



Course and Examination Fact Sheet: Autumn Semester 2018

10,363: Empirical Evaluation of Economic Models

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Decentral - Group examination paper (all given the same grades) (80%)

Decentral - Presentation (individual) (10%)

Decentral - Active participation (10%)

Attached courses

Timetable -- Language -- Lecturer

[10,363,1.00 Empirical Evaluation of Economic Models](#) -- Englisch -- [Wunsch Conny](#)

Course information

Course prerequisites

It will be difficult to follow the course without a sound background in econometrics and microeconomic theory on the advanced masters' level.

Students who plan to take this course as an *optional* course and *without an examination* should not register via the bidding system. They should register directly with the lecturer.

Students who plan to take this course as a *regular* course or as an *optional* course *with an examination* should register via the bidding system. Enrolment in a course is binding: students have to attend the course and take the exam. The grade will be shown on the scorecard.

Course content

Most courses either cover economic models or econometric methods for empirical research. This course is located in the intersection between economic theory and empirical research. The objective is to introduce students to different ways to confront economic theory with data from actual behavior. Firstly, students learn how to test underlying model assumptions and model predictions. Secondly, they are familiarized with methods to directly quantify model parameters. Thirdly, students learn how to make model-based out-of-sample predictions, e.g. regarding the effects of policies that have not yet been implemented. Finally, students are familiarized with state-of-the-art methods to conduct normative analyses based on empirically estimated inputs of welfare formulas that have been derived from economic models. Specifically, the course addresses important questions of the following type:

- How can we empirically test hypotheses and model predictions derived from theory?
- How can we empirically test the assumptions underlying economic models?
- How can we use empirics to distinguish between competing economic theories?
- How can we estimate structural model parameters directly and how can we use these estimated parameters to predict the effects of existing or never-implemented policies?
- How can we combine credibly identified and estimated reduced-form parameters with economic theory for welfare analysis to make statements about optimal policy?

The first three questions mainly make use of standard econometric methods while the other questions require alternative approaches tailored to the specific problem at hand.

Course structure



Day 1: Reduced-form tests of economic theory - After a brief overview of different approaches we discuss interesting examples.

Day 2: Using kinked budget sets and policy discontinuities to estimate structural elasticities - We discuss new state-of-the-art methods that use kinked budget sets and policy discontinuities to estimate interesting elasticities and to test economic theory.

Day 3: Structural estimation of dynamic discrete choice models - We discuss the most common method to estimate structural parameters in dynamic discrete choice models as well as how to conduct counterfactual policy experiments.

Day 4: Sufficient statistics - We discuss a new approach that combines reduced form estimates and economic models to conduct welfare analysis and derive optimal policy.

Day 5: Presentation and discussion of group assignments - Students present their assignment and we discuss the solution.

Course literature

A list of papers will be provided before the course starts.

Additional course information

--

Examination information

Examination sub part/s

1. Examination sub part (1/3)

Examination time and form

Decentral - Group examination paper (all given the same grades) (80%)

Remark

Application of the methods covered in class

Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2017), *Lern- und Arbeitsstrategien* (12th ed., Cornelsen Schweiz).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018), *Juristisches Arbeiten: Eine Anleitung für Studierende* (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

Supplementary aids

--

Examination languages

Question language: English

Answer language: English



2. Examination sub part (2/3)

Examination time and form

Decentral - Presentation (individual) (10%)

Remark

--

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

3. Examination sub part (3/3)

Examination time and form

Decentral - Active participation (10%)

Remark

--

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

Examination content

Application of the methods discussed in the course in an empirical project.

Examination relevant literature

Course reading list and slides.



Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc. When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 23 August 2018
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 15 October 2018
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 05 November 2018

Please look at the fact sheet once more after these deadlines have expired.