

Draft: Reading applied macro paper
607: Applied Macroeconometrics
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Note: these just concern the econometrics, not much the content of the economics. Issues involved in identifying causal structure are not treated here. This is written as if the goal is formal hypothesis testing, but can be read a bit more generally.

1. Looking at the data. Did you learn any descriptive features about the data? If so, list some.
2. Economics. Does the paper give a clear coherent economic story? If testing will be involved, does the story give a clear depiction of some null and alternative theories?
3. Model specification. How did the paper deal with the fact that theory does not provide clear guidance on specification and dynamics?
4. Known econometric problems. What known econometric problems may afflict the work in this paper? Does the paper acknowledge and deal with these issues? How?
5. Formal vs. economic null and alternative.
6. Size and power. Does the paper provide any evidence regarding the accuracy of any size or confidence level statements? If there is an alternative, does the paper provide any reason to believe there is power against that alternative. Does the paper establish that the methods in the paper have any power to discriminate between the maintained hypothesis and any alternatives?
7. Robustness. Are there weakly motivated assumptions? Does the paper make any attempt to show robustness of the results to plausible alterations in any weakly motivated assumptions. Are the variations chosen likely to be the ones that will reveal problems with the work.
8. Does the paper review any related empirical work and attempt to highlight similarities and account for any differences with earlier results.

9. Is there a causal claim in the paper? Does the paper make substantive identifying assumptions to support that causal claim? List them.
10. Give the most plausible 3 alternative causal stories that reach a different substantive conclusion but would also account for the data in question. Can you think of a way to distinguish among the validity of these stories.

Note: There will almost always in macro be a plethora of plausible alternative stories. Acquire the skill for choosing the most plausible of them and thinking of ways one might distinguish among the stories. There are two basic places to look for distinguishing among causal stories: alternative assumptions or additional information (and combinations of the two).

11. Overall. Is this a good paper in the sense that you feel measurably better off for having read it?

Note: George Stigler's clever description of a bad paper is that 'the paper fills a much needed gap in the literature.' A solid paper is one that clearly rises above this label. That is, whether the paper is right or wrong or has strengths in all the dimensions discussed above or not, do you feel significantly better off in some dimension for having read it.