

Short Course on Model-Based Estimation
Ruhr Graduate School in Economics
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This short course consists of six two-hour lectures, each of which will be devoted to the link between microeconomic modeling, data, and econometrics in some particular applications. I have deliberately tried to avoid the coverage of papers in which the modeling and estimation is particularly complex in order to stress the fact that “structural” estimation can be carried out even using standard linear (or nearly linear) estimators in many cases. In fact, these tend to be some of the most successful applications in the literature. By covering a number of topics, I hope to convey the idea that this approach can be fruitfully utilized in virtually any context.

Unfortunately, given the limited duration of the course, we won't have time to investigate these applications and the methods used to estimate these types of models in depth. I encourage students to contact me outside of class if they would like to discuss the potential use of this type of approach in research questions of interest to them, or just to clarify some of the topics covered during the lectures.

Student Assessment: Approximately one week after the course concludes, all registered students will be given a take-home exam on some of the papers and material covered in the course. They will have one week to complete the exam. The final assessment of each student will be based on their performance on the take-home exam (90 percent) and their class participation (10 percent).

Topics:

(Note: Items with * will be emphasized in the presentations)

Lecture 1: Introduction to Model-Based Estimation; Child Support Applications

1. *Notes (to be distributed)
2. *Del Boca and Flinn, “Expenditure Decisions of Divorced Mothers and Income Composition,” *Journal of Human Resources* 29 (Summer 1994): 742-761.
3. *Del Boca and Flinn, “Rationalizing Child Support Decisions,” *American Economic Review* 85 (December 1995): 1241-1262.
4. Flinn, “Modes of Interaction Between Divorced Parents,” *International Economic Review* 41 (August 2000): 545-578.

Lecture 2: Incentives and Effort Supply

1. *Paarsch and Shearer, “The Response of Worker Effort to Piece Rates: Evidence from the British Columbia Tree-Planting Industry,” *Journal of Human Resources* 34 (Autumn 1999): 643-667.
2. *Notes on Paarsch and Shearer (to be distributed)

3. *MaCartney, "The Dynamic Effects of Educational Accountability," *Journal of Labor Economics* 34 (January 2016): 1-28.
4. Flinn, "Equilibrium Wage and Dismissal Processes," *Journal of Business and Economic Statistics* 15 (1997): 221-236.

Lecture 3: Child Development

1. *Del Boca, Flinn, and Wiswall, "Household Choices and Child Development," *Review of Economic Studies* 81 (2014): 137-185.
2. *Del Boca, Flinn, and Wiswall, "Transfers to Households with Children and Child Development," *Economic Journal* 126 (2016): F136-F183.
3. Cunha, Heckman, and Schennach, "Estimating the Technology of Cognitive and Noncognitive Skill Formation," *Econometrica* 78 (May 2010): 883-931.

Lecture 4: Household Behavior

1. *Chiappori, "Collective Labor Supply and Welfare," *Journal of Political Economy* 100 (1992): 437-467.
2. *Del Boca and Flinn, "Endogenous Household Interaction," *Journal of Econometrics* 166 (January 2012): 49-65.
3. *Del Boca and Flinn, "Household Behavior and the Marriage Market," *Journal of Economic Theory* 150 (March 2014): 515-550.

Lecture 5: Labor Market Search

1. *Notes (to be distributed)
2. *Flinn and Heckman, "New Methods for Analyzing Structural Models of Labor Market Dynamics," *Journal of Econometrics* 18 (January 1982): 115-168.
3. Salop, "Systematic Job Search and Unemployment," *Review of Economic Studies* 40 (1973): 191-201.
4. *Notes on Salop
5. Flinn, "Labour Market Structure and Inequality: A Comparison of Italy and the U.S.," *Review of Economic Studies* 69 (2002): 611-645.

Lecture 6: Topics in Labor Market Search: Minimum Wages and Schooling Decisions

1. *Flinn, "Minimum Wage Effects on Labor Market Outcomes under Search, Matching, and Endogenous Contact Rates," *Econometrica* 74 (July 2006): 1013-1062.
2. *Flinn and Mullins, "Labor Market Search and Schooling Investment," *International Economic Review* 56 (2015): 359-398
3. Flinn, Gemici, and Laufer, "Search, Matching, and Training," *Review of Economic Dynamics* 25 (2017): 260-297.