Location: KRAN 202
Time: Wednesday, 8:30a – 11:20a
Dates: Wednesday Jan 12 – Wednesday March 2

Instructor: Prof. Ben McCartney
Office: KRAN 439
Office Hours: By appointment
Email: wmccartn@purdue.edu
Course Website: Brightspace

I. COURSE DESCRIPTION.

The primary goal of this PhD module is to discuss how to read and, especially, **write good empirical research**. What makes a good research question? Where can I find data? How can I tell if the data are "good"? What interesting facts or patterns do these data allow me to document? Is there an appropriate strategy for identifying causal effects? How does this research update our answer to a big economic question?

We will practice in two ways. The first is by **reading, presenting, and discussing others' papers**. We will focus on topics (mostly in household finance and real estate) that each correspond to a paper I am either working on or planning to work on. At some point in each lecture, I will talk about that project and give you some sense for my process. How did we come up with the idea? What are the challenges we're facing? What do people especially like and dislike about the paper? How does the paper fit in the broader literature? What are we going to do next in this research agenda?

The second way to practice conducting research is to be **hands-on**. During the 8 weeks of this module, you will be expected to **write a first draft of an original research paper**. I am taking this research paper seriously and we will spend 2 lectures – one in the middle and one at the end – for student presentations and workshopping.

Grades (and roughly how much effort I want you to put into each part of this course) are as follows:

Paper Presentations	65%
First Draft of a Research Paper	35%

II. PAPER PRESENTATIONS

Each week, except for the two on research presentations, we will discuss others' research papers. You will each be responsible for presenting papers during the module. The presentations should answer the following questions:

- Which open question in the literature is the paper addressing?

- What is the data and research design?
- What are the main findings, and how do they answer the question discussed?
- What are potential concerns with the results?

Presentations should be approximately 20 minutes if presented uninterrupted, but I expect that each paper will generate some lively discussion.

Tips from Jesse Shapiro:
https://www.brown.edu/Research/Shapiro/pdfs/applied_micro_slides.pdf

These paper presentations are a chance to practice presenting research. It's one of the most important things to learn how to do well. Take this opportunity seriously.

III. FIRST DRAFT OF A RESEARCH PAPER

The major assignment of the module is the writing of the first draft of an original research paper. We will spend two full classes on this project.

During the third class you will each present two early-stage ideas. These ideas can be in any area of applied microeconomics. However, they should not be something you are already working on with a faculty member. The structure of the class will work as follows. Each student will have ten minutes to present their first idea. Five of these minutes should be a two or three slide presentation and then five more minutes will be for questions from the class and early feedback. We'll take a ten-minute break and then repeat with everybody presenting their second idea during the second half of class.

Based on feedback from your early idea presentations you will then pick a research project – which could be one of the two you presented, or a new one entirely – to work on during the rest of the module. You will turn in a rough draft of a paper that must include (1) a clear motivation, (2) a review of the relevant literature, (3) hypotheses/predictions, and (4) some early results. Ideally, the paper will be a full paper, but I would prefer to see some carefully designed tests and just one or two results than fifty pages of filler. In the last class of the module, you will present this paper. Each student will have twenty minutes, including time for questions.

Potential data sources:
- American Housing Survey: https://www.census.gov/programs-surveys/ahs/data.html
- Survey of Consumer Finance: https://www.federalreserve.gov/econres/scfindex.htm
- Panel Study of Income Dynamics: https://psidonline.isr.umich.edu/
- Home Mortgage Disclosure Act Data: https://www.consumerfinance.gov/data-research/hmda/historic-data/
- Call Reports: https://cdr.ffiec.gov/public/ also available through WRDS
- Census Data: https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml
- Other CFPB Data: https://www.consumerfinance.gov/data-research/

IV. READINGS

Week 1: Introduction (Jan 12) [I will do all the presenting today, but please have read the Gomes et al completely and skimmed the other three.]
1. Beshears, Choi, Laibson, Madrian (2018) SURVEY Behavioral household finance
2. Campbell (2006) SURVEY Household finance
3. Gomes, Haliassos, Ramadorai (2021) SURVEY Household finance
4. Guiso, Sodini (2013) SURVEY Household finance: An emerging field

Week 2: Causal Inference (Jan 19) [We will divvy up presentations of topics during week 1]
1. Roberts, Whited (2013) Endogeneity in Empirical Corporate Finance
2. Goldsmith-Pinkham (2021) Class Notes -- https://github.com/paulgp/applied-methods-phd
3. https://www.youtube.com/playlist?list=PLyvUJLHD8IsJCB7ALqwjRG1BjL5JxE__H
4. https://mixtape.scunning.com/

Week 3: Writing a Job Market Paper (Jan 26)
1. First half of class: I will ramble a bit on how I'd recommend writing a job market paper
2. Second half: You will present your early research ideas

Week 4: Peer Effects (Feb 2)
1. Bailey, Cao, Kuchler, Stroebel (2018) The economic effects of social networks: evidence from the housing market.
2. Bayer, Mangum, Roberts (2021) Speculative fever: investor contagion in the housing bubble
3. Gupta (2019) Foreclosure contagion and the neighborhood spillover effects of mortgage defaults
4. Kalda (2019) Peer financial distress and household leverage: evidence from 30 million individuals
5. Kuchler, Stroebel (2021) SURVEY Social Finance
6. McCartney, Shah (2022) Household mortgage refinancing decisions are neighbor influenced, especially along racial lines

Week 5: Politics (Feb 9)
1. Akey, Lewellen, Heimer (2021) Politicizing consumer credit
2. Engelberg, Guzman, Lu, Mullins (wp) Partisan entrepreneurship
3. Gyongyosi, Verner (2022) Financial crisis, credit-debtor conflict, and political extremism
4. McCartney, Orellana-Li, Zhang (wp) Political polarization affects households' financial decisions, evidence from home sales
5. Meeuwis, Parker, Schoar, Simester (wp) Belief disagreement and portfolio choice

Week 6: Mortgage Borrowing (Feb 16)
1. Adelino, Schoar, McCartney (wp) The role of government and private institutions in credit cycles in the U.S. mortgage market
2. Adelino, Schoar, Severino (2016) Loan originations and defaults in the mortgage crisis: The role of the middle class
3. Adelino, Schoar, Severino (2018) SURVEY The role of housing and mortgage markets in the financial crisis
4. Bernstein, Koudijs (wp) The mortgage piggy bank: Building wealth through amortization
5. Defusco, Johnson, Mondragon (2020) Regulating household leverage
6. Mian, Sufi (2009) The consequences of mortgage credit expansion: Evidence from the U.S. mortgage default crisis

Week 7: FinTech (Feb 23)
1. Berg, Burg, Gombivic, Puri (2019) On the rise of fintechs, credit scoring using digital footprints
2. Berg, Fuster, Puri (wp) SURVEY FinTech Lending
3. Buchak, Matvos, Piskorski, Seru (2019) Fintech, regulatory arbitrage, and the rise of shadow banks
4. Fuster, Hizmo, Lambie-Hanson, Vickery, Willen (wp) How resilient is mortgage credit supply? Evidence from the COVID-19 Pandemic
5. Fuster, Plosser, Schnabl, Vickery (2019) The role of technology in mortgage lending

Week 8: Paper Presentations and Workshopping (Mar 2)