



THE UNIVERSITY OF CHICAGO

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STATISTICS COLLOQUIUM

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Grouped Patterns of Heterogeneity in Panel Data

MONDAY, June 2, 2014, at 4:00 PM
Eckhart 133, 5734 S. University Avenue
Refreshments following the seminar in Eckhart 110.

ABSTRACT

This paper introduces time-varying grouped patterns of heterogeneity in linear panel data models. A distinctive feature of our approach is that group membership is left unrestricted. We estimate the parameters of the model using a "grouped fixed-effects" estimator that minimizes a least-squares criterion with respect to all possible groupings of the cross-sectional units. Recent advances in the clustering literature allow for fast and efficient computation. We provide conditions under which our estimator is consistent as both dimensions of the panel tend to infinity, and we develop inference methods. Finally, we allow for grouped patterns of unobserved heterogeneity in the study of the link between income and democracy across countries. Joint work with Elena Manresa (CEMFI and MIT Sloan).