Summary of Matrix Algebra), and E (Linear Regression Model in Matrix Form). These appendices serve as a good outline for the course, offering a review of essential concepts presented at a basic level.

LEARNING OBJECTIVES

Upon successfully completing this course, students should:

- establish a solid foundation in econometric and statistical knowledge essential for comprehending the methodology sections of economics articles
- have the necessary skills for a subsequent econometrics and economics course focused on or using cross-section and panel data analysis
- become familiar with statistical software Stata in order to apply the methods learned in this course

DELIVERY and COMMUNICATION

This course will primarily be delivered in a synchronous and in-person format. The course is scheduled to run for 14 consecutive weeks. The course entails attending lectures, reading lecture slides (and suggested material if necessary), engaging with class discussions, working on problem sets and taking examinations. We will meet for two and a half hours every week.

This syllabus is only tentative and subject to change. I will update it according to the progress of this course. **It is your responsibility to check Canvas course website for updates, course material, and problem sets.** I will share the content for each week ahead of the class through the corresponding weekly content area on the Canvas course website. There may be changes regarding the course such as grading policy, exams and empirical project if deemed necessary, but they will be explicitly announced in class at least one month ahead. During the final week of the course, special attention will be given to addressing your questions, particularly concerning the final examination.

Email is the fastest way to contact me.

EVALUATION

Throughout the course, you will engage in various assessments, including in-class discussions, problem sets, midterm examination and final examination. Your successful completion of the course will be determined by your performance in these assessments. Attendance in classes is highly recommended. Please feel free to inform me about your absences if you find it suitable.

Examinations: There will be one midterm examination (**tentative date: 10/18/2023**) and one final examination (**at CATE 174, from 8am-10am on Friday, 12/15/2023**). No make-up exams will be given. If a student misses a midterm examination for any reason, the weight of that examination will be added to that of the final examination. I would like to have the flexibility to speed up or slow down depending on how I think the class understands the material. So, the midterm date may be subject to change according to the progress but will be announced one week in advance. You are allowed to bring up to two sheets of notes to the examinations, written on standard paper. You may write as much as you like (front and back). The final exam is not cumulative; it tests material covered after the midterm examination.

Problem Sets: There will be eight problem sets. Students are usually given a week to complete a problem set, but this could vary depending on the length of the problem set. **Problem sets will be due at the beginning of class and will be handed over to me. Late submissions will not be graded for credit.** It is important to know that the problem sets are very important in that the basic ideas covered by them invariably show up on the midterm and the final examinations. If you know you are going to miss a class on the day a problem set is due, hand in your work in advance to receive full credit.

- Your submission should be organized and legible. This is also courteous to your TA who would be grading the homework. She cannot grade properly if your submission is not readable!
- Group discussion is encouraged when working on the problem sets. Your answers should show individual understanding of the materials and be written in your own words. If you collaborate with other student(s), everyone in your group should be acknowledged at the beginning of the homework. Identical problem sets would receive a zero.

Participation: During my lectures, students will have ample opportunity via discussions and directed questions to engage in class material. To enhance the learning experience, I intend to incorporate various active learning activities such as one-minute papers, think-pair-share, and concept mapping as students consider questions posed by either themselves or me. These activities are specifically designed to facilitate a deeper comprehension and understanding of the course material. Your active participation in these activities will contribute to the allocation of participation points, acknowledging your contributions to the learning process.

GRADING

The weights in the final grade are assigned as follows:

Weight Scheme	
Problem Sets	35%
Midterm Exam	25%
Final Exam	35%
Participation	5%

The grading scale is:

Total Score in % (x)	Letter Grade
$90 \leq x$	A
$70 \leq x < 90$	B
$60 \leq x < 70$	C
$55 \leq x < 60$	D
$x < 55$	F

I reserve the right to change the grading scale. The required score for the final grade could be lower but not higher. For example, the current requirement for an A is at least a 90%, but later I may change the cut-off point to 85%, but will not change it to 95%.

RECOMMENDED READING LIST

During the duration of the course, we will employ differential and integral calculus, as well as matrix algebra. Whenever necessary, I will integrate matrix algebra concepts into the discussion of probability and statistics. Regrettably, there is no single textbook that comprehensively covers all the course material at the appropriate level. While my lecture slides will serve as the primary course material, the resources listed below will also be valuable.

- G. Casella and R.L. Berger, Statistical Inference, 2e. Duxbury, 2002.
- B. Hansen, Probability and Statistics for Economists. Princeton University Press, 2022.
- B. Hansen, Econometrics. Princeton University Press, 2022.
- R. Ramanathan, Statistical Methods in Econometrics. Academic Press, 1993.
- D. McFadden, Statistical Tools for Economists. Manuscript, University of California, Berkeley.
- Wooldridge, Jeffrey M., (2019). Introductory Econometrics: A Modern Approach. Mason, OH: South-Western Cengage Learning.
- O. Linton, Probability, Statistics, and Econometrics. Academic Press, 2017.

I recommend that you do the readings from at least one of the textbooks, especially from Casella and Berger's textbook. In addition, I will be using electronic slides during lecture. Many students find it helpful to have a hard copy in front of them for annotating. The slides will be available before lecture.

SOFTWARE PACKAGE

A vital aspect of this course involves the utilization of a statistical software package to apply statistical methods learned. For this purpose, we will use Stata, a commercial statistical software with several built-in econometric commands. To demonstrate probability calculations, estimate regression equations, conduct statistical inference on parameters, and perform simulations, it is necessary to have access to Stata. The labs in CATE 1 has access to Stata.

When needed, I will share my Stata codes with you. However, for additional computational resources, I highly recommend the Stata manuals. Another valuable reference that I have personally found very useful is "Microeconometrics Using Stata" by A. Colin Cameron and Pravin K. Trivedi, specifically the second edition or later.

UNIVERSITY POLICIES

Accommodations for Special Students: At the University of Oklahoma (OU), we are dedicated to ensuring the complete inclusion of all students, including those with disabilities, to enrich their OU experience. In accordance with Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act (ADA), and the Americans with Disabilities Act Amendments Act (ADAAA), the Accessibility and Disability Resource Center (ADRC) offers personalized accommodations, services, and support to students with documented disabilities on a case-by-case basis.

Possible disabilities include, but are not limited to, learning disabilities, AD(H)D, mental health, and chronic health. Additionally, we support students with temporary medical conditions (broken wrist, shoulder surgery, etc.) and pregnancy. To discuss potential accommodations, please contact the ADRC at 730 College Avenue, (ph.) 405.325.3852, or adrc@ou.edu. To ensure timely arrangements, kindly submit your written accommodation request within the first week of class.

Academic Integrity: Cheating is strictly prohibited at OU, because it devalues the degree you are working hard to earn. As a member of the OU community, it is your responsibility to protect your educational investment by knowing and following the rules. For specific definitions on what constitutes cheating, review the Student's Guide to Academic Integrity at <https://www.ou.edu/integrity/students>.

Religious Observance: It is the policy of the University to excuse the absences of students that result from religious observances and to reschedule examinations and additional required classwork that may fall on religious holidays, without penalty. Please feel free to contact me if any of the due dates for assessment components conflict with your religious commitments.

Title IX Resources and Reporting Requirement: Anyone who has been impacted by gender-based violence, including dating violence, domestic violence, stalking, harassment, and sexual assault, deserves access to resources so that they are supported personally and academically. OU is committed to offering resources to those impacted, including: speaking with someone confidentially about your options, medical attention, counseling, reporting, academic support, and safety plans. If you would like to speak with someone confidentially, you may contact OU Advocates (available 24/7 at 405-615-0013). You may also choose to report gender-based violence and discrimination through other means, including by contacting the Institutional Equity Office (ieo@ou.edu, 405-325-3546) or police (911). Because OU is committed to the safety of you and other students, faculty members (including me), graduate and teaching assistants are mandatory reporters. This means that we are obligated to report gender-based violence that has been disclosed to us to the Institutional Equity Office. This includes disclosures that occur in: class discussion, writing assignments, discussion boards, emails and during office hours. For more information, please visit the Institutional Equity Office.

Adjustments for Pregnancy/Childbirth Related Issues: Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact me or the Disability Resource Center at 405-325-3852 as soon as possible. Also, see the Pregnant and Parenting Students' Rights at <http://www.ou.edu/eoo/faqs/pregnancy-faqs.html> for answers to commonly asked questions.

Final Exam Preparation Period: Pre-finals week will be defined as the seven calendar days before the first day of finals. I may cover new course material throughout this week. For specific provisions of the policy please refer to OU's Final Exam Preparation Period policy.

Emergency Protocol: During an emergency, there are official university procedures that will maximize your safety. If you receive an OU Alert to seek refuge or hear a tornado siren that signals severe weather,

1. LOOK for severe weather refuge location maps located inside most OU buildings near the entrances.
2. SEEK refuge inside a building. Do not leave one building to seek shelter in another building that you deem safer. If outside, get into the nearest building.
3. GO to the building's severe weather refuge location. If you do not know where that is, go to the lowest level possible and seek refuge in an innermost room. Avoid outside doors and windows.
4. GET IN, GET DOWN, COVER UP.
5. WAIT for official notice to resume normal activities.

Armed Subject/Campus Intruder: If you receive an OU Alert to shelter-in-place due to an active shooter or armed intruder situation or you hear what you perceive to be gunshots,

1. Avoid: If you believe you can get out of the area WITHOUT encountering the armed individual, move quickly towards the nearest building exit, move away from the building, and call 911.
2. Deny: If you cannot flee, move to an area that can be locked or barricaded, turn off lights, silence devices, spread out, and formulate a plan of attack if the shooter enters the room.
3. Defend: As a last resort fight to defend yourself. For more information, visit OU's Emergency Preparedness site at <https://www.ou.edu/cas/modlang/emergency-preparedness>

Fire Alarm/General Emergency: If you receive an OU Alert that there is danger inside or near the building, or the fire alarm inside the building activates,

1. LEAVE the building. Do not use the elevators.
2. KNOW at least two building exits.
3. ASSIST those that may need help.
4. PROCEED to the emergency assembly area.
5. ONCE safely outside, NOTIFY first responders of anyone that may still be inside building due to mobility issues.

6. WAIT for official notice before attempting to reenter the building. For more information, visit OU's Fire On Campus site at https://www.ou.edu/campussafety/fire-marshall/policies/fire_on_campus

Mental Health Support Services: If you are experiencing any mental health issues that are impacting your academic performance, counseling is available at the University Counseling Center (UCC). UCC is located on the second floor of the Goddard Health Center, at 620 Elm Rm. 201, Norman, OK 73019. To schedule an appointment call 405-325-2911. For more information, please visit UCC at <https://www.ou.edu/ucc>.

Inclusivity: In the vibrant OU community, each member brings a wealth of experiences and ideas that profoundly enrich our classrooms and campus life. As fellow community members, we are presented with a remarkable opportunity to learn and evolve collectively by wholeheartedly valuing and embracing the diverse contributions of every individual.

Throughout this course, I wholeheartedly encourage each and every one of you to cultivate an open-minded approach towards one another. Let us foster a nurturing and supportive learning community where each student can flourish as individuals. Do not hesitate to openly share your thoughts, ideas, and personal experiences. Together, we can collaboratively create an all-encompassing and nurturing learning space where fairness, equality, and objectivity are upheld, ensuring that everyone is treated equitably and without discrimination. If you harbor any thoughts, suggestions, or concerns regarding how we can enhance our inclusive community, please feel free to reach out to me. For more information, visit the Gender and Equality Center at <https://www.ou.edu/gec>

If you have any questions concerning the course, feel free to contact me or schedule an office hour appointment. I am committed to being responsive and will check my emails daily throughout the course. Rest assured that I will provide timely answers to all students' inquiries related to the course.

TENTATIVE COURSE SCHEDULE

Note that the schedule is subject to change depending on the pace of the course. Not all material would be covered, and extensions of the basic models not listed below may be added to deepen our understanding of these techniques. Moreover, the material will not be necessarily covered in the same order as below.

1. Introduction and Set Theory and Probability
2. Random Variables and Their Distributions
3. Random Vectors and Matrices
4. Conditional Distributions
5. Convergence of Random Variables
6. Finite Sample Properties of Estimators
7. Asymptotic Properties of Estimators
8. Estimation Methods
9. Finite Sample Statistical Inference
10. Asymptotic Statistical Inference
11. Hypothesis Testing
12. Confidence Intervals
13. Linear Regression under Ideal Conditions
14. Linear Regression under Non-ideal Conditions

IMPORTANT DATES

Problem Set and Examination Schedule		
	Date Distributed	Date Due
Problem Set 1	9/4	9/13
Problem Set 2	9/13	9/25
Problem Set 3	9/25	10/4
Problem Set 4	10/4	10/16
Midterm Examination	10/18	10/18
Problem Set 5	10/23	11/1
Problem Set 6	11/1	11/13
Problem Set 7	11/13	11/27
Problem Set 8	11/27	12/6
Final Examination	12/15	12/15