

Economics 371
Final Problem Set

The final problem set for the course asks you to write a small (ideally between 4 and 5 pages) empirical paper. In this paper, you are to perform and correctly interpret the output from a regression analysis. The topic for this regression analysis is completely up to you. This problem set will count for twice the typical problem set grade (i.e., it will count for 20 points). Meeting all the requirements below will earn you 18 points; the additional 2 points will be rewarded at my discretion based on the creativity of your project, and the care taken in writing up your results.

When trying to decide on a topic, it is obviously in your best interest to tackle a problem that interests you - sports, religion, economics, whatever. Sports data, and in fact lots of other kinds of data as well, can usually be found by surfing the web. If there is something you really want to investigate, but you have trouble finding the requisite data, considering designing your own survey.

Here are the only requirements for this empirical project:

- The data set used must contain at least 30 observations.
- The regression you analyze must be a *multiple regression* model. Thus, you will need to have at least two explanatory variables that appear on the right-hand side of the regression equation. Depending on the nature of your dependent variable, this could be a linear regression model or a binary choice model. Panel data models are also acceptable, though estimation of such models may require additional effort on your part.
- The write-up of your results should resemble an actual empirical research paper. To this end, I suggest that your paper be presented in the following order:
 1. **Introduction:** What is your empirical hypothesis? Why is this question important?

2. **The Model:** This section should contain your regression model - the empirical specification that you are bringing to the data.
 3. **The Data:** Describe your data (where or how it was obtained, the number of observations used, how the dependent and independent variables are constructed.)
 4. **Empirical Results:** What are the results of your regression analysis? How do the results of your analysis help you to address your initial empirical hypothesis? The results of your regression analysis should be presented in table form, containing coefficient point estimates, t-statistics (or standard errors) and other output you feel is useful. An example of such a table (which reports results from several regression analyses) is provided in Table 5.2, page 182 of your book.
 5. **Conclusion:** Most importantly here, be sure to discuss limitations of your research - have variables been omitted that are likely to bias your results? Should you have treated some variables in the analysis as endogenous variables? No empirical analysis is bulletproof - your job is simply to make a compelling case for reaching a particular conclusion, and to truthfully acknowledge potential limitations associated with your model.
- Finally, you must meet with me individually prior to **Monday, March 20** to discuss your project. Simply stop by during office hours or send me an e-mail to make an appointment. Importantly, you will need to have located your data set by this point.