Empirical Exercise: Chapter 9

Use the data set **CPS2015**, described in Empirical Exercise 8, to answer the following questions.

1. Discuss the internal validity of the regressions that you used to answer Empirical Exercise 8(l). Include a discussion of possible omitted variable bias, misspecification of the functional form of the regression, errors in variables, sample selection, simultaneous causality, and inconsistency of the OLS standard errors.
2. The data file **CPS96_15**, which contains an extended version of the data set used in Table 3.1 of the text for the years 1996 and 2015. It contains data on full-time workers, ages 25–34, with a high school diploma or a B.A./B.S. as their highest degree. A detailed description is given in **CPS96_15_Description**. Use these data to investigate the (temporal) external validity of the conclusions that you reached in Empirical Exercise 8(l). [*Note:* Remember to adjust for inflation, as explained in Empirical Exercise 3.1(b).]