

Instrumental Variables

UNDERSTANDING IV



Roadmap

What Makes an Instrument Valid?

As-Good-As-Random Assignment

Exclusion

2SLS Mechanics

Just-Identified IV

Overidentification

Weak and Many Instruments

Weak IV

Many IVs

As-Good-As-Random Assignment

Stuff about As-Good-As-Random Assignment

Exclusion

Stuff about Exclusion

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Stuff about weak IV

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Stuff about many IVs