Ersa
Economic
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Southern
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Advanced Empirical Methods in Finance and Economics Online Course

21 September – 21 October

Description

This is an advanced course in empirical microeconomic methods in finance and financial intermediation. Below is a preliminary syllabus. This outline may change as we move through the course. This is not an Econometrics course, but we will revise empirical methods in causal analysis most widely used in applied finance and economics. We will cover recent developments in empirical analysis in several topics, including corporate and household bankruptcy and financial distress, relationship lending and loan contract design, credit shocks, borrowing constraints and informational frictions, and financial regulation. The main goal of the course is to enable students to learn the main empirical methods in applied economics and finance so they can use these tools in different environments such as applied macroeconomics and microeconomics, development economics and finance.

Instructor

Lucas Argentieri Mariani holds a Ph.D. in Economics from the University of North Carolina, a Master's degree from the University of Sao Paulo, and a bachelor's degree from the Sao Paulo School of Economics. He is a Policy Associate at ERSA since June 2021. His research interests lie in the intersection between finance, macroeconomics, development economics, and firm dynamics, especially on the real effects of financial development.

Format and schedule

This advanced course in panel data econometrics will be taught over 5 weeks (21 September – 21 October 2021) and comprise both lectures and practical sessions. The course will be delivered via Zoom on Tuesdays, Thursdays on 5-7pm (SAST).

Interested applicants are requested to fill out this form by 27 August 2021 and application decisions will be communicated by 3 September 2021. Please note that space is limited, and preference will be given to applicants that have already completed basic econometrics courses.

Tentative Topics and References

Randomized experiments and regression - (Week 1)

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

Instrumental variables (IV) - (Week 2)

*Bennedsen, M., Nielsen, K. M., P´erez-Gonz´alez, 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.

Unobserved confounders: Differences-in-Differences (DD) - (Week 3)

∗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 The Journal of Finance, 72(1), 291-324.

∗DeFusco, 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 manage- rial 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.

Regression discontinuity and regression kink design - (Week 4)

∗Cun˜at, 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.

Bunching - (Week 5)

∗DeFusco, 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.