EUFP6 Microdata RTN Meeting
29-30 November 2006 (CEMFI, Madrid)

Programme

Wednesday 29 November 2006

09.00-09.40 Adam Rosen (UCL)
"Confidence Sets for Partially Identified Parameters that Satisfy a Finite Number of Moment Inequalities"

09.40-10.20 Per Johanson (IFAU, Uppsala)
"Matching Estimators for the Effect of a Treatment on Survival Times"

10.20-10.40 Coffee

10.40-11.20 Gerard van den Berg (Tinbergen)
"An Economic Analysis of Exclusion Restrictions for Instrumental Variable Estimation"

11.20-12.00 Simon Lee (UCL)
"Testing for Stochastic Monotonicity"

12.00-12.10 Pause

12.10-12.50 Stéphane Bonhomme (CEMFI)
"Accounting for Unobservables In Comparing Selective and Comprehensive Schooling"

12.50-13.30 Anders Holm (CAM)
"Relative Risk Aversion and Social Reproduction in Intergenerational Education Attainment: Application of a Dynamic Discrete Choice Model"

13.30-14.30 Lunch

14.30-15.10 Melanie Lührmann (IFS)
"Who is Wearing the Trousers in Older Mexican Households? A Semiparametric Analysis"

15.10-15.30 Michael Bégorre Bret (UCL)
"Evaluation of Training Programmes: On-the-job vs. Off-the-job"

15.30-15.50 Ouarda Merrouche (Uppsala)
"The Long Term Effect of Education Spending Decentralization on Human Capital in Spain"

15.50-16.10 Coffee/Tea

16.10-16.30 Joao Montalvao-Machado (UCL)
"Dynamic intrahousehold behaviour"

16.30-16.50 Jonneke Bolhaar (Tinbergen)
"A Dynamic Analysis of the Demand for Health Insurance and Health Care in Ireland"

16.50-17.10 Dimitris Mavridis (Paris 1)
"A Nonparametric Test of Intertemporal Utility Maximization"

17.10-17.20 Pause

17.20-17.40 Ronald Wolthoff (Tinbergen)
"Structural Estimation of Search Intensity"

17.45-18.45 Business meeting

21.00 Dinner at "La Ancha" (Zorrilla 7, 28014 Madrid)

Thursday 30 November 2006

09.30-10.10 Sumedha Gupta (Tinbergen)
"The Impact of Early-life Conditions on Marriage and its Protective Effect on Mortality"

10.10-10.50 Laura Crespo (CEMFI)
"Caring for Parents and Employment Status of European Mid-Life Women"

10.50-11.20 Coffee

11.20-12.00 Peter Nilsson (Uppsala)
"Sick of your Colleagues' Absence?"

12.00-12.40 Robert Gary Bobo (Paris 1)
"Does Speed Signal Ability? The impact of Grade Repetitions on Employment and Wages"

12.40-12.50 Pause

12.50-13.30 Francis Kramarz (CREST)
"With a Little Help from my…Parents? Family Networks and Youth Labor Market Entry"

13.30-14.30 Lunch

Masterclass: Professor Pedro Mira, CEMFI

Structural estimation of dynamic discrete choice models

Presentation

The goal of this course is to provide an introduction to the estimation of structural dynamic models of discrete choice using longitudinal micro data. It is assumed that outcomes of interest, such as labor force participation decisions over the life cycle, are the optimal choices of rational forward looking agents solving a stochastic dynamic programming problem. Optimal decision rules do not have closed forms, which complicates the estimation problem. The tools we review allow researchers to recover the structural parameters of the behavioral model, and the estimated model can be used for policy evaluation by means of counterfactual simulations.

Schedule

Thursday 30 November (afternoon)

15.00-16.30 Session 1+
16.30-17.00 Coffee/Tea
17.00-18.30 Session 2
20.30 Dinner at "Jai Alai" (Balbina Valverde 2, 28002 Madrid)

Friday 1 December 2006

09.30-11.00 Session 3
11.00-11.30 Coffee
11.30-13.00 Session 4
13.00-14.00 Lunch
14.00-15.00 Session 5
15.00-15.15 Pause
15.15-16.15 Session 6

Course topics

1. Introduction.
   Example: A cake-eating problem.
2. Rust's Discrete Decision Processes.
   Example: Bus engine replacement
3. Eckstein-Keane-Wolpin models.
   Example: Occupational choice
4. Models with serially correlated unobservables.
   Example: Patent renewal
5. A brief sampler of recent research: Dynamic games in IO – Competitive equilibrium – Using experimental data to validate structural models.

Main references

General

[1] Eckstein, Z. and Wolpin, K. (1989) "The Specification and Estimation of Dynamic Stochastic Discrete Choice Models: A Survey", *Journal of Human Resources* 24(4), 562-98.
[2] Rust, J. (1994): "Structural estimation of Markov decision processes," in R. E. Engle and McFadden (eds.) *Handbook of Econometrics* Volume 4, North-Holland.
[3] Wolpin, K. (1996) "Public-Policy Uses of Discrete-Choice Dynamic Programming Models", *American Economic Review* 86(2), 427-32.

Topic 1: General refs. [1] - [2] - [3]

Topic 2: General ref. [2] and

- Rust, J. (1987): "Optimal replacement of GMC bus engines: An empirical model of Harold Zurcher", *Econometrica* 55, 999-1033.
- Hotz, J., and R.A. Miller (1993): "Conditional choice probabilities and the estimation of dynamic models", *Review of Economic Studies* 60, 497-529.
- Aguirregabiria, V. and P. Mira (2002): "Swapping the Nested Fixed Point Algorithm: A Class of Estimators for Discrete Markov Decision Models", *Econometrica* 70, 1519-1543.

Topic 3:

- Keane, M. and Wolpin, K. (1997) "The Career Decisions of Young Men", *Journal of Political Economy* 105(3), 473-522 .
- Keane, M. and Wolpin, K. (1994): "The Solution and Estimation of Discrete Choice Dynamic Programming Models by Simulation and Interpolation: Monte Carlo Evidence", *The Review of Economics and Statistics* 76(4), 648-72.

Topic 4: General refs. [1] - [2] and

- Pakes, A. (1986): "Patents as Options: Some Estimates of the Value of Holding European Patent Stocks", *Econometrica* 54, 755-84.

Topic 5:

- Aguirregabiria, V. and P. Mira (2007): "Sequential Estimation of Dynamic Discrete Games", *Econometrica*, forthcoming.
- Lee, D. and K. Wolpin (2006): "Intersectoral labor mobility and the growth of the service sector", *Econometrica* 47, 1-46.
- Todd, P. and Wolpin, K. (2006) "Using Experimental Data to Validate a Dynamic Behavioral Model of Child Schooling and Fertility: Assessing the Impact of a School Subsidy Program in Mexico", *American Economic Review*, forthcoming.