



Advanced Empirical Methods in Finance and Economics Online

Course: 20 June – 22 July 2022

Preliminary Syllabus and References

Week 1: Randomized experiments and regression

1.1. Randomized experiments

- De Mel, S., McKenzie, D., & Woodruff, C. (2008). Returns to capital in microenterprises: evidence from a field experiment. *The Quarterly Journal of Economics*, 123(4), 1329-1372.
- Karlan, D., & Zinman, J. (2009). Observing unobservables: Identifying information asymmetries with a consumer credit field experiment. *Econometrica*, 77(6), 1993-2008.

1.2. Agnostic regression

1.3. Causal regression and the conditional independence assumption

Weeks 1-2: Instrumental variables (IV)

- Bannedsen, M., Nielsen, K. M., Perez-Gonzalez, F., & Wolfenzon, D. (2007). Inside the family firm: The role of families in succession decisions and performance. *The Quarterly Journal of Economics*, 122(2), 647-691.
- Mian, A., & Sufi, A. (2014). What explains the 2007–2009 drop in employment? *Econometrica*, 82(6), 2197-2223.
- Bernstein, S. (2015). Does going public affect innovation? *The Journal of Finance*, 70(4), 1365- 1403.
- Ponticelli, J., & Alencar, L. S. (2016). Court enforcement, bank loans, and firm investment: evidence from a bankruptcy reform in Brazil. *The Quarterly Journal of Economics*, 131(3), 1365-1413.

Weeks 2-3: Unobserved confounders: Differences-in-Differences (DD)

- Hertzberg, A., Liberti, J. M., & Paravisini, D. (2011). Public information and coordination: evidence from a credit registry expansion. *The Journal of Finance*, 66(2), 379-412.
- Breza, E., & Liberman, A. (2017). Financial contracting and organizational form: Evidence

from the regulation of trade credit. *The Journal of Finance*, 72(1), 291-324.

- De Fusco, A. A. (2018). Homeowner borrowing and housing collateral: New evidence from expiring price controls. *The Journal of Finance*, 73(2), 523-573.
- Bertrand, M., & Mullainathan, S. (2003). Enjoying the quiet life? Corporate governance and managerial preferences. *Journal of Political Economy*, 111(5), 1043-1075.
- Barrot, J. N. (2016). Trade credit and industry dynamics: Evidence from trucking firms. *The Journal of Finance*, 71(5), 1975-2016.
- Khwaja, A. I., & Mian, A. (2008). Tracing the impact of bank liquidity shocks: Evidence from an emerging market. *American Economic Review*, 98(4), 1413-42.

Weeks 3 - 4: Regression discontinuity and regression kink design

- Cuñat, V., Gine, M., & Guadalupe, M. (2012). The vote is cast: The effect of corporate governance on shareholder value. *The Journal of Finance*, 67(5), 1943-1977.
- Metzger, D.M, & Bach, L. (2018). How close are close shareholder votes?. *The Review of Financial Studies*, 32(8), 3183–3214.
- Keys, B. J., Mukherjee, T., Seru, A., & Vig, V. (2010). Did securitization lead to lax screening? Evidence from subprime loans. *The Quarterly Journal of Economics*, 125(1), 307-362.
- Indarte, S. (2019). The Impact of Debt Relief Generosity and Liquid Wealth on Household Bankruptcy. Available at SSRN 3378669.

Week 4: Bunching

- De Fusco, A. A., & Paciorek, A. (2017). The interest rate elasticity of mortgage demand: Evidence from bunching at the conforming loan limit. *American Economic Journal: Economic Policy*, 9(1), 210-40..
- Kleven, H. J. (2016). Bunching. *Annual Review of Economics*, 8, 435-464.

The following textbooks/surveys are recommended:

- Angrist, J. D., & Pischke, J. S. (2014). *Mastering metrics: The path from cause to effect*. Princeton university press.
- Cunningham, S. (2021). *Causal Inference, The Mixtape*. Yale University Press.
- Angrist, J. D., & Pischke, J. S. (2008). *Mostly harmless econometrics: An empiricist's companion*. Princeton university press.

Week 5: Practical Sessions

In the last week of the course, we will meet in person for 4 days of practical sessions at the University of Pretoria.