Applied Nonparametric Econometrics

The majority of empirical research in economics ignores the potential benefits of nonparametric methods, while the majority of advances in nonparametric theory ignore the problems faced in applied econometrics. This book helps bridge this gap between applied economists and theoretical nonparametric econometricians. It discusses – in terms that someone with one year of graduate econometrics can understand – basic to advanced nonparametric methods. The analysis starts with density estimation and moves through familiar methods and on to kernel regression, estimation with discrete data, and advanced methods such as estimation with panel data and instrumental variables models. The book addresses issues that arise with programming, computing speed, and application. In each chapter, the methods are applied to actual data, paying attention to presentation of results and potential pitfalls.

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In memory of Susan Marie Henderson
– D. J. H.

To my grandfather, Frank Samson Berch
– C. F. P.

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