Model Selection and Averaging
Summer School in Economics and Econometrics
University of Crete
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Exercise 2

Use the CPS (cps09mar) dataset posted at
- https://www.ssc.wisc.edu/~bhansen/econometrics/
The data is posted in text, excel, and stata formats.
A data description is posted and is included here.
The recommended software is R.

1) Extract the same data as in Exercise 1, use the same subsample, and make the same
   transformations. Estimate the same wage regressions.
2) We are interested in the effect of marriage on wages. Let the focus parameter (in the terminology of
   the Focused Information Criterion) be the coefficient on the variable *married*.
   a) For each model, report this coefficient estimate
   b) Report a standard error for this estimate robust to heteroskedasticity
   c) How do we interpret this parameter and estimates? That is, what do these numbers mean in
      terms of the impact on expected wages?
   d) Compute the FIC treating using this parameter as the target parameter
   e) Which of the seven estimators do you select for the purpose of estimating the marriage effect?
   f) Comment and interpret
3) In Exercise 1 you calculated the BIC and AIC for each model
   a) Calculate the SBIC and SAIC weights for each model
   b) Comment and interpret