

Econ 220B
Winter 2008

Problem Set 5
Due Wednesday, March 12

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 of 2-5 pages double-spaced, addressing the following issues.

- 1.) Describe the data set used. Is it cross-section, time-series, or panel? How many observations? Present the estimates from one key regression.
- 2.) 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?
- 3.) Describe what forces caused the explanatory variables \mathbf{x}_t in this sample to differ from one observation to the next.
- 4.) Describe the kinds of influences that are represented by the error term in the regression.
- 5.) Based on your answers to questions 3 and 4, evaluate the seriousness of simultaneous equations bias as a potential problem for this study. Which way do you think the bias might go?
- 6.) Can you suggest any methods or instruments that might prove helpful in reducing or eliminating the magnitude of the bias in question 5?
- 7.) Be sure to include the complete reference (journal, date, volume, authors, title, page numbers) for the article you are discussing.