An essential requirement of the Ph.D. program in Economics is completion of an applied econometrics paper. This note provides some guidelines for this paper.

1. The paper must be empirical, using real economic data. You can either replicate and extend a research paper written by someone else, or carry out an original analysis that adds an econometric component to a research paper you have previously written. Due to the limited time for this project, it is probably not advisable to start from scratch on an entirely new research program. We recommend that you focus on a narrow topic that requires a modest volume of data to which you have ready access. You do not have to go beyond basic statistical and econometric techniques, as the purpose of the paper is to give you experience in organizing empirical research and using econometric methods appropriate for answering an interesting economic question. We recommend you stay away from problems requiring techniques not covered in Economics 240A or 240B. We prefer that you do not use a class data set, such as from one of the classic papers and data sets in the book by Berndt, as this defeats one of our objectives of having you organize the acquisition and cleaning of data.

2. Suggestions for finding a topic, if you have not already done so, are to get advice from faculty members in the applied areas you find most interesting, to scan recent empirical journals and working papers (e.g. Review of Economics and Statistics, the NBER working paper series), or review empirical papers that you have read in other courses. Suggestions for analysis are to extend the data set previously employed (e.g., longer time series, different industrial sector, more countries) and do out-of-original sample specification tests, to collect or use additional or alternative variables and do in-sample specification tests, or to test alternative economic and/or stochastic specifications.

3. Your paper should be organized in the style of a note in the American Economic Review: carefully and concisely written, and directed to a single primary issue. We will referee your paper as if it were a submission to the Notes and Comments section of that journal. This means that your paper will be graded on (1) choice of an interesting topic, (2) success in getting relevant data, (3) correct use of basic econometrics, and (4) interesting conclusions.

4. On Monday, November 5, you should submit a 1-2 page outline giving brief descriptions of your topic and the econometric techniques you will employ, and details on the data you will use (data size and source, availability, schedule for collection, preparation and analysis). At this stage, our primary interest is in judging the practicality of your project. We recommend that you talk with one of the 240 teaching assistants or instructors or a faculty member in your chosen subject about the feasibility and interest of your ideas before submitting this outline. If you are going to replicate results from another paper, please attach a copy of the relevant pages from that paper.

5. On Tuesday, January 22, 2007 (the first day of instruction for the spring semester), the paper is due. Expected length is 5-10 double spaced pages of text, and maximum length is 12 pages. Graphs and tables count in the page limit. You may attach an appendix which does not count in the page limit, but your paper should be self-contained without it. This appendix should include a description of your data and a brief supporting analysis if it is essential to your conclusions.

6. You must enroll in Economics 298 for the Spring 08 term to receive the grade and credit for your paper.

7. The best econometrics paper will be a candidate for the Grace Katagiri prize, which includes a monetary award and official recognition at the commencement ceremony. “Best” will be judged with reference to the quality of the contribution and adherence to the format outlined above.