

Econ 220B, Winter 2020

Problem Set 5
Due Tuesday, March 3

This problem set invites you to choose a published economics article that estimates a regression with the intention of measuring the effect of x on y . Do not use any of the articles discussed in Econ 220B. Prepare a typed report (double-spaced with 1.50 inch right-hand margin) of 2-5 pages, addressing the following issues.

- 1.) Describe the data set used. Is it cross-section, time-series, or panel? How many observations?
- 2.) Present the estimates from *one* key regression. Even though the paper may have a number of regressions in it, your assignment is to focus on just one, reporting it in the form of an equation with coefficients and standard errors or t statistics. Be sure your notation is correct in terms of subscripts and variable definitions.
- 3.) What is the question being asked by the paper? If you could design an ideal controlled experiment that would answer this question, what would its form be?
- 4.) Pick *one* of the explanatory variables that you think is of most interest. Describe what forces caused this explanatory variable to differ from one observation in the sample to the next.
- 5.) Describe the kinds of influences that are represented by the error term in the regression.
- 6.) Based on your answers to questions 4 and 5, evaluate the seriousness of endogeneity as a potential problem for this study. If you think there is a problem, please focus on what you think the one or two most important concerns are, explaining clearly how and why the particular factor you have in mind would influence the dependent and independent variable. Which way do you think the bias might go?
- 7.) Can you suggest any methods or instruments that might prove helpful in reducing or eliminating the magnitude of the bias in question 5?
- 8.) Be sure to include the complete reference (journal, date, volume, authors, title, page numbers) for the article you are discussing.