



ECONOMETRICS RESEARCH SEMINAR

November 17, 2011, 9 am

**Institute for Advanced Studies
1060 Vienna, Stumpergasse 56
HS II (lecture room II)**

Please note that the seminar will start at 9 am sharp!

Adam Rosen

University College London

An Instrumental Variable Model of Multiple Discrete Choice

This paper studies identification of latent utility functions in multiple discrete choice models in which there may be endogenous explanatory variables, that is explanatory variables that are not restricted to be distributed independently of the unobserved determinants of latent utilities. The model does not employ large support, special regressor or control function restrictions, indeed it is silent about the process delivering values of endogenous explanatory variables and in this respect it is incomplete. Instead the model employs instrumental variable restrictions requiring the existence of instrumental variables which are excluded from latent utilities and distributed independently of the unobserved components of utilities.

We show that the model delivers set, not point, identification of the latent utility functions and we characterize sharp bounds on those functions. We develop easy-to-compute outer regions which in parametric models require little more calculation than what is involved in a conventional maximum likelihood analysis. The results are illustrated using a model which is essentially the parametric conditional logit model of McFadden (1974) but with potentially endogenous explanatory variables and instrumental variable restrictions.

The method employed has wide applicability and for the first time brings instrumental variable methods to bear on structural models in which there are multiple unobservables in a structural equation.

with Andrew Chesher (UCL and CeMMAP) and Konrad Smolinski (UCL and CeMMAP)



ECONOMETRICS RESEARCH SEMINAR

Manfred Deistler (University of Technology Vienna and IHS), **Robert Kunst** (IHS),
Benedikt Pötscher (University of Vienna and IHS), **Leopold Sögner** (IHS)

Venue: Institute for Advanced Studies, 1060 Vienna, Stumpergasse 56

Schedule Fall/Winter 2011/2012

UNIT	DATE	ROOM	SEMINAR
1	Thu, Oct 27 9:00 am	HS II	Jerry Hausman , MIT
2	Thu, Nov 03 9:00 am	HS II	Carlos Velasco , Universidad Carlos III de Madrid
3	Thu, Nov 10 9:00 am	HS II	Matthias Koch , Vienna University of Economics and Business
4	Thu, Nov 17 9:00 am	HS II	Adam Rosen , University College London <i>"Agent Teams and Evolutionary Computation: Optimizing Semi-Parametric Spatial Autoregressive Models"</i>
5	Thu, Nov 24 9:00 am	HS II	Genaro Sucarrat , BI Norwegian Business School
6	Thu, Dec 01 9:00 am	HS II	Bernd Funovits , Vienna Graduate School of Economics
7	Thu, Dec 15 9:00 am	HS II	Ulrike Schneider , TU Vienna
8	Thu, Jan 12 9:00 am	HS II	Sabyasachi Das , Vienna Graduate School of Economics
9	Thu, Jan 19 9:00 am	SZ VI	Siegfried Hörmann , Université Libre de Bruxelles
10	Thu, Jan 26 9:00 am	HS II	Martin Wagner , Institute for Advanced Studies
11	Thu, Mar 15 9:00 am	HS II	Steven Durlauf , University of Wisconsin-Madison
12	Thu, Mar 22 9:00 am	HS II	Jan G. De Gooijer , Universiteit van Amsterdam
13	Thu, Apr 19 9:00 am	HS II	Peter Hansen , EUI
14	Thu, May 24 9:00 am	HS II	Michael Wolf , University of Zurich
15	Thu, Jun 21 9:00 am	HS II	Maximilian Kasy , UCLA

DOWNLOAD SITE FOR PAPERS (IF AVAILABLE) AND SEMINAR SCHEDULE: <http://economics.ihs.ac.at/seminars>

NOTE: Participation of advanced students in this seminar is highly recommended.