Lesson 1

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Introduction to Applied Econometrics

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Examples

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Economic vs Econometric models:
Examples (Economic model of crime; job training and women productivity)

What are the main structures of the data?

- Cross-Section

- Time-series data

- Pooled cross-section

- Panel data or Longitudinal

The Simple Regression Model

- What is linear regression model?

- Important assumptions?

- We learn how to derive the least square estimates.

- (all derivations done in class)

Figure: Fight the bias!

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when relationship between X and Y explicit - reduced form
When relationship between X and Y implicit - structural
models.