

Simultaneous Equation Models

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9 – 20 July (two week course / 35 hrs)*

Outline and Readings

I The Single-Equation (“Regression”) Model: Rationale, Assumptions, Estimation, Interpretation

Wooldridge, chs. 1-3, secs. 4.1-4.3, secs. 7.1-7.5, 7.7.1.
Maddala and Lahiri, ch. 2.

II The Linear Simultaneous Equation Model: Structural and Reduced Forms

Gujarati and Porter, ch. 18.
Wooldridge, sec. 9.1.

III Assumptions

Kmenta, p. 656.

IV Structural Estimation

Gujarati and Porter, ch. 20.
Maddala and Lahiri, secs. 9.5-9.6, 9.8-9.9
Wooldridge, secs. 5.1-5.2, 9.3

III Direct, Indirect, and Total Effects: Definition, Parsing, Estimation

Kmenta, p. 715.
Michael E. Sobel, "Direct and Indirect Effects in Structural Equation Models," in J. Scott Long (ed.), *Common Problems/Proper Solutions: Avoiding Error in Quantitative Research*. Beverly Hills, CA: Sage..
Robert C. Luskin. 1988. Standard Errors of Implied Total Effects., with an Excursus on Indirect Effects. Presented at the Political Methodology Conference, Duke University. Pp. 2-8.

IV Identification

Maddala and Lahiri, secs. 9.3-9.4.
Wooldridge, sec. 9.2.

V Special Cases: Recursive and Block-Recursive Models

Kmenta, pp. 719-20.

VI Nonlinear Models (time permitting)

Wooldridge, sec. 9.5.

VII Models with Measurement Error (time permitting)

Long, entire.